天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

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

Stock Code: 1265

Annual Report 2025

CONTENTS

COMPANY INFORMATION

DIRECTORS

Executive Directors

Wang Yang *(Chairman of the Board)*
Tang Jie
Sun Liangchuan

Non-executive Directors

Zhang Jinghan
Hao Yunhe

Independent Non-executive Directors

Yu Jian Jun
Ji Xuefeng
Bai Mo

Employee Director

Yan Ying

BOARD COMMITTEES

Audit Committee

Bai Mo *(Chairman)*
Yu Jian Jun
Hao Yunhe

Nomination Committee

Wang Yang *(Chairman)*
Yu Jian Jun
Ji Xuefeng

Remuneration Committee

Ji Xuefeng *(Chairman)*
Bai Mo
Yan Ying

COMPANY SECRETARY

Lau Kwok Yin

AUTHORISED REPRESENTATIVES

Sun Liangchuan
Lau Kwok Yin

As of the date of this annual report

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Agricultural Bank of China
Tianjin He Xi Sub-branch
PRC

STOCK CODE

The Stock Exchange of Hong Kong Limited: 01265

As of the date of this annual report

FINANCIAL SUMMARY

Below are certain selected financial data of Tianjin Jinran Public Utilities Company Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2025 (the "Reporting Period" or "Year")/ as of the end of the Year:

	2025	2024
	RMB'000	RMB'000
Revenue	**1,592,048.00**	1,595,300
Operating loss	**(43,737.00)**	(48,902)
Net loss attributable to shareholders of the Parent	**(44,264.00)**	(46,329)
Equity attributable to shareholders of the Parent	**1,340,079.00**	1,384,347
Total assets	**2,030,047.00**	2,030,748

	2025	2024
	RMB	RMB
Loss per share (RMB/share)	**(0.024)**	(0.025)

CHAIRMAN'S STATEMENT

To all the shareholders (the "Shareholders"),

In 2025, Tianjin Jinran Public Utilities Company Limited adopted Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as its guiding principle, closely followed the action plan for deepening and enhancing the reform of state-owned enterprise, pursued progress while maintaining stability, and demonstrated a strong sense of responsibility. The Company continued to refine the modern enterprise system with Chinese characteristics, steadily enhanced the standardised and professional operation of the Board, supported the management in exercising their powers and performing their duties efficiently in accordance with the law, and effectively fulfilled its core mandates of setting strategies, making decisions and preventing risks, thereby providing a robust governance foundation for its high-quality development. The Board and the management team of the Company pragmatically carried out work in promoting reform and development, standardizing business management, and strengthening the construction of the Board, all of which have achieved positive results. The Company balanced development and safety to ensure a secure energy supply; continuously promoted quality improvement, cost reduction and efficiency enhancement to improve management effectiveness; adhered to a talent-driven strategy to lay a talent foundation for high-quality development; placed emphasis on strengthening foundational management to improve its distinctive control and management system; and strengthened Party building to advance the integrated development of Party affairs and business operations. All employees of the Company tackled difficulties and sought progress while maintaining stability, with an aim to focus on promoting the high-quality development of the Company.

In 2025, the Company insisted on compliance guidance and strengthened the development of the Board with focuses on coordination and planning to refine the top-level structure. The Company continued to promote the construction of a compliance system through strengthening risk management and enhancing ability to operate in compliance with the rule of law. In addition, the Company improved internal control management and performed Environmental, Social and Governance ("ESG") responsibilities to strengthen its corporate social responsibility. The Board diligently performed its duties and responsibilities and fully leveraged its scientific decision-making function to implement its various duties and responsibilities.

In 2025, against the external backdrop of an uneven macroeconomic recovery, tightening industry regulations, and accelerating industrial iteration driven by the cultivation of new productive forces, the Board diligently performed its duties, providing a solid governance foundation for the stable operations of the Company. However, in the face of a complex and volatile external market environment, increasingly fierce industry competition, and internal needs such as improving the quality and efficiency of the core business and pursuing transformation and upgrading, shortcomings remain. These include sluggish growth in the core business market and insufficient capabilities to expand the dual-comprehensive businesses. Focusing on implementing transformation to make breakthroughs while reshaping values, the Board will continue to practice new concepts of development, create mechanisms, stimulate vitality and seek for strategies in order to take the lead in opening new landscape during the process of expediting the building of new development landscape.

Firstly, the Company will actively respond to market competition, make every effort to consolidate the fundamentals of the core business, and strive to enhance user service quality. Secondly, the Company will focus on addressing the shortcomings of the dual-comprehensive businesses, promote quality improvement and upgrading, and accelerate the synergistic development across diverse business segments. Thirdly, the Company will strengthen foundational management, actively enhance pipeline network operation and management standards, and continuously improve the technological level of pipeline network management. Fourthly, the Company will firmly establish the concept of safe development and promote the transformation of safety management towards "proactive and collaborative governance". Fifthly, the Company will tap into internal potential, strengthen cost reduction and efficiency enhancement, improve management effectiveness, refine strategic planning, and comprehensively advance corporate reform. Sixthly, the Company will strengthen market value management, increase value creation, carry out value-driven operations, and achieve effective value realisation.

In 2026, the Company will continue to value both principles and innovation, and be both responsible and practical, and will work hard to fully achieve its annual goal for 2026.

APPRECIATION

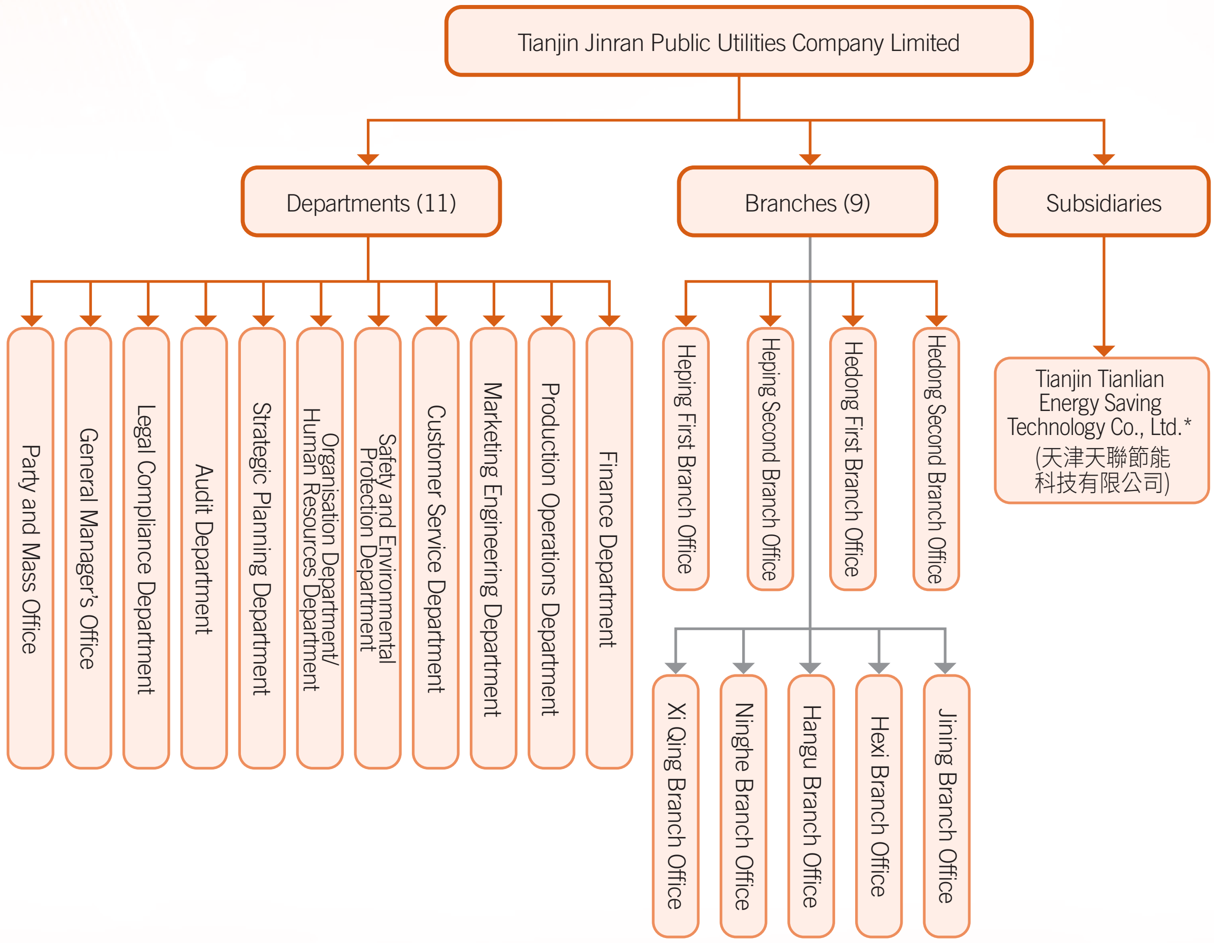
I would like to take this opportunity to thank the shareholders, customers and business partners for their continuing support, and the Group's staff for their diligence and contribution. With our team of high quality and professional staff, and I look forward to a more rewarding 2026 for the shareholders.

Wang Yang
Chairman of the Board

China, 30 March 2026

MANAGEMENT STRUCTURE

The Group's management structure, which facilitates the Group's constant expansion and improvement, is summarised as follows:



Certain Chinese names of institutions, natural persons or other entities have been translated into English and included in this annual report as unofficial translations for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

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

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

BUSINESS REVIEW

Overview

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

Principal Risks and Uncertainties

The Group's performance and business operation are affected by China's urban gas industry. Principal risks affecting the Group are summarised as follows:

Natural gas is one of the main sources of China's urban gas and its import dependence is increasing. As a result, China's urban gas supply is faced with considerable international Geo-Political Risk. Gas source development and transportation is highly monopolised. Although China has eased admission policy of the pipeline network, such situation will remain in short-term and therefore the industry will face considerable risk of insufficient gas supply. Due to the dislocation of gas source and market, China's natural gas industry is faced with considerable security risk in pipeline transport. Gas purchase price of gas manufacturers and suppliers in China is regulated by the National Development and Reform Commission (NDRC) and is facing policy risk in respect of occasional changes in the gas pricing mechanism. Gas consumption in the winter months increase due to its seasonal features, and thus China's gas enterprises are faced with the risk of gas undersupply. Global economic uncertainties, upgrading geopolitical conflicts and other issues remain the potential causes of global energy price fluctuation, thus China's urban gas operators will face gas purchase cost fluctuation.

The Group recognised the instability in the global economy and financial markets, which might impact exchange rates and the value of financial assets of the Group. Having considered that it might not be prudent to subscribe for financial products in view of the potential material impact brought by the instability in the global economy and financial markets, the Group did not subscribe for financial products in the year ended 31 December 2025. The Group may resume the subscription of financial products in 2026 should it determine that the risks and uncertainties arising from the instability in the global economy and financial markets are widely accepted by the market.

Key Relationships

Employees, suppliers and customers have a significant impact on the Group and its success. The Group places importance on maintaining good relationship with them.

(i) Employees

Human resources are one of the Group's greatest assets. The Group highly emphasizes the employees' personal development, and endeavours to continue to be an attractive employer.

The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group provides pre-job and on-the-job training and development opportunities to its staff. The training programs cover areas such as managerial skills, sales and procurement, customer services, safety inspections, workplace ethics and training of other areas relevant to the gas industry. In addition, the Group seriously considers all those valuable feedbacks from its employees for enhancing workplace productivity and harmony.

Generally, a salary review is conducted annually. The Group makes contributions towards pensions, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for its employees in accordance with the applicable laws and regulations of the PRC. The Group also provides housing provident fund contributions as required by local regulations in the PRC.

(ii) Suppliers

The Group has developed long-standing relationships with a number of its suppliers and strives to ensure that they share the Group‘s commitment to quality and ethics. The Group carefully selects its suppliers and requires them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, products qualities and quality control effectiveness. The Group also requires its suppliers to comply with the Group’s anti-bribery policy.

(iii) Customers

The Group is committed to maintain and develop its diversified client portfolio consisting of industrial parks, large scale enterprises and residential users. The Group maximises client value by offering professional services and effective operation model to intensify the interaction and viscosity between the Group and its customers, so as to enhances their user experience.

Environmental Policies

The Group is committed to building an environmentally-friendly working environment that pays close attention to conserving natural resources. The Group strives to minimise the environmental impact by saving electricity and encouraging recycle of office supplies and other materials. The Group also requires its suppliers to operate in strict compliance with the relevant environmental regulations and rules in the PRC.

As a leader in the clean energy development and supply industry, the Group has also devoted itself to social and environmental agendas and undertook various eco-protection responsibilities. The Group is committed to reduce energy industry’s impact on the environment by developing and providing clean energy, which can also satisfy clients who want to meet their social and environmental responsibilities.

More information about the Group’s environmental policies is available at the Company’s 2025 ESG Report.

Compliance with Laws and Regulations

The Group’s operations are mainly carried out in the PRC while the H shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group’s operations accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong, including the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), the Company Law of the PRC and the Regulation on the Administration of Urban Gas (《城鎮燃氣管理條例》). During the Year, as far as the Board and management are concerned, the Group has complied in all material aspects with the relevant laws and regulations which have significant impact on its business and operation.

Strategy and Future Business Developments

In 2026, the Board will strive to bring vitality and innovation to the Company by deepening the promotion of value thinking way and efficiency-oriented concept, as well as enhancing corporate governance in compliance with law so as to take the Company's operation to a new level.

The Board will continue to focus on its principal business, and actively develop its piped gas business through maintaining the existing market while developing new customers. The Group will also actively optimize gas source structure and lower gas sourcing cost. At the same time the Group continues to build and implement a system of integrity, transparency and compliance, strengthening investors' confidence, safeguarding shareholders' return, improving the environmental, social and governance management of the Group, focusing on good communication with shareholders and investors, and nurturing the corporate culture of strict code of conduct.

The Company will continue to focus on a balanced development of its natural gas business, and at the same time putting more efforts to tap into the pipeline gas market through participating in the natural gas pipeline network projects in the local PRC cities by merger or acquisition. It will carry on the survey, evaluation, negotiations of the existing projects and work hard to realise the business goals. The Company will keep on enhancing its financial control to reduce the operation cost and to maximise revenue from its existing operating projects. In addition, the Company will keep improving its corporate governance as a listed company through regular meetings according to the relevant rules of procedures concerning the shareholders' meeting, meeting of Directors, so as to achieve the function of the governance structure; and keep up talents training and recruiting for smooth operation and development of its business while spreading a positive corporate culture and enhancing its management expertise.

Please also refer to the paragraph headed "Prospects" below.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

A separate ESG report for 2025 has been published on the websites of the Company (www.jrgy.tjny.com.cn) and the Stock Exchange (www.hkexnews.hk).

FINANCIAL REVIEW

For the Reporting Period, the Group recorded revenue of approximately RMB1,592,048,000 (for the year ended 31 December 2024 (the "**Previous Year**"): RMB1,595,300,000), representing a decrease of approximately 0.20% from the Previous Year. The gross profit margin for the Reporting Period was -1.35% (Previous Year: gross profit margin of -2.05%). The loss before tax for the Reporting Period was approximately RMB44,508,000 (Previous Year: loss before tax of RMB47,727,000). Gross profit margin and total profit for business of Reporting Period increased slightly compared to the Previous Year, primarily due to the effect of a decline in international natural gas prices, and a decrease in the settlement price for gas supplies from the upstream gas supplies unit, Jinran China Resources Gas Co., Ltd.

SEGMENTAL INFORMATION ANALYSIS

During the Reporting Period, the Group has continued to implement its formulated development strategies to provide piped gas connections to the users in the Group's operational locations in Tianjin City and Jining District, Wulanchabu City, Inner Mongolia Autonomous Region. Sales of piped gas is the major source of income for the Group in the Reporting Period, followed by gas connection income, sales of gas appliances and others.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2025, total equity attributable to shareholders of the Company amounted to approximately RMB1,340,079,000 (31 December 2024: RMB1,384,347,000). The Company's registered capital was RMB183,930,780 as at 31 December 2025 (with 1,839,307,800 ordinary shares with a nominal value of RMB0.1 each (the "**Shares**") in issue, comprising 1,339,247,800 domestic shares and 500,060,000 H shares).

The Group is generally funded by equity financing.

As at 31 December 2025, the Group did not have any bank borrowings (31 December 2024: Nil). As at 31 December 2025, the Company's consolidated net current assets was approximately RMB427,346,000 (31 December 2024: RMB412,695,000), including cash and cash equivalent of approximately RMB519,058,000 (31 December 2024: RMB694,790,000) which was principally denominated in Renminbi.

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

The Group's gearing ratio (total liabilities to total asset ratio) as at 31 December 2025 was approximately 0.34 (31 December 2024: approximately 0.32).

SIGNIFICANT INVESTMENTS

The paragraph headed "Treasury Policy" below sets out more information about the Company's policy on investment and application of idle fund (if any).

The Group did not hold any significant investments for the Reporting Period (Previous Year: Nil).

MATERIAL ACQUISITION AND DISPOSAL, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

As of 31 December 2025 and the date of this annual report, the Group had no specific plan for material investments or capital assets that have been approved by the Board.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2025, none of the Group's assets was pledged as security for liability.

CONTINGENT LIABILITIES

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

TREASURY POLICY

To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Company may also use its idle funds (if any) to place deposit or to purchase bank deposit products, provided that (among other things) it would not affect the Company's normal operation, would be conducted in compliance with the Listing Rules, the Company's articles of association and other laws and regulations, and within the limit as the Board may authorize the Company's general manager from time to time.

STAFF AND EMOLUMENT POLICY

As at 31 December 2025, the Group had a workforce of 528 full-time employees (31 December 2024: 562). Total staff costs for the Reporting Period was approximately RMB107,496,000 (Previous Year: RMB112,299,000).

Emoluments of employees are determined in line with common practice of the industry as well as individual performance. In addition to regular salaries, the Group also pays discretionary bonus to eligible employees subject to the Group's operating results and individual performance of the employees. The Group also makes contributions to medical welfare and retirement funds as well as other benefits to all employees.

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

The employees employed by the Group are members of the state-managed defined contribution plan operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the defined contribution plan to fund the contributions. The only obligation of the Group with respect to the defined contribution plan is to make the required contributions under the plan. For the years ended 31 December 2024 and 2025, there were no forfeited contributions under the defined contribution plan which may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

PROSPECTS

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

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

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

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

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

DIVIDENDS

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

SIGNIFICANT EVENTS DURING THE YEAR

Amendment to the articles of association, change of directors/supervisors and other corporate changes

With effect from 14 March 2025, Ms. Hao Yunhe has been appointed as the shareholders' representative supervisor of the Company in place of Mr. Xu Peng (whose resignation became effective on the same date). More information is set out in the Company's circular dated 25 February 2025.

The proposed amendments to the articles of association of the Company became effective following the passing of the special resolution at the extraordinary general meeting of the Company held on 29 September 2025.

In accordance with the new articles of association, the supervisory committee of the Company dissolved, and the following changes became effective on 29 September 2025: (a) Ms. Hao Yunhe ceased to be a shareholders' representative supervisor of the Company; (b) Mr. Liu Zhi Yuan and Mr. Bian Hong ceased to be independent supervisors of the Company; and (c) Ms. You Hui Yan and Ms. Zhang Tingting ceased to be staff representative supervisors of the Company.

The website of the Company changed from "www.jinrangongyong.com" to "www.jrgy.tjny.com.cn" with effect from 26 September 2025.

With effect from 25 December 2025, Mr. Qin Yong has been appointed as a deputy general manager of the Company. More information is set out in the Company's announcement dated 28 December 2025.

With effect from 31 December 2025: (1) Ms. Yan Ying, through election at the Company's staff representatives meeting, has become an employee Director; and (2) Mr. Yang Zufeng has resigned as a non-executive Director. Ms. Yan Ying has obtained the legal advice from a firm of solicitors under Rule 3.09D of the Listing Rules. She has confirmed that she understood her obligations as a Director on 31 December 2025. More information is set out in the Company's announcement dated 31 December 2025.

Connected transactions

Please see the paragraph headed "Connected transactions" in the Directors' Report in this annual report for information regarding non-exempt connected transactions of the Group during the Year.

SUBSEQUENT EVENTS

Change of composition of the Board and its committees

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

(1) Mr. Wang Yang's appointment as an executive Director, the Chairman of the Board and the chairperson of the nomination committee of the Company;

(2) Ms. Hao Yunhe's appointment as a non-executive Director, a member of the audit committee of the Company;

(3) Mr. Wang Cong's resignation as an executive Director. He also ceased to be the Chairman of the Board and chairperson of the nomination committee of the Company;

(4) Ms. Sha Caiping's resignation as a non-executive Director. She also ceased to be a member of the remuneration committee of the Company;

(5) Ms. Yan Ying's appointment as a member of the remuneration committee of the Company; and

(6) Ms. Ji Xuefeng has ceased to be a member of the audit committee of the Company.

Mr. Wang Yang and Ms. Hao Yunhe obtained the legal advice from a firm of solicitors under Rule 3.09D of the Listing Rules. They have confirmed his/her understanding as to the obligations as a Director on 11 February 2026.

More information is set out in the Company's circular dated 22 January 2026 and the Company's announcement dated 11 February 2026.

DIRECTORS

As at the date of this annual report, the Company has three executive Directors, two non-executive Directors, and three independent non-executive Directors and one employee Director. Their details are set out below:

Executive Directors

Mr. Wang Yang (王揚), aged 42, is the Chairman of the Board and an executive Director. He was conferred a Bachelor of Management from the Beijing Institute of Petrochemical Technology in China in July 2007, and a Master of Human Resources Management from the Central Queensland University in Australia in March 2009. Mr. Wang Yang worked in China Resources Gas group and has undertaken various positions, including (among others), assistant general manager of the Beijing branch department of the strategic investment department of China Resources Gas Group Limited, deputy general manager and member of the party committee of Qinhuangdao China Resources Gas Co., Ltd. He was appointed as a deputy general manager of Jinran China Resources Gas Co., Ltd ("Jinran China Resources", a controlling shareholder of the Company) in May 2025.

Mr. Wang was appointed as an executive Director with effect from 11 February 2026. He is also the chairperson of the Nomination Committee of the Company.

Ms. Tang Jie (唐潔), aged 58, is an executive Director. She graduated from the Tianjin Institute of Finance (天津財經學院) (now known as the Tianjin University of Finance and Economics (天津財經大學)), majoring in accounting, in 1991. She is one of the promoters of the Company and had been working for the Company as an accountant and deputy general manager in the account department since December 1998. She was appointed as a deputy general manager of the Company in 2001. She was appointed as an executive Director on 28 December 2001 and is responsible for making material decisions of the Company.

Mr. Sun Liangchuan (孫良傳), aged 51, is an executive Director. He joined Binhai Gas Group in August 2012 and has undertaken various positions. Among others, he served as the deputy chief engineer and minister of planning and construction from August 2012 to November 2015, as the assistant to the general manager from November 2015 to April 2018, and has been appointed as the deputy general manager since April 2018. He obtained a bachelor's degree of Urban Gas Engineering from Tianjin Chengjian University (天津城建大學, formerly known as Tianjin Institute of Urban Construction 天津城市建設學院) in July 1996. He has been conferred the qualification of senior engineer by the Engineering Technology and Civil Engineering Professional Evaluation Committee of the Tianjin Municipal Personnel Bureau (天津市人事局工程技術土建專業審評委) since December 2007. He was appointed as the general manager of the Company on 22 May 2020, and was appointed as an executive Director on 29 June 2020 and he is an authorised representative of the Company under the Listing Rules.

Non-executive Directors

Mr. Zhang Jinghan (張鏡涵), aged 39, is a non-executive Director. He has been qualified as an economist (Specialty: Business management) in China. He studied in Northeast Normal University in China in 2009, majoring in international polities, and obtained a master's degree in laws from Tianjin Normal University in June 2012, majoring in international politics. Mr. Zhang joined Tianjin Thermal Power Co. Ltd. (天津市津燃熱電有限公司) in July 2012, and was seconded to Tianjin Gas as the general manager office secretary, and he continued to acted in such position up to December 2012 after official joining Tianjin Gas in October 2012. He joined Jinran China Resources in December 2012. He served as the general manager officer secretary from December 2012 to July 2019, and became the temporary person-in-charge of the general manager office in July 2019. He subsequently held the position as a deputy head (in charge) of the general manager office from August 2020 to October 2021. He joined the strategic planning department of Jinran China Resources as its deputy manager (in charge) in October 2021, and is now the manager of the department. Mr. Zhang was appointed as a non-executive Director with effect from 1 August 2022.

Ms. Hao Yunhe (郝雲鶴), aged 48, is a non-executive Director. She graduated from the Northeastern University at Qinhuangdao, China in July 1999, majoring in accounting. She was conferred the qualification of a senior accountant in China. Ms. Hao has been a deputy financial controller of Jinran China Resources and the manager of its finance department since November 2024. Ms. Hao joined Qinhuangdao City Coal Gas Company in October 1999, and Qinhuangdao City Gas Company in January 2008. She had been (among others) the financial controller of Qinhuangdao City Gas Company Vehicle Repair Factory, the head of the finance department of Qinhuangdao City Gas Engineering Company, the head of the finance department of Qinhuangdao China Resources Gas Co., Ltd. Engineering and Installation Branch Company, the manager of the finance department of Qinhuangdao China Resources Gas Co., Ltd., the financial controller of China Resources Gas Liaoyuan Regional Company and of Liaoyuan China Resources Gas Co., Ltd. Ms. Hao was a shareholders' representative supervisor of the Company from March 2025 to September 2025.

Ms. Hao was appointed as an executive Director with effect from 11 February 2026. She is also a member of the Audit Committee of the Company.

Independent Non-executive Directors

Mr. Yu Jian Jun (玉建軍), aged 62, is an independent non-executive Director. Mr. Yu graduated from the School of Architecture of Tianjin University (now known as Tianjin Chengjian University (天津城建大學)), majoring in gas engineering, in 1986. Mr. Yu is a professor and master advisor. He currently serves as a deputy head of the Department of Environment and Equipment, Faculty of Energy and Safety Engineering, Tianjin Chengjian University. He is a member of the China City Gas Society (中國城市燃氣學會) and a member of its Technology Committee. Mr. Yu is the deputy head of the City Construction Committee of Tianjin Democratic Construction Association (天津民主建國會城建委員會), and an expert appointed by the Planning Office of Tianjin City* (天津市建設管理委員會). He was appointed as an independent non-executive Director on 16 June 2015. He is also a member of each of the Audit Committee and the Nomination Committee of the Company.

Ms. Ji Xuefeng (紀雪峰), aged 47, is an independent non-executive Director.

Ms. Ji graduated from Nankai University in China with a Bachelor of Arts, specialising in English in June 2001, and was conferred a Law Master degree by Nankai University in June 2004. She holds the qualification of second grade lawyer conferred by the Tianjin Municipal Human Resources and Social Security Bureau. Ms. Ji has been engaging in legal practice in China. Her practice areas include corporate and commercial law, international investment/finance, restructuring, merger and acquisitions and finance. Since January 2019, she has been a director of Anli (Tianjin) Partners. Ms. Ji was awarded the title of "The Belt and Road Initiative and Compliance Road Top Ten Lawyers" in December 2019. As at the date of this annual report, Ms. Ji is a vice-director of Tianjin Lawyers Association; a member of the Pool of Chief Legal Consultation Experts of Tianjin Law Society，expert of the Legal Think Tank ，Standing Director of the Tianjin Law Society; a representative of Tianjin People's Congress; consultant Expert on Recordation and Review of the Legislative Affairs Commission of the Standing Committee of the Tianjin Municipal People's Congress；a representative of Heping District of Tianjin People's Congress; an expert from the First Major Administrative Decision-Making Consultation and Argumentation of Tianjin Municipal People's Government; a coordinator of Spain Working Group by the Belt and Road International Lawyers Association; one of the authors of the Legal Environment Report of the "Belt and Road" Countries of All China Lawyers Association; an independent director of the Northern International Trust Co., Ltd.，CanSino Biologics Inc.; an external director of Tianjin Bincheng Marine Culture Tourism Development Co., Ltd., Tianjin Binhai Culture Tourism Development Co., Ltd., Tianjin Jincheng State-owned Capital Investment Operation Co., Ltd.; a supervisor of China Chamber of International of Commerce (Tianjin); an expert in the Public-Private Partnership (PPP) Expert Database of Tianjin Municipal Finance Bureau; an arbitrator of the Tianjin Arbitration Commission; an arbitrator of the Xi'an Arbitration Commission; a supervisor and member of the selection committee for the prosecutor of the Tianjin People's Procuratorate. She was appointed as an independent non-executive Director with effect from 27 June 2024. She is also a member of the Nomination Committee of the Company, and the chairman of the Remuneration Committee of the Company.

Mr. Bai Mo (白默), aged 48, is an independent non-executive Director. Mr. Bai graduated from the School of Business and Tourism Management of Shenyang University, China, with a bachelor's degree in economics, in July 1999. He obtained a master's degree in management from Shenyang University in June 2003. He was conferred a Doctorate in Management by Nankai University, specializing in business administration and accounting in December 2011. Mr. Bai was appointed as a professor of Tianjin University of Commerce, China in December 2017. Currently, he is an associate dean (in charge) of the Accounting School, and a professor in the Financial Management Department of the Tianjin University of Commerce, China. He was a visiting scholar of the University of Sydney, Australia, from 13 August 2019 to 23 August 2019. As of the Latest Practicable Date, he is a council member of the Financial and Costs Branch of the Accounting Society of China. He is an external director of Tianjin Hi-Tech Group (since March 2024) and Tianjin Water Planning Survey and Design Co., Ltd (since September 2021). He was appointed as an independent non-executive Director with effect from 27 June 2024. He is also the chairperson of the Audit Committee of the Company, and a member of the Remuneration Committee of the Company.

Employee Director

Ms. Yan Ying (閻英), aged 54, is an employee Director. She is also a deputy general manager of the Company since November 2022. She has more than 30 years of working experience with companies in the energy business, including serving in Tianjin Gas Group Company Limited from July 1995 to April 2012, and Tianjin Reli Power Co., Ltd. from April 2012 to September 2018. She joined Tianjin Zhongyuan Natural Gas Engineering Co., Ltd. in September 2018, and was the deputy secretary of its party committee and chairperson of its staff union prior to joining the Group in November 2022. Ms. Yan is a member of the general party branch committee and deputy secretary of the Company since October 2022, and the chairperson of the trade union of the Company since October 2023. She is a director of Tianjin Binhai Gas Group Company Limited since July 2025. She has been elected as an employee Director at the employees' representative meeting of the Company held in December 2025. Ms. Yan is qualified as a senior politic officer in China. She graduated from Nankai University branch, with a bachelor of science in July 1995. She further completed the in-service postgraduate course in economics (economic management) at the Party School of the Central Committee of the Communist Party of China in July 2012.

Ms. Yan, through election at the Company's staff representatives meeting, was appointed as an employee Director with effect from 31 December 2025. She is also a member of the Remuneration Committee of the Company.

COMPANY SECRETARY

Mr. Lau Kwok Yin (劉國賢), aged 40, is a vice president of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited). He has over 15 years' experience in corporate secretarial services, finance and banking operations. He holds a Bachelor of Business Administration degree in Accounting and Finance from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst charterholder, and a fellow of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute. He was appointed as the company secretary of the Company on 24 May 2018 and he is an authorised representative of the Company under the Listing Rules.

SENIOR MANAGEMENT

Mr. Sun Liangchuan (孫良傳) is an executive Director and general manager of the Company. For details of his resume, please see the section "Directors and Senior Management - Executive Directors" in this annual report.

Ms. Yan Ying (閻英) is an employee Director and a deputy general manager of the Company. For details of her resume, please see the section "Directors and Senior Management – Employee Director" in this annual report.

Mr. An Jing Peng (安敬鵬), aged 47, is a deputy general manager of the Company since 20 July 2023. Mr. An was a deputy manager (in charge) of the Jizhou Branch of Jinran China Resources prior to joining the Company in July 2023. He was also a member and the secretary of the party branch of the Jizhou Branch of Jinran China Resources from May 2021 to July 2023. He joined Baochi Company of the Third Sales Branch Company of Tianjin Gas Group Company Limited in February 2008, and was a development officer of its engineering department from May 2010 to January 2013. He served as a development officer of the engineering department of the Baochi Branch of the Third Sales Branch of Jinran China Resources, and subsequently as the head of the safety technology department of the Baochi Branch of Jinran China Resources from January 2013 to October 2019. He worked at Tianjin Dazhan Group and Tianjin Development Zone Beverage Company consecutively between July 2001 and February 2008.

Mr. Qin Yong (秦勇), aged 51, is a deputy general manager of the Company since 25 December 2025. He graduated from the Correspondence Institute of the Party School of Chinese Communist Party (中共中央黨校函授學院) in China after a study specialising in economic management in December 2004. Mr. Qin was conferred the professional title of assistant engineer (Specialty: natural gas) issued by the Tianjin Municipal Personnel Bureau in November 2005. Mr. Qin has over 20 years of working experiences in natural gas industry. He worked in Tianjin Gas Group Company Limited from September 2000 to April 2013. Mr. Qin joined Jinran China Resources in April 2013 and has undertaken various positions, including (among others), head of the information command center of the Tianjin First Sales Company, deputy manager (section chief level) of the Tianjin Third Sales Branch Company Hangu Company, deputy manager of the Tianjin Third Sales Branch Binhai New Area Company, temporary person in-charge of administrative work (section chief level) of Binhai New Area Company, manager of the Tianjin Third Sales Branch Xiqing Company, party branch secretary and manager of the Tianjin Xiqing Company, and party branch secretary and manager of the Tianjin Jinghai Branch. Prior to his appointment to the Company's senior management, Mr. Qin serves as a deputy manager of the Tianjin Second Branch of Jinran China Resources.

Ms. Zhao Fengli (趙鳳莉), aged 41, is the financial controller and general compliance consultant of the Company since 12 June 2023. Ms. Zhao graduated from China University of Petroleum (East China) (中國石油大學(華東)) in July 2008 with a bachelor's degree in management, majoring in accounting, and obtained a master's degree in management from Tianjin University of Finance and Economics (天津財經大學) in June 2011, specialising in accounting. Ms. Zhao was issued with the Certificate of Accounting Profession by the Bureau of Finance Hexi District Tianjin (天津市河西區財政局) in December 2009, and she is qualified as a senior accountant in China in 2018. From November 2011 to January 2013, Ms. Zhao was a management staff of the finance department of Tianjin Gas Group Company Limited (which holds 51% equity interests in Jinran China Resources). She was a management staff of the finance department of Jinran China Resources from January 2013 to August 2020, and subsequently served as a deputy manager of the same department from August 2020 to October 2021. Thereafter to June 2023, Ms. Zhao served as a deputy head (in charge) of the finance department of the Company.

OTHER INFORMATION

Please also refer to Directors' Report and the Corporate Governance Report, including the paragraphs headed "Directors' and Chief Executive's Interests in Securities", and "Directors' Service Contracts " in the Directors' Report for further information with respect to the Directors.

Pursuant to article 109 of the Articles, the Directors shall be elected or replaced by the shareholders' general meeting and their term of office shall be three years. Upon expiry of such term, a Director shall be eligible for re-election.

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of Shareholders and the public. The Board strives to adhere to the principles of corporate governance of the Corporate Governance Code (the "Code") in Appendix C1 to the Listing Rules, and adopt sound corporate governance practices based on the Company's individuality to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all Shareholders. The Company's corporate governance practices are based on the code provisions as set out in the Code.

The Company has complied with all applicable code provisions set out in the Code in force during the Reporting Period.

Details of the Company's corporate governance are summarised below.

The Board

Roles of Directors

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for appointing and supervising senior management to ensure that the operations of the Group are conducted in accordance with the objectives of the Group. The principal roles of the Board are:

- to lay down the Group's objectives, strategies, policies and business plan;
- to monitor and control operating and financial performance through the determination of the annual budget; and
- to set appropriate policies to manage risks in pursuit of the Group's strategic objectives.

The Board is directly accountable to the Shareholders and is responsible for preparing the accounts.

The Board has delegated the day-to-day management responsibility to the management staff under the instruction/supervision of the general manager of the Company and various Board committees. All Board members have separate and independent access to the Company's management to fulfill their duties, and upon reasonable request, to seek independent professional advice under appropriate circumstances and at the Company's expenses. The Board reserves for its decision all major matters. For example, matters relating to policy, strategies, internal control and risk management, material transactions (in particular those that may involve conflict of interests), approval of financial results and budget, setting dividend policy, distribution, matters relating to the Company's share capital, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to day-to-day operation, implementing decisions of the Board, are delegated to the management. The management reports to, and is accountable to, the Board.

Board of Directors

Composition of the Board

As at the date of this report, the Board consists of nine members, comprising three executive Directors, namely Mr. Wang Yang (Chairman of the Board), Ms. Tang Jie and Mr. Sun Liangchuan, two non-executive Directors namely Mr. Zhang Jinghan and Ms. Hao Yunhe, three independent non-executive Directors, namely Mr. Yu Jian Jun, Ms. Ji Xuefeng and Mr. Bai Mo, and one employee Director, namely Ms. Yan Ying. Biographical details of the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

The composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive corporate and strategic planning experiences that may contribute to the business of the Group. The Company has complied with the requirements under Rules 3.10(1) and (2), and 3.10A of the Listing Rules for the Year. During the Year, one-third of the Board were independent non-executive Directors, who had exercised independent judgments and contributed to the balance, diversity and independent elements of the Board. The independent non-executive Directors are expressly identified in all corporate communications whenever the names of the Directors are disclosed.

Save as disclosed in this annual report, including in the section headed "Directors and Senior Management" and the paragraph headed "Competing Interests" in the Directors' Report, no Directors (including the Chairman) and senior management have any financial, business, family or other material/relevant relations among one another.

Each of the non-executive Directors (including the independent non-executive Directors) has entered into a letter of appointment with the Company for a term of three years commencing from their date of appointment/general meeting on which he/she was elected (save for Ms. Hao Yunhe for a term commencing 11 February 2026 to the annual general meeting to be held in 2028, and Ms. Yan Ying for a term commencing from 31 December 2025 to the annual general meeting to be held in 2028). Please also refer to the paragraph headed "Directors' Service Contracts" in the section headed "Directors' Report" for further details.

The Board reviewed (among others) the following factors, as well as the Company's performance and actual operations during the Year, and considered the Company's governance structure and mechanisms to be effective in ensuring that independent views are provided to the Board:

1. The composition of the Board and each Board committee, as well as the roles and degree of participation of the non-executive Directors (especially the independent non-executive Directors);

2. The independent non-executive Directors are independent of each other and of other Directors, senior management and controlling shareholders of the Company;

3. The selection criteria, procedures for appointment and remuneration mechanism for Directors, independent non-executive Directors, the length of each term of Director and the re-election;

4. The Company's annual assessment and review of the independence of independent non-executive Directors, as well as the time and resources they have committed;

5. Mechanisms and procedures for conflict of interest;

6. The Directors' access (particular those of independent non-executive Directors) to information, senior management, and to the Company Secretary and professional advisers; and

7. During the Year, the Chairman of the Board met with the independent non-executive Directors. They discussed topics including governance, the annual audit, connected transactions, production safety, ensuring the Board having access to the external and independent insight, and be benefited by the objectifying, connected transactions of the Company were carried out after being reviewed and approved by the independent non-executive Directors (except for those exempted under the Listing Rules). These procedures ensure their objective and independent views be factored in the decision making procedure.

Chairman of the Board and Chief Executive Officer

As at the date of this report, Mr. Wang Yang serves as the Chairman of the Board. The Company does not have specific position of a chief executive officer. The General Manager (currently Mr. Sun Liangchuan, an executive Director) acts as the leading officer of the Group in executing the business and other policies and strategies laid down by the Board.

Directors' skills and experience

Set out below is the skills matrix detailing the mix of skills and expertise of the Board the Company considered to be highly relevant to the Company's strategy, governance and business and to enable the Board to effectively discharge its duties and responsibilities in attaining the Company's strategic objectives and achieving sustainable and balanced development for the Group:

Board Skills Matrix

Skills Area	Description	Importance *(Note)*	Director	Adequacy
Strategy	Possessing capabilities in investment management, strategic decision-making and corporate management; being able to accurately identify corporate strategic opportunities and potential risks; scientifically formulating and implementing medium-to-long term strategic plans; efficiently driving the execution of major operational decisions of the Board; coordinating the overall strategic roadmap of the Board	E	Principally led by the executive Directors, with the support of other Directors	Adequate
Leadership	Board members include senior management and directors of state-owned enterprises and listed companies. The Board possesses capabilities in overall management, cross-team coordination and organisational operations; is able to standardise Board meeting procedures and daily operations; efficiently coordinates the work of individual Directors and various committees (audit, remuneration and nomination); and comprehensively drives the assessment and implementation of corporate management and operational strategies	E	Principally led by the executive Directors, with the support of other Directors	Adequate
Industry knowledge and experience	Board members include seasoned experts in the gas industry, possessing academic vision in pioneering fields within the sector. They are proficient in end-to-end operational management, production safety control, core technology roadmaps and regulatory policies of the gas industry, and possess an in-depth understanding of the market landscape, competitive dynamics and business operation models of the industry	E	Principally led by the executive Directors, with the support of other Directors	Adequate

Board Skills Matrix

Skills Area	Description	Importance *(Note)*	Director	Adequacy
Financial literacy/ business acumen	The Board includes members with professional backgrounds in accounting and financial management. They possess extensive expertise in financial accounting, the preparation and review of financial reports, internal control system development, and independent audit supervision, enabling them to provide the Board with professional financial judgment and strategic decision-making support	E	Principally led by the executive Directors, Mr. Bai Mo and Ms. Hao Yunhe	Adequate
Risk management and compliance	Board members possess qualifications/expertise in corporate law, commercial law, international investment and financing and other legal matters. Their proficiency ensures the comprehensive mitigation of legal and compliance risks, providing safeguard for the decision-making be aligned Board decisions with statutory requirements, and strengthens the corporate risk management and internal control frameworks	E	All members	Adequate
People management experience	The Board possesses executive leadership experience, allowing core team building, performance management and driving organisational change; human resource allocation; and assisting the Board in implementing decisions related to personnel management, team optimisation and organisational structuring	E	Principally led by the executive Directors	Adequate
Diversity	The Board maintains a balanced and diverse composition, bringing together expertise across finance, legal and compliance, engineering technology, industry academic research, strategic research and corporate management, with a mix of age groups and professional backgrounds, providing multi-dimensional and differentiated perspectives for Board decision-making	E	All members	Adequate
Emerging topics	Possessing forward-looking strategic vision and the ability to anticipate industry trends; being able to track developments in emerging areas; taking into account the attributes of the gas industry, providing decision-making support for the emerging business layout, technological innovation and upgrading, and transformation	A/D	Principally led by the executive Directors	Adequate

Board Skills Matrix

Skills Area	Description	Importance *(Note)*	Director	Adequacy
Qualifications	Board members hold professional qualifications including senior engineer, senior accountant, economist, and include member from different professional background including lawyer, university professor with a broad coverage acrosses different areas such as accounting and finance, laws and regulations, engineering technology, economic management and academic research	E	All members	Adequate

*Note:

"E" = Skills currently required for the Board

"F" = New skills to be added in the future/in response to anticipated circumstances

A/D = Skills that are not essential, but are preferred or more ideal if available

These skills are critical to the Company's sustainable growth and good governance as a Stock Exchange-listed gas company, and are aligned with the Company's corporate mission, core values, business strategies and compliance and culture, addressing business operational needs and long-term sustainable development. With deep expertise in gas industry operations, production safety and regulatory policies, coupled with proficiency in financial control, investment and financing decision-making, and risk and compliance management, the Board is equipped to coordinate corporate governance and compliance, scientifically formulate strategic plans. These capabilities empower the Board to provide effective oversight, respond to market risks, safeguard Shareholders' interests and drive long-term value creation.

Supported by the Nomination Committee, the Board reviews its skills matrix from time to time to ensure its composition remains dynamically aligned with the Company's strategic and governance requirements.

Appointment, re-election and removal of Directors

The Company has established the Nomination Committee, who from time to time identified individuals suitably qualified to become Board members and make recommendations to the Board.

The Board has adopted its board diversity policy (the "Board Diversity Policy"). Such policy aims to set out the approach to achieve diversity on the Board. All Board appointments (including re-appointments) shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity factors, including (without limitation) gender, age, cultural and educational background, professional knowledge, qualification, experience, other information required under law and by stock exchange(s) (if applicable), and other factors that the Board may consider relevant from time to time. The Board may set additional measurable and/or specific diversity objectives(s) in furtherance of the effectiveness of leadership. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

As of the date of this report, the Board comprises both male and female (five male and four female), providing the Board with a direct and diversified channel of the opinion of both genders. The Directors believe that the composition of the Board reflects a balance of skills, experience and expertise appropriate for the requirements of the Company's business development and for effective leadership. All the executive Directors possess extensive experience in the Company's industry while the non-executive Directors (including independent non-executive Directors) possess professional knowledge and broad experience in diversified areas including the energy industry, business management and investment, finance and accounting, and cover different age group. The Directors are of the opinion that Board diversity (including gender diversity) has been achieved, and the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances.

The Company is committed to not having a single gender Board. The Board will continue to maintain Board diversity (including gender diversity), and maintain at least one female representation to ensure the opinions from different gender are well represented. If the Board determines that an additional or replacement Director is required, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from Directors, shareholders, management, advisors of the Company, with regarding to the range of diversity perspectives set forth in the Board Diversity Policy.

The Nomination Committee had reviewed the diversity of the Board during the year ended 31 December 2025 and will review the Board Diversity Policy from time to time to ensure that the policy is implemented effectively.

The Company has also adopted a Directors nomination policy in compliance with the Code, which establishes written guidelines for the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilises various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. All Director candidates, including incumbents and candidates nominated by Shareholders' are evaluated by the Nomination Committee based upon the candidates' qualifications and relative merits. Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The Nomination Committee will take into account the Board Diversity Policy (which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) and whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the Director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders. The Board shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Each of the executive Directors has entered into a service contract, non-executive Director and independent non-executive Directors has entered into a letter of appointment with the Company. Please also refer to the paragraph headed "Directors' Service Contracts" in the section headed "Directors' Report" in this annual report for further details. All the service contracts entered into between the Company and Directors may be terminated by either party by giving at least three months' written notice.

Every Director is subject to re-election on change of session of the Board in accordance with the applicable laws and regulations of the PRC.

The Board conducts a formal evaluation of its own performance and that of its committees every two years, aiming to comprehensively review the effectiveness of the Board in discharging its duties and to precisely identify areas for governance optimisation and improvement.

The annual Board performance evaluation for the Year was conducted by the Company through the following methods:

1. Self-assessment questionnaire: The evaluation extensively covered areas including Board composition and skills, Directors' performance of their duties and responsibilities, Board meeting procedures, operation of the risk management and internal control systems, and access to information and training.

2. Review of materials: Relevant governance documents were reviewed, such as agendas, meeting minutes, work reports and related procedures of the Board and its committees.

The overall conclusion is that the Board operated in a standard manner and discharged its duties effectively during the review period, demonstrating its ability to fully discharge its core responsibilities of decision-making, supervision and strategic guidance. All governance practices complied with the Listing Rules and corporate governance-related requirements. The evaluation identified several areas of strength and key areas requiring further enhancement to improve the overall effectiveness of the Board.

Board Meetings and Procedures

The proceedings of the Board are well defined and follow all the code provisions of the Code.

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision C.5.3 of the Code, during the Reporting Period, at least 14 days' notice has been given for any regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and Board papers of regular Board meetings are sent to all Directors within reasonable time and at least three days prior to the meetings.

All Directors also have access to the Company Secretary who is responsible for ensuring that the Board procedures are followed and advising the Board on compliance matters. Meeting agenda accompanied by relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of Board meetings and meetings of Board committees, which recorded in sufficient detail the matters considered and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the Company Secretary and open for inspection by the Directors.

Regular Board meetings are usually held every three months, with additional meetings arranged, if and when required. 9 Board meetings were held in 2025. Individual attendance records are set out below.

Board Meetings and General Meetings Attendance

	Board meetings attended during the Year	General meetings attended during the Year
Executive Directors		
Wang Cong (resigned on 11 February 2026)	**7/9**	**3/4**
Tang Jie	**9/9**	**3/4**
Sun Liangchuan	**8/9**	**4/4**
Non-executive Directors		
Zhang Jinghan	**8/9**	**2/4**
Sha Caiping (resigned on 11 February 2026)	**8/9**	**3/4**
Yang Zufeng (resigned on 31 December 2025)	**5/9**	**1/4**
Independent Non-executive Directors		
Yu Jian Jun	**7/9**	**1/4**
Ji Xuefeng	**5/9**	**0/4**
Bai Mo	**7/9**	**1/4**

Notes:

In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year.

During the Year, at three of the above Board meetings, (among other matters) connected transactions with Jinran China Resources and/or its associates were considered. Mr. Wang Cong, Mr. Zhang Jinghan, Ms. Sha Caiping and Mr. Yang Zufeng did not participate in the discussion and voting with respect to those resolutions in light of their concurrent positions in Jinran China Resources. As they participated in the discussion and voting with respect to other resolutions considered at the same meetings, their attendance at those three meetings was reflected in the above chart.

Four general meetings were held during the Year.

Certain Directors were not able to attend the general meetings held in 2025 due to their unavoidable business engagements. The Company discusses with these Directors to understand their view in matters to be considered at the general meetings, and to understand the message(s) such Directors wish to relate to the Shareholders at the general meetings. The Company also ensured the Directors and management presented at the meeting had sufficient knowledge, background and authority to address any question raised by the Shareholders. Updates on the meeting were also provided to absented Directors afterwards.

During 2025, the Board has addressed the following major issues, among other things:

1. maintaining and promoting the culture of the Company;

2. formulation of long-term strategy;

3. approving public announcements, including financial statements;

4. reviewing operational and financial performance;

5. considering connected transactions proposed to be entered into;

6. reviewing the effectiveness of the Group's risk management (including ESG risks) and internal control systems;

7. passing the resolution in respect of determining the annual remuneration of the senior management;

8. approving the amendments to the articles of association of the Company; and

9. approving appointments to the Board, subject to the approval by the Shareholders, and appointments of member of senior management.

Directors are free to contribute alternative views at meetings and major decisions would only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

Directors' Duties

Every Director is kept abreast of his/her responsibilities as a director of the Company and of the conduct, business activities and development of the Company:

- Every Director is provided with handbook and materials, which sets out guidelines on conduct by making reference to the relevant sections of the statutes or the Listing Rules, and remind Directors of their responsibilities in making disclosure of their interests and potential conflict of interests. Directors are also provided with updates, materials and/or training on the latest development and trend related to the Listing Rules and other rules and regulations relevant to the Company.

- Induction is provided to new Directors to help them familiarise with the management, business and governance practices of the Company.

- Appropriate and sufficient information to Directors and the committee members in a timely manner to keep them apprised of the latest development of the Group and enable them to discharge their responsibilities. Directors also have independent and unrestricted access to senior executives of the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the Code. As at the date of this report, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices; (b) training and continuous professional development of Directors and senior management; (c) the Company's policies and practices on compliance with legal and regulatory requirements; (d) the Company's code of conduct; and (e) the Company's compliance with the Code disclosures requirements.

Conduct on Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as referred to in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules.

Upon specific enquiries, the Directors confirmed his/her compliance with the Model Code with respect to securities dealings throughout the Reporting Period. So far as the Company is aware of, the Company's supervisors (up to the date of the dissolution of the Supervisory Committee) has complied with the Model Code with respect to securities dealings from 1 January 2025 and up to the date of dissolution of the Supervisory Committee.

Independence of Independent Non-executive Directors

The Company has received from each of the existing independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. Having considered that the independent non-executive Directors continue to provide a balanced and independent view to the Board and play a vital role in the Board committees, and bring independent as well as constructive comments on the Group's strategy, policy, performance and activities, and that there are no circumstance which would materially interfere with their exercise of independent judgement, with reference to the above annual confirmations, the Company considers that all of the independent non-executive Directors are independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Directors' Induction and Continuous Professional Development

Directors receive comprehensive, formal training upon their appointments to ensure they have a proper understanding of the businesses and development of the Group and that they are fully aware of their responsibilities under statutes, laws, rules and regulations, the Listing Rules, applicable legal and other regulatory requirements and the business and governance policies of the Company.

Directors recognise the importance to participate in continuous professional development to develop and refresh their knowledge and skills, and to ensure that their contribution to the Board remains informed and relevant. The Company also updates the Directors on the latest development regarding the current trend and issues faced by the Group, the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

The Directors regularly updates and refreshes their knowledge and skills through various means including but not limited to attending management briefings, trainings, seminars, giving speech or attending other professional development like reading articles, researches, journals and legal and regulatory updates provided by the Company. In addition, all Directors have been given guideline materials regarding duties, roles and functions of directors of listed companies. Each Director had confirmed and provided their records of participation in continuous professional development as required under Listing Rules 3.09F, 3.09G and (for first-time directors) 3.09H during the Year. According to the records provided by the Directors, a summary of training received by the Directors during the Year is as follows:

	Format of training	Hours of training completed during the Year
Executive Directors		
Wang Cong (resigned on 11 February 2026)	*Note 1*	10
Tang Jie	*Note 1*	10
Sun Liangchuan	*Note 1*	10
Non-executive Directors		
Zhang Jinghan	*Note 1*	10
Sha Caiping (resigned on 11 February 2026)	*Note 1*	10
Yang Zufeng (resigned on 31 December 2025)	*Note 1*	10
Independent Non-executive Directors		
Yu Jian Jun	*Note 1*	10
Ji Xuefeng	*Note 1*	10
Bai Mo	*Note 1*	10

Note:

1. Including undertaking self-study, research (e.g., reading research reports, periodicals and other self-learning materials).

2. Topics of continuous professional development:

    (i) roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness;

    (ii) issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rules updates) relevant to the discharge of such obligations and duties;

    (iii) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the Group and its business);

    (iv) audit, risk management and internal controls; and

    (v) industry-specific developments, business trends and strategies.

Board Committees

The Board is supported by three committees as at the date of this report, namely the Remuneration Committee, Nomination Committee and Audit Committee. Each of them has defined terms of reference covering its duties, powers and functions.

The Board and the committees are provided with sufficient resources to discharge their duties including, retention of outside advisers, if necessary, at the cost of the Company, to provide advice on any specific matter.

The Nomination Committee whose members comprise of an executive Director and non-executive Directors, other Board Committees members comprise of only non-executive Directors. The chairmen of the respective committees report regularly to the Board, and, as appropriate, make recommendations on matters discussed. The governance structure and meetings attendance record of the Board Committees are set out below.

	Major roles and functions	**Composition during the Year**	**Attendance in the Year**
Audit Committee	• To make recommendation to the Board on the appointment, reappointment and removal of external auditor • To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards • To develop and implement policy on the engagement of an external auditor to supply non-audit services and monitor the integrity of financial statements of the Company and the Company's annual report and accounts, interim report and to review significant financial reporting judgments contained in them • To oversee the Company's financial reporting system, risk management and internal control systems • To review the Company's financial results (including its annual and interim results)	Bai Mo *(Chairman) (independent non-executive Director)* Yu Jian Jun *(independent non-executive Director)* Ji Xuefeng *(independent non-executive Director)*	4/4 3/4 3/4

Total number of meetings held in 2025: 4

Note: In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year in which the Director was eligible to attend.

	Major roles and functions	Composition during the Year	Attendance in the Year
Remuneration Committee	• To consult the chairman of the Board about remuneration proposals for other executive Directors • To make recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy • To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives • To determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management (model E.1.2(c)(i) under the Code) • To make recommendations to the Board on the remuneration of non-executive Directors	Ji Xuefeng *(Chairman) (independent non-executive Director)*	2/3
		Sha Caiping *(non-executive Director) (resigned on 11 February 2026)*	3/3
		Bai Mo *(independent non-executive Director)*	3/3

Major roles and functions	Composition during the Year	Attendance in the Year
• To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group • To review and approve the compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive • To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate • To ensure that no Director or any of his/ her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration		

Total number of meetings held in 2025: 3

Note: In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year in which the Director was eligible to attend.

	Major roles and functions	Composition during the Year	Attendance in the Year
Nomination Committee	• To review the structure, size, composition (including the skills, knowledge and experience) and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board on a regular basis, assist the Board in maintaining a Board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy • To identify individuals suitably qualified to become Board member and assess the independence of independent non-executive Directors • To make recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors • Support the Board's regular evaluation of the Board's performance • To review the Board Diversity Policy and any measurable objectives for implementing the Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives, and to make disclosure of its review results in the annual report of the Company annually	Wang Cong *(Chairman) (executive Director) (resigned on 11 February 2026)* Yu Jian Jun *(independent non-executive Director)* Ji Xuefeng *(independent non-executive Director)*	2/4 4/4 3/4

Total number of meetings held in 2025: 4

Note: In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Year in which the Director was eligible to attend.

Audit Committee

During the Year, the Audit Committee performed the major works as below:

1. reviewed the annual financial results and report for the year ended 31 December 2024 and interim financial results and report for the six months ended 30 June 2025;

2. reviewed the continuing connected transactions of the Company;

3. reviewed the report of the Audit Department regarding the reviewing and procedures of the internal control and risk management of the Company and reviewed the effectiveness of the Group's internal audit function;

4. reviewed and monitored the external auditor's independence and objectivity and the effectiveness of the audit process;

5. considered and discussed the change of external auditors and made recommendations thereon to the Board and the terms of engagement of the external auditors, and

6. reviewed the terms of reference of the committee and whistleblowing policy of the Company.

The Audit Committee had also reviewed this annual report, and confirmed that this annual report complies with the applicable standard, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

Remuneration Committee

During the Year, the Remuneration Committee performed the major works as below:

1. reviewed and discussed the remuneration policy and structure of the Company and the remuneration and performance of duties of the Directors and senior management in the Year;

2. determined the remuneration packages of individual executive Directors and senior management;

3. reviewed and made recommendation to the Board on the remuneration of non-executive Directors;

4. reviewed and confirmed no Directors is involved in deciding his/her own remuneration, no compensation claimed to the Company by Directors and senior management for any loss or termination of office or appointment and no compensation arrangements relating to dismissal or removal of Directors for misconduct; and

5. approved the terms of Directors' service contracts.

Nomination Committee

During the Year, the Nomination Committee performed the major works as below:

1. examined the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, and the implementation and objectives of the Board Diversity Policy, made recommendations on any proposed appointment and re-election to the Board to ensure the Directors have the expertise, skills and experience required to meet the Company's business strategy and visions;

2. made recommendations to the Board on the Board composition and succession planning for Directors; and

3. assessed the independence of all independent non-executive Directors.

Remuneration of Directors and Senior Management

During the Year, the remuneration paid by the Group to its Directors is disclosed in Note XII(II) to the financial statements of this annual report.

The remuneration package (such as directors' fee, performance base bonus, benefits and pension etc., if any) of individual executive Directors and senior management of the Company is determined by the Remuneration Committee. The Remuneration Committee also make recommendation to the Board on the remuneration of non-executive Directors, including independent non-executive Directors. Directors' remuneration is determined based on a variety of factors such as PRC market conditions, the market remuneration standard and actual circumstances of the Company, his/her respective qualifications and experience, and responsibilities assumed. For the Year, save as Ms. Tang Jie, Mr. Yu Jian Jun, and Ms. Ji Xuefeng, all Directors waived their annual basic directors' remuneration fee.

Details of remuneration paid to members of senior management of the Company during the Year (including Mr. Sun Liangchuan, an executive Director) by band are as follows:

	Number of Individuals
RMB100,000 to RMB600,000	4

Company Secretary

Mr. Lau Kwok Yin, a vice president of SWCS Corporate Services Group (Hong Kong) Limited has been appointed as the company secretary of the Company (the "Company Secretary") on 24 May 2018. He has taken no less than 15 hours of relevant professional training during the Year in compliance with Rule 3.29 of the Listing Rules in relation to the professional training requirements. The primary contact person of Mr. Lau Kwok Yin at the Company is Ms. Feng Yuan, a staff of the Legal Compliance Department of the Company.

The Company Secretary reports directly to the Board. All the Directors have easy access to the Company Secretary and responsibility of the Company Secretary is to ensure the Board meetings are properly held and are in compliance with the relevant laws and regulations. The Company Secretary is also responsible for giving advice with respect to the Directors' obligations on securities interest disclosure, disclosure requirements of discloseable transactions, connected transactions and inside information. The Company Secretary shall provide advices to the Board with respect to strict compliance with the laws, requirements and the Articles at appropriate times. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance code so as to bring the best long-term value to Shareholders. In addition, the Company Secretary also provides relevant information, updates and continuous professional development to the Directors with respect to legal, supervisory and other continuous obligations for being a director of a listed company at appropriate times. The Company Secretary is also responsible for supervising and managing the Group's relationship with investors.

Accountability and Audit

Financial Reporting

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs of the results and cash flow for the Year. All the Directors acknowledge their responsibility for preparing the financial statements. In preparing the accounts for the Year, the Directors have:

- selected suitable accounting policies and applied them consistently; and
- made judgements and estimates that are prudent and reasonable; and ensured the accounts are prepared on the going concern basis.

The Company recognises that high quality corporate reporting is important in reinforcing the trustworthy relationship with the Company's stakeholders and aims at presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects in all corporate communications. The annual and interim results of the Company are announced in a timely manner within the required limits after the end of the relevant periods.

A statement by the auditors about their reporting responsibilities is included in the Auditor's Report on pages 66 to 71. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Risk Management and Internal Controls

The Board, through the Audit Committee, has reviewed the effectiveness of the Company's system of risk management and internal controls over financial, operational and compliance issues for the Year. The Audit Committee concluded that, in general, the Company has set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance. The Board, through the regular review of the Audit Committee, is satisfied that the Group in the Year, fully complied with the code provisions on risk management and internal controls as set forth in the Code.

The Company has formulated and implemented its risk management and internal control system. The Board is the decision-making body responsible for reviewing the effectiveness of its risk management and internal control systems with the assistance of the Audit Committee and the Audit Department. The Audit Committee has reviewed the report of the Audit Department regarding the reviewing and procedures of the internal control and risk management of the Company. The Company has set up risk management, internal control and Audit Department with sufficient staff which report to the Audit Committee. The risk management and internal control systems of the Company 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.

Risk management and internal control covering (without limitation) corporate governance, market transactions, contract management, asset management and external investment, intellectual property and technological innovation, product and service quality, finance and taxation, human resources management, safety and environmental protection, management of overseas listed companies, and integrated energy services is designed to effectively ensure the effective operation of our business activities, improve the internal control system of the Company, establish the system of risk identification and assessment, and facilitate the effective control of risks through the implementation of various policies; to safeguard the security and integrity of the Company's assets; to prevent, identify errors and frauds and correct them when any occurs so as to ensure the truthfulness, legality and integrity of our accounting information.

The Company's uses the following process to identify, evaluate and manage significant risks:

Risk prevention: the Company has deeply integrated the concept of risk prevention and control into the decision-making process for major matters, ensuring proactive intervention and dynamic early warning in risk management;

Risk identification: relying on the compliance risk list, the Company systematically carries out risk identification and assessment work on an annual basis;

Risk response: based on business realities, risk tolerance, and risk ratings, the Company formulates and implements targeted control strategies;

Specific implementation: the Company has established an Integrity and Compliance Committee and a joint meeting mechanism, formulated the "Implementation Rules for Integrity and Compliance Obligations and Risk Management," and implemented measures covering (without limitation) compliance obligations, risk points management, thereby refining and optimizing the operational mechanism of risk control.

The Company regards integrity and compliance as the core of risk prevention and control and systematically carries out annual risk identification, graded assessment, and the formulation of response measures. Simultaneously, the Company promotes the construction of a great compliance supervision mechanism, collaborating with audit forces to implement special inspections and rectification of problems regarding the compliance of business conduct.

The Company engages external institutions to evaluate its internal control management through methods such as sampling, testing, observation, and interviews, providing an important basis for improving the Company's management level; the Directors and senior management possess the necessary knowledge and experience to provide sufficient support and supervision for risk management and internal control.

The Company' risk management and internal control systems are reviewed at least annually. Based on the review and evaluation of risk management and internal control of the Reporting Period, the Board takes the view that the risk management and internal control of the Company are effective and adequate.

The Company conducts an annual risk evaluation to identify major risks and to perform risk management duties. The Company has designed measures to tackle major risks combined with its internal control system and periodically monitors its implementation to ensure adequate care, monitor and tackling of major risks.

The Company has constantly supervised and evaluated its internal control, conducting comprehensive and multi-level checks including regular test, enterprise self-examination and auditing check so as to resolve material defects in internal control.

The Board acknowledges its responsibility for the Company's risk management and internal control systems and confirms that the Company's risk management and internal control systems are appropriate and effective for the purposes set out in Principle D2 of the Code for the Year.

The Company has established a Audit Department comprising two internal audit managers, which is responsible for the internal auditing and supervising of the business activities of the Company, and also performs its duty as a party in the discussion about economic activities and decision making in relation to our projects, so as to ensure the integrity, reasonableness of the Company's internal control system and the effectiveness of its implementation.

The Legal Compliance Department is responsible for advising on the necessity of performing the obligation of information disclosure, the definition of connected transaction and the legality of contract substance.

While keeping highly transparent communications with investors and analysts, the Company attaches great importance to the handling of inside information. The Company has maintained a good information disclosure mechanism and policy which provides a general guide to the Company's Directors, officers and senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries, and to ensure that inside information is disseminated to the public in a fair and timely manner in accordance with applicable laws and regulations. Monitoring and control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence and anonymity, concerns about improprieties (such as criminal offences or financial impropriety) or other matters of the Company.

External Auditors

The Group's external auditors are WUYIGE Certified Public Accountants LLP. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguard independence of the auditors, and it has:

- determined the non-audit services for which the external auditors may provide; and
- agreed with the Board on the policy relating to the hiring of employees or former employees of the external auditors and monitored the applications of such policy.

During the Year, the fees paid to the Company's external auditors for audit services amounted to approximately RMB920,000 and for non-audit related activities (which are the fees for agreed upon procedures on accounts) amounted to approximately RMB180,000.

During the Year, the Group has not employed any staff who was formerly involved in the Group's statutory audit.

Staff Diversity

The Company has adopted its workforce diversity policy. Such policy aims to outline the Group's approach to diversity of its workforce (including senior management). The Group recognises that it benefits from the diversity of its workforce and encourages diversity and equal opportunities, and aims to foster a diverse and inclusive workplace to make best use of the skills of employees. The Group shall apply the principles under such policy to its business practices, including in recruitment, assessment, promotion, remuneration and benefits, training and development, including: promoting workforce diversity; respecting the diversity of its workforce (including (without limitation) gender, age, cultural background, education background, family status, ethnicity, race, religion, sexual orientation, gender identity) and valuing the different perspectives of its employees and other stakeholders; complying with applicable equal opportunities laws and good management practices in making employment decisions; promoting a sense of diversity and inclusion among employees through training; and providing mechanisms (including grievance procedures or reporting channels) for employees to raise matters relating to the working environment. The Company monitors and reviews, from time to time, the implementation of the policy (including the measurable and/or specific diversity objectives set) to ensure its suitability and relevance.

The Group had a workforce of 528 full-time employees as of 31 December 2025. Among them, around 39.77% of the workforce (excluding senior management) were female, and around 40% of the Group's senior management positions were held by female. The Company considers there is a balanced gender diversity in its workforce as a whole, and intends to maintain similar level of balance. To support diversity at different level of the Group, the Group is enhancing diversity awareness through employee networks, hiring and recruitment practices, and awareness raising promotions and training for all employees. More information about the Group's employment and labour practices is available in the Company's 2025 ESG Report.

Dividend Policy

The Company's dividend policy establishes a standard with an aim to enhance the transparency of the Company's dividend distribution.

Declaration and distribution of dividends (including annual, interim or special distribution) is at the absolute discretion of the Board and subject to the approval of the Shareholders and to relevant laws rules and regulations and the Articles. All dividend decisions made by the Board during the Year were made in accordance with the Company's dividend policy. There is no assurance that dividends of any specific or minimum amount will be declared or distributed each year or in any year.

The Board takes into account (among other things) the following factors in determining the level of dividends (if any):

(i) the results of operations of the Group;

(ii) cash flows of the Group;

(iii) financial position of the Group;

(iv) capital requirements of the Group;

(v) business strategies and developments of the Group; and

(vi) other factors that the Board deems relevant.

Communications with Shareholders and Investors

The Company places great emphasis on its relationship and communication with Shareholders and investors. The Shareholders' Communication Policy sets out the framework the Company has put in place to promote effective communication with Shareholders. To keep Shareholders informed of the Group and its business activities and direction, information about the Group has been provided to the Shareholders through financial reports and announcements including electronic copies accessible by the public online. The Company's website www.jrgy.tjny.com.cn serves as a channel to facilitate communication with Shareholders and the public.

The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings or other general meetings. The Company's general meeting allows the Directors to meet and communicated with Shareholders. Issues are proposed as separate resolution to facilitate different issues be considered. Shareholders are also encouraged to communicated their views to the Board.

Having reviewed the implementation and effectiveness of different channels of communication available to the shareholders, and with reference to the shareholders' participation and feedbacks in meetings and corporate activities, the Company considered that the Shareholders' Communication Policy to be effective during the Year.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and opinion through writing to the following address:

5th Floor, Court A,
No. 28 Nankai Fourth Road,
Nankai District
Tianjin, PRC
Tel No.: (86) 022-87569972
Fax No.: (86) 022-87569971

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY MEETING

Pursuant to Article 53(3) of the Articles, where Shareholders separately or aggregately holding more than ten per cent of the shares of the Company (including shares with restored voting rights such as preferred shares, but excluding treasury shares) make a request in writing to convene an extraordinary general meeting, the Board shall convene an extraordinary general meeting within two months thereof.

PROCEDURES FOR SHAREHOLDERS' ENQUIRIES TO BE PUT TO THE BOARD

A holder of ordinary shares of the Company shall enjoy (among other things) the following rights pursuant to Article 38 of the Articles:

- to supervise the operation of the Company, and to make proposals or enquiries in relation thereto;

- to receive information in accordance with provisions of the Articles, including:

  A. the Articles upon payment of the cost thereof;

  B. shareholders who comply with the relevant requirements shall have the right, in accordance with the Company Law, to inspect and copy the Articles of Association, register of members, minutes of shareholders' general meetings, resolutions of the board of directors, financial and accounting reports, and shareholders who comply with the relevant requirements shall have the right, in accordance with the Company Law, to inspect accounting books, and accounting vouchers.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to Article 63 of the Articles, Shareholders separately or aggregately holding more than ten percent of shares of the Company (including shares with restored voting rights such as preferred shares) shall have the right to submit proposals to the Company on holding a shareholders' general meeting.

Shareholders separately or aggregately holding more than one percent of shares of the Company (including shares with restored voting rights such as preferred shares) may bring forward provisional proposals and submit the same in writing to the convenor ten days prior to the shareholders' general meeting. The convenor shall issue a supplementary notice of shareholders' general meeting within two days of receiving the proposals to publish particulars of the provisional proposals, and shall submit the provisional proposals to the shareholders' general meeting for consideration.

However, this does not apply if the provisional proposals are in violation of laws, administrative regulations or the provisions of the Articles of Association, or if they do not fall within the terms of reference of the shareholders' general meeting.

Unless otherwise provided in the preceding paragraph, the convenor may not amend the proposals set out in the notice of shareholders' general meeting, or add new proposals after issuing an announcement on the notice of shareholders' general meeting.

No voting may take place and no resolutions may be made at the shareholders' general meeting on proposals which are not set out in the notice of shareholders' general meeting or do not meet the requirements hereof.

Procedures for Shareholders to propose a person for election as a Director under Articles 118 of the Articles are set out below.

– Starting from the second day after the despatch of the notice of the general meeting appointed for the election of Director(s), a Shareholder is entitled to lodge a notice in writing to the Company to nominate directors, and the period (during which the candidate is required to issue a notice to the Company acknowledging his/her intention to be elected) for lodgment of such notice shall be seven days. In any event, the aforesaid period shall end seven days before the date of such general meeting.

CHANGES TO CONSTITUTIONAL DOCUMENTS

During the Year, amendments have been made to the Articles. Please refer to the paragraph headed "Amendment to the articles of association, change of directors/supervisors and other corporate changes" in the section headed "Management Discussion and Analysis" in this annual report for further details.

The Board of Directors presents its Directors' Report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal business of the Group includes the sale of piped natural gas, sale of natural gas appliances, natural gas pipeline grid connection and natural gas transportation via pipelines, while principal operation activities include the sale and distribution of piped gas, the lease of pipelines, the operation and management of gas pipeline infrastructure, the sale and installation of gas appliances, the lease of self-owned buildings and (via branch) facilities of gas stations. The Group has been operating in accordance with the specific licencing regulations promulgated by the government whenever applicable.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on pages 78 to 80 of this annual report.

The Board does not recommend the distribution of a dividend for the year ended 31 December 2025 (Previous Year: Nil).

RELIEF FROM TAXATION

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation for Non-resident Taxpayers Enjoying Treaty Treatment (No. 35 of the Announcement of the State Administration of Taxation for 2019) (《國家稅務總局非居民納稅人享受協定待遇管理辦法》(國家稅務總局公告2019年第35號)), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between the PRC, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company's shares in the name of non-individual Shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out on page 4 of the annual report.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" in this annual report.

SHARE CAPITAL

Details of the Company's share capital are set out in note V(XXVII) to financial statements included in this annual report.

DISTRIBUTION RESERVES

The reserve available for distribution to Shareholders is the amount which is the lesser of the accumulated profits carried forward at the balance sheet date after deduction of the current year's appropriations to the statutory surplus reserve determined under PRC accounting standards.

As at 31 December 2025, the Group's reserves available for distribution to Shareholders, comprised the retained profits determined under PRC accounting standards of approximately RMB238 million (2024: RMB282 million).

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

RESERVES

Profits attributable to Shareholders before dividends of RMB0 (2024: RMBnil) have been transferred to reserves.

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.

FIXED ASSETS

Details of movements in fixed assets of the Group are set out in note V(XI) to financial statements included in this annual report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Company for the last five financial years is set out on page 212 of this annual report.

DIRECTORS

Executive Directors

Wang Yang (appointed, effective from 11 February 2026)
Wang Cong (resigned, effective from 11 February 2026)
Tang Jie
Sun Liangchuan

Non-executive Directors

Zhang Jinghan
Hao Yunhe (appointed, effective from 11 February 2026)
Sha Caiping (resigned, effective from 11 February 2026)
Yang Zufeng (resigned, effective from 31 December 2025)

Independent Non-executive Directors

Yu Jian Jun
Ji Xuefeng
Bai Mo

Employee Director

Yan Ying (appointed, effective from 31 December 2025)

The Company considers that each of the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

See also "Management Discussion and Analysis - Amendment to the articles of association, change of directors/supervisors and other corporate changes", "Management Discussion and Analysis - Change of composition of the Board and its committees" and "Corporate Governance Report - Independence of Independent Non-executive Directors".

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract, and each of the non-executive Directors and independent non-executive Directors has entered into a service contract/letter of appointment with the Company commencing from 27 June 2024 (or if later, his/her effective date of appointment), and ending on the conclusion of the annual general meeting of the Company to be held in 2027.(save for Mr. Wang Yang (an executive Director), Ms. Hao Yunhe (a non-executive Director) and Ms. Yan Ying (an employee Director) who has each entered into a service contract commencing from his/her effective date of appointment and ending on the conclusion of the annual general meeting of the Company to be held in 2028).

Save as disclosed above, none of the Directors has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Save as Ms. Tang Jie, Mr. Yu Jian Jun, and Ms. Ji Xuefeng, other Directors have waived their annual basic remuneration. Each director is entitled to receive pension contributions and benefits. The Company may grant discretionary bonuses to Directors. There was no other arrangement in which Directors waived their remuneration save as the above. See also "Corporate Governance Report – Remuneration of Directors and Senior Management" for further information about the Directors' and Senior Management's remuneration policy.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 December 2025, the interests and short positions of the Directors and chief executives in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors as referred to in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Long Position

Domestic Shares of RMB0.1 each in the capital of the Company

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

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the required standard of dealings by Directors as referred to in Appendix C3 to the Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER SHAREHOLDERS

So far as known to the Directors, as at 31 December 2025, the following persons, not being a Director and chief executive or Supervisor of the Company, have interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO:

Substantial Shareholders

Long Position

Domestic Shares of RMB0.1 each in the capital of the Company

Name of shareholder	Capacity	Number of Domestic Shares interested	Approximate percentage of interests in the Company/ Domestic Shares
Jinran China Resources Gas Co., Ltd. (津燃華潤燃氣有限公司)	Beneficial owner	1,297,547,800	70.54%/96.89%
Tianjin Gas Group Company Limited ("Tianjin Gas") 天津市燃氣集團有限公司 (Note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin Energy Investment Company Limited ("Tianjin Energy") 天津能源投資集團有限公司 (Note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
Tianjin State-owned Capital Investment Management Co., Ltd. ("Tianjin Capital") 天津國有資本投資運營有限公司 (Note 1)	Interest of a controlled corporation	1,297,547,800	70.54%/96.89%
中國建設銀行股份有限公司天津市分行(China Construction Bank Corporation (Tianjin Branch)) ("CCB Tianjin") (Note 2)	Other	1,297,547,800	70.54%/96.89%

Notes:

1. As at 31 December 2025, Jinran China Resources held 1,297,547,800 Domestic Shares. Jinran China Resources is owned as to 51% and 49% by Tianjin Gas and China Resources Gas (Hong Kong) Investment Limited, respectively. Tianjin Energy is the intermediary holding company of Tianjin Gas. Tianjin Capital is the intermediary holding company of Tianjin Energy. Therefore they are deemed, or taken to be interested in all the Domestic Shares held by Jinran China Resources for the purpose of the SFO.

2. On 6 May 2020, Tianjin Capital has charged 100% equity interest in Tianjin Energy (which owns 100% equity interest in Tianjin Gas) to CCB Tianjin. Therefore CCB Tianjin is taken to be interested in all the Domestic Shares beneficially held by Tianjin Gas for the purpose of the SFO.

Other Shareholders

Long Position

H Shares of RMB0.1 each in the capital of the Company

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

Notes:

1. As at 31 December 2025, Mr. Liu Hei Wan and Ms. Law Suet Yi jointly held 14,500,000 H Shares of the Company.

2. The Waterfront Development Group Limited is wholly-owned by Mr. Liu Hei Wan and thus a controlled corporation by Mr. Liu Hei Wan. Therefore, Mr. Liu Hei Wan is deemed, or taken to be, interested in the 30,000,000 H Shares which are beneficially owned by The Waterfront Development Group Limited for the purpose of the SFO.

3. Ms. Law Suet Yi is the spouse of Mr. Liu Hei Wan and therefore, Ms. Law Suet Yi is deemed, or taken to be, interested in all the Shares in which Mr. Liu Hei Wan is interested for the purpose of SFO.

Save as disclosed above, as at 31 December 2025, the Company has not received any notification by any person, not being a Director and chief executive of the Company, of its interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No Director nor any entity connected with a Director was materially interested, either directly or indirectly, in any transactions, arrangements or contracts of significance to the Group, or to which the holding company of the Company, the Company or any of the Company's subsidiaries or fellow subsidiaries or its specified undertaking was a party during or at the end of the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules) during the Reporting Period. As of 31 December 2025, the Company did not hold any treasury shares.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

On 9 December 2003, Tianjin Gas has entered into a non-competition agreement with the Company. Under the non-competition agreement, save for Tianjin Gas's then existing piped gas operations in Tianjin City, which is outside the scope of operation of the Group in Tianjin at that time (the "Previous Operational Locations"), Tianjin Gas has irrevocably undertaken and covenanted with the Company that, except with the Company's prior written consent, it would not and would procure that its subsidiaries should not, carry on for their own accounts or for any other persons to carry on and/or have an interest in, any business of which is or may be in competition with the Group's business within the Previous Operational Locations or outside its existing operating district in Tianjin City.

On 28 December 2010, Tianjin Gas further entered into the supplemental non-competition agreement (the "Supplemental Non-Competition Agreement") to supplement certain terms of the non-competition agreement dated 9 December 2003, pursuant to which the meaning of "subsidiary(ies)" as mentioned in the above-mentioned undertaking has been amended to include "associates" under the definition of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Previous Operational Locations have been amended to cover the operational locations of the Group (i.e. Xiao Hai Di (小海地) of Hexi District (河西區), part of Jinnan District (津南區), Xiqing District (西青區), Hangu District (漢沽區) and Ninghe District (寧河區)) which have been served by the Group's pipelines as well as Hedong District (河東區) and Heping District (和平區) after completion of the transfer of part of the tangible assets and gas ancillary facilities.

Furthermore, pursuant to the Supplemental Non-Competition Agreement, Tianjin Gas further undertakes that (a) where business opportunities which may compete with the business of the Group arises, or if Tianjin Gas desires to sell any of its existing piped gas business or the underlying assets for the piped gas business in Tianjin, Tianjin Gas shall give the Company's notice in writing and the Company shall have a right of first refusal to take up such business opportunities. The Company shall only exercise the right of first refusal upon the approval of all the independent non-executive Directors (who do not have any interest in such proposed transactions); and (b) regarding the assets which have not yet been transferred to the Company by Tianjin Gas in Hedong District, Heping District, Xiqing District, Hangu District and Ninghe District, the Company has the right to require Tianjin Gas to sell these assets to the Company at any time, subject to compliance with the applicable requirements under the relevant PRC laws as well as the Listing Rules, at a price that is fair and reasonable, and acceptable to the independent non-executive Directors (who do not have any interest in such proposed transaction).

Pursuant to the non-competition agreement and the Supplemental Non-Competition Agreement (together, the "Non-competition Undertaking"), the independent non-executive Directors are responsible for reviewing and considering whether or not to exercise such rights and are entitled, on behalf of the Company, to review the information provided by Tianjin Gas in respect of the compliance and enforcement of the Non-competition Undertaking at least on an annual basis. The independent non-executive Directors have reviewed the implementation of the Non-competition Undertaking and have confirmed that Tianjin Gas has been in full compliance with the Non-competition Undertaking and no breach by Tianjin Gas came to the Company's attention for the Reporting Period.

Also, the Company has received from Tianjin Gas an annual declaration on compliance with the Non-competition Undertaking and considers Tianjin Gas has complied with the Non-competition Undertaking.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or its subsidiary or its specified undertaking a party to any arrangements whose objects are (or includes) to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and no such arrangement subsisted as of the end of the Year.

COMPETING INTERESTS

Tianjin Gas has undertaken not to compete with the Group in accordance with the Non-Competition Undertaking. Given the terms of the Non-Competition Undertaking and the inherent nature of the pipe gas supply business, the Directors are of the view that Tianjin Gas does not compete with the Group's operations in the provision of piped natural gas. For details of the Non-Competition Undertaking, please refer to the paragraph headed "Compliance with Non-Competition Undertaking" above.

Each of Mr. Wang Yang, Mr. Wang Cong (resigned on 11 February 2026) (each an executive Director), Mr. Zhang Jinghan, Ms. Sha Caiping (resigned on 11 February 2026), Mr. Yang Zufeng (resigned on 31 December 2025) (each a non-executive Director) and Ms. Yan Ying (an employee Director) hold position(s) with Jinran China Resources, Tianjin Gas, Tianjin Energy and/or their associates. They do not have any equity interest in Jinran China Resources, Tianjin Gas or Tianjin Energy. Save as their positions with Jinran China Resources, Tianjin Gas, Tianjin Energy and/or their associates, each of the Directors has confirmed that he/she and his/her respective close associates do not have any interest in a business which competes or may compete with the business of the Group.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates, that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules has been adopted as a code of securities transactions for Directors of the Company (the "Securities Code"). On specific enquiries made, all Directors have confirmed that they have complied with the required standards set out in the Securities Code during the Reporting Period.

CONNECTED TRANSACTIONS

During the Year, the Group has the following non-exempt connected transactions or continuing connected transactions under the Listing Rules:

Non-exempt Continuing Connected Transactions

(1) Gas meters procurement from Tianjin Yumin

On 13 February 2023, the Company and Tianjin Yumin Gas Meter Co., Ltd. ("Tianjin Yumin", a 51% owned subsidiary of Jinran China Resources) entered into a procurement contract pursuant to which Tianjin Yumin agreed to supply to the Company IoT (internet of things) gas meters. The annual caps under this procurement contract are RMB22 million, RMB2.048 million and RMB2 million for the years ended 31 December 2023, 2024 and 2025, respectively.

Tianjin Yumin is an associate (as defined under the Listing Rules) of Jianran China Resources. The transactions constitute continuing connected transactions of the Company. This procurement contract (when aggregated with other procurement of gas meters by the Group from Tianjin Yumin) was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. The independent shareholders' approval was obtained at the extraordinary general meeting held on 20 March 2023.

Further details are set out in the Company's circular dated 24 February 2023.

Actual transaction amount (tax exclusive) for the Year was approximately RMB214,000.

(2) Engineering works framework agreement with Jinran China Resources

The engineering works framework agreement dated 15 December 2021 (as supplemented) entered into between the Company and Tianjin Energy expired on 31 December 2022. On 18 January 2023, the Company and Jinran China Resources entered into a new engineering works framework agreement pursuant to which Jinran China Resources and/or its associated companies will undertake the Group's gas pipeline projects, supporting facilities construction projects, indoor gas meters installation projects, other outdoor and indoor gas facilities construction, renovation and renewal construction projects, and provide services such as inspection, design, supervision, entrusted procurement, entrusted installation, construction, drafting of completion reports and provision of maintenance services. The term of this agreement will expire on 31 December 2025. The annual caps (in terms of total settlement amount) are RMB141 million, RMB124 million and RMB77 million for the years ended 31 December 2023, 2024 and 2025, respectively.

The transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to, among other things, the independent shareholders' approval, annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules. The new framework agreement was approved by the independent shareholders of the Company at an extraordinary general meeting held on 20 March 2023.

Further details are set out in the circular of the Company dated 24 February 2023.

Actual transaction amount (tax exclusive) for the Year was approximately RMB29,714,000.

(3) Gas provision to Tianjin Binran

On 10 November 2023, the Company and Tianjin Binran Pipe Network Construction Co., Ltd ("Tianjin Binran", an associate of Jinran China Resources) entered into a city gas supply and usage contract pursuant to which the Company agreed to supply natural gas to Tianjin Binran from 1 January 2024 to 31 December 2026. The annual caps are RMB344 million, RMB375 million and RMB408 million for the years ended/ending 31 December 2024, 2025 and 2026, respectively.

Actual transaction amount (tax exclusive) for the Year was approximately RMB330,869,000.

The transactions constitute continuing connected transactions of the Company. They were subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. It was approved by the independent shareholders of the Company at an extraordinary general meeting held on 28 December 2023.

More information is set out in the Company's circular dated 7 December 2023.

(4) Renewal of gas supply contract with Jinran China Resources

The gas supply contract dated 15 November 2022 entered into between the Company and Jinran China Resources in respect of the supply of natural gas by Jinran China Resources to the Company expired on 31 March 2024. The annual cap under such original contract for the period from 1 January 2024 to 31 March 2024 was RMB840 million. The Company and Jinran China Resources entered into a new city gas supply and usage contract on 7 February 2024 for the period from 1 April 2024 to 31 March 2027 ("Gas Supply Contract"). The annual caps under the Gas Supply Contract are RMB1,326 million for the period from 1 April to 31 December 2024, RMB2,282 million for year 2025, RMB2,473 million for year 2026, and RMB992 million for the period from 1 January to 31 March 2027, respectively. The Gas Supply Contract was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. It has been approved by the independent shareholders of the Company at an extraordinary general meeting held on 28 March 2024.

Actual transaction amount (tax exclusive) for the Year was approximately RMB1,393,776,000.

More information is set out in the Company's circular dated 5 March 2024.

(5) Procurement of materials from Jinran China Resources

The Company and Jinran China Resources entered into a products procurement framework agreement on 30 June 2025 regarding the procurement of products required for the Group's business (the "Framework Agreement") for a term commencing from the effective date of the Framework Agreement and ending on 31 December 2027. The annual caps under the Framework Agreement are RMB11.5 million for the period from the effective date of the Framework Agreement to 31 December 2025, RMB13.5 million for 2026 and RMB12.5 million for 2027, respectively. The Framework Agreement was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. It has been approved by the independent shareholders of the Company at an extraordinary general meeting held on 13 August 2025.

Actual transaction amount (tax exclusive) for the period from the effective date of the Framework Agreement to 31 December 2025 was approximately RMB3,947,000.

Further details are set out in the Company's circular dated 24 July 2025.

(6) Gas pipeline lease agreement with Jinran China Resources

The Company and Jinran China Resources entered into the gas pipeline lease agreement on 25 December 2025 regarding the leasing of the Gangnan Pipeline and the Beihuan Pipeline to Jinran China Resources for a term from 25 December 2025 to 24 December 2028. The annual rent is RMB7.83 million per annum. The transactions constitute continuing connected transactions of the Company.

Further details are set out in the Company's announcement dated 28 December 2025.

(7) Renewal of construction transaction with Jinran China Resources

On 31 December 2025, the Company and Jinran China Resources entered into the new engineering works framework agreement regarding the provision of construction and other services by Jinran China Resources and/or its associated companies to the Group for the three years ending 31 December 2028. The annual caps (in terms of the total settlement amount, calculated based on the settlement date of relevant expenses under each project) are RMB107.9 million, RMB99.5 million and RMB97.2 million for 2026, 2027 and 2028, respectively. This agreement constitutes continuing connected transactions of the Company and was subject to (among other things) the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. It was approved by the independent shareholders of the Company at an extraordinary general meeting held on 11 February 2026.

Further details are set out in the Company's circular dated 22 January 2026.

Annual Review

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions. In their opinion, these continuing connected transactions were:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or better terms, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms or better terms, on terms no less favourable than terms available to or from independent third parties;

(iii) in accordance with relevant agreements governing such transactions; and

(iv) on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board (including the independent non-executive Directors) considered that the above continuing connected transactions conducted during the Year have followed the pricing policies and guidelines applicable to them.

In addition, the Company's auditors have also confirmed in writing to the Board that nothing has come to their attention which cause them to believe that the continuing connected transactions disclosed above:

(i) had not been approved by the Board;

(ii) for transactions involving the provision of goods and services by the Group, were not, in all material respects, in accordance with the pricing policies of the Group governing such transactions;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) had exceed the annual cap as set out in the corresponding announcement made by the Company.

Related Party Transactions

Note XIII(V) to the Financial Statements in this annual report sets out information about related party transactions of the Group. Save for the transactions set out in "– Connected transactions" above, these related party transactions either do not fall within the definition of connected transactions (or continuing connected transactions) under Chapter 14A of the Listing Rules, or were fully-exempt from annual review, reporting, announcement and independent shareholders' approvals requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PERMITTED INDEMNITY

During the Year, the Company has arranged Directors' and officers' liability insurance for all Directors and senior management of the Company. The insurance covers the corresponding costs, charges, expenses and liabilities for legal action of corporate activities against them.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group together accounted for approximately 56.56% of the Group's total turnover for the Year, with the largest customer accounted for approximately 21.50%. The five largest suppliers of the Group together accounted for approximately 99.13% of the Group's total purchases for the Year, with the largest supplier accounted for approximately 96.51%.

Among these major customers and suppliers, (i) Jinran China Resources is a major supplier of the Group and a controlling shareholder of the Company; (ii) Tianjin Binran Pipe Network Construction Co., Ltd. (天津濱燃管網建設有限公司) is a major supplier of the Group and a subsidiary of Jinran China Resources; and (iii) Tianjin Zhongyuan Natural Gas Engineering Co., Ltd. (天津市眾元天然氣工程有限公司) is a major customer of the Group and a subsidiary of Jinran China Resources.. Save as the above, at no time during the Year did any of the Directors, their close associates or a Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest customers or suppliers.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and to provide supervision over the financial reporting process and risk management and internal control system of the Group. The Audit Committee comprises the two independent non-executive Directors, Mr. Bai Mo and Mr. Yu Jian Jun, and one non-executive Director, Ms. Hao Yunhe. The Audit Committee has reviewed the annual report and the results for the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, at least 25% of the Company's total issued share capital is held by the public and the Company has maintained the public float as required under the Listing Rules. As at 31 December 2025, issued share capital of the Company was 1,839,307,800 Shares (comprising 1,339,247,800 Domestic Shares and 500,060,000 H Shares). The public float is approximately 27.19%.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the PRC, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DONATION

The Group did not make any substantive donation during the Year.

AUDITORS

Ernst & Young Hua Ming LLP was the independent auditor of the Company for the year ended 31 December 2022. The consolidated financial statements of the Company for the year ended 31 December 2022 have been audited by Ernst & Young Hua Ming LLP, certified public accountants. Ernst & Young Hua Ming LLP retired as the independent auditor of the Company with effect from the conclusion of the annual general meeting held on 27 June 2023 and was not re-appointed. On the same day, with the recommendation of the audit committee of the Company and the approval of the shareholders of the Company, KPMG Huazhen LLP was appointed as the independent auditor of the Company.

KPMG Huazhen LLP was the independent auditor of the Company for the year ended 31 December 2023. The consolidated financial statements of the Company for the year ended 31 December 2023 have been audited by KPMG Huazhen LLP, certified public accountants. KPMG Huazhen LLP retired as the independent auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 27 June 2024 and was not re-appointed. On the same day, with the recommendation of the audit committee of the Company and the approval of the shareholders of the Company, Wuyige Certified Public Accountants LLP was appointed as the new independent auditor of the Company.

The consolidated financial statements of the Company for the years ended 31 December 2024 and 2025 have been audited by Wuyige Certified Public Accountants LLP.

Save as disclosed above, there was no change in auditor of the Company in the past three years.

SIGNIFICANT CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this annual report, (i) no contract of significance has been entered into during the Year between the Company or any of its subsidiaries, and a controlling shareholder of the Company or any of its subsidiaries; and (ii) no contract of significance has been entered into for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

EQUITY-LINKED AGREEMENTS

During the Year, the Company has not entered into any equity-linked agreement and no such agreement subsisted at the end of the Year.

Annual General Meeting And Book Closure Period

The annual general meeting of the Company (the "AGM") will be held on 29 June 2026 (Monday). To ascertain the entitlement to attend, speak and vote at the AGM, the register of members of the Company will be closed from 24 June 2026 (Wednesday) to 29 June 2026 (Monday) (both days inclusive) during which no transfer of shares will be registered. In order to be eligible to attend, speak and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 23 June 2026 (Tuesday).

On behalf of the Board
Tianjin Jinran Public Utilities Company Limited
Wang Yang
Chairman of the Board

大信会计师事务所（特殊普通合伙）
WUYIGE Certified Public Accountants LLP

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Daxin Shen Zi [2026] No. 1-01721

The Shareholders of Tianjin Jinran Public Utilities Company Limited:

1. OPINION

We have audited the financial statements of TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED (the"Company"), which comprise the consolidated and company balance sheets as at 31 December 2025, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of TIANJIN JINRAN PUBLIC as at 31 December 2025, and the consolidated and company financial performance and cash flows of TIANJIN JINRAN PUBLIC for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants ("the Code")and the independence requirements for public interest entities under the Chinese Certified Public Accountants Independence Standards, 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.

Daxin Shen Zi [2026] No. 1-01721

3. KEY AUDIT MATTERS

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

(I) Revenue recognition

Refer to the accounting policies set out in Note(XXIII) under III. Significant Accounting Policies and Accounting Estimates, and Note (XXXII) under V. Notes to Key Items of the Company's Financial Statements.

(1) Description

The Company is mainly engaged in the sales of natural gas, specifically covering residential gas supply, industrial gas supply, commercial gas supply, heating gas supply, as well as wholesale gas supply. In 2025, the Company's natural gas sales revenue amounted to RMB1,558,259,400, accounting for 97.88% of the total revenue.

As gas sales are of great significance to the Company and have a substantial impact on its profits, affecting key business indicators, there is a relatively high inherent risk of misstatement. Therefore, the revenue recognition of the Company's gas sales is identified as a key audit matter in the current period.

(2) Method of audit

1) Understand and evaluate the relevant key internal controls over the sales revenue recognition of natural gas to access the reasonableness of the design of such internal controls, and test their operating effectiveness.

2) Compare and analyze the revenue recognition policy with the listed companies in the same industry;

3) Check the sales contract to understand the main contract terms or conditions and evaluate whether the revenue recognition method of the Company are consistent with the requirements of the Accounting Standards for Business Enterprises;

Daxin Shen Zi [2026] No. 1-01721

3. KEY AUDIT MATTERS *(continued)*

(I) Revenue recognition *(continued)*

(2) Method of audit *(continued)*

4) Carry out analysis procedures for revenue and gross profit margin by product, and compare with the peers to identify whether there are significant abnormal fluctuations and analyze the reasons therefor;

5) Review the natural gas sales price documents issued by the Tianjin Development and Reform Commission, select important customers to recalculate natural gas sales revenue for the current period and pay attention to whether there are any preferential pricing or special settlement terms;

6) Perform sample check on the supporting documents relative to revenue recognition, including sales contracts, sales invoices, meter reading sheets. etc., and carry out on-site inspection of end-of-period flow meter readings for some large users;

7) Select important customers to carry out confirmation procedures for the quantity and amount of relevant transactions;

8) Compare the revenue for the current period with the same period of last year to analyze whether the reasons for the change in revenue are reasonable.

4. OTHER INFORMATION

The management of the Company is responsible for the other information. The other information comprises the information included in 2025 annual report of the Company, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 other information, we are required to report that fact. We have nothing to report in this regard.

Daxin Shen Zi [2026] No. 1-01721

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

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

(1) Identify and assess the risks of material misstatement of the 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.

Daxin Shen Zi [2026] No. 1-01721

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: *(continued)*

(2) 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.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's 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 Company'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 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 Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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.

Daxin Shen Zi [2026] No. 1-01721

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(continued)*

We also provide those charged with governance with a statement that we have complied with the independence requirements for public interest entities under the China Code of Ethics for Certified Public Accountants and the Chinese Certified Public Accountants Independence Standards, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Wuyige Certified Public Accountants LLP	Certified Public Accountant of China: Liu Yong (Engagement Partner)
Beijing, China	Certified Public Accountant of China: Xu Xinbo
	30 March 2026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Closing balance	Opening balance
CURRENT ASSETS:			
Cash and bank balances	V (I)	**519,058,229.61**	694,923,802.41
Trading financial assets		**—**	—
Derivative financial assets		**—**	—
Notes receivable		**—**	—
Accounts receivables	V (II)	**326,999,001.18**	238,095,204.64
Receivables financing	V (III)	**72,665,784.65**	16,197,905.68
Prepayments	V (IV)	**1,779,484.22**	3,099,572.73
Other receivables	V (V)	**820,000.61**	1,013,407.94
Including: Interest receivable		**—**	—
Dividend receivables		**—**	—
Inventories	V (VI)	**979,646.35**	1,680,286.67
Contract assets		**—**	—
Assets held for sale		**—**	—
Non-current assets due within one year	V (VII)	**91,932,971.21**	—
Other current assets	V (VIII)	**905,694.09**	874,941.53
Total current assets		**1,015,140,811.92**	955,885,121.60
NON-CURRENT ASSETS:			
Investment in debt		**—**	—
Other debt investments		**—**	—
Long-term receivables		**—**	—
Long-term equity investments	V(IX)	**53,307,456.40**	53,606,944.82
Other equity instrument investments		**—**	—
Other non-current financial assets		**—**	—
Investment properties	V (X)	**11,347,517.46**	—
Fixed assets	VI(XI)	**713,134,417.69**	756,053,139.59
Construction in progress	V (XII)	**38,635,371.92**	31,605,432.27
Productive biological assets		**—**	—
Oil and gas assets		**—**	—
Right-of-use assets	V (XIII)	**558,428.61**	1,721,287.53
Intangible assets	V (XIV)	**9,733,205.12**	10,192,438.16
Development expenditure		**—**	—
Goodwill		**—**	—
Long-term prepaid expenses		**—**	—
Deferred tax assets	V (XV)	**70,869,125.56**	70,679,182.54
Other non-current assets	V(XVI)	**117,320,435.03**	151,004,476.20
Total non-current assets		**1,014,905,957.79**	1,074,862,901.11
TOTAL ASSETS		**2,030,046,769.71**	2,030,748,022.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Closing balance	Opening balance
CURRENT LIABILITIES:			
Short-term loan		—	—
Financial liabilities held for trading		—	—
Derivative financial liabilities		—	—
Notes payable		—	—
Accounts payables	V (XVIII)	**269,808,338.23**	192,298,693.30
Advances received		—	—
Contract liabilities	V (XIX)	**243,402,485.38**	281,684,127.55
Employee benefits payables	V (XX)	**16,315,635.27**	16,685,508.79
Taxes and surcharges payables	V (XXI)	**13,089,771.05**	2,729,703.68
Other payables	V (XXII)	**22,711,335.15**	23,225,605.31
Including: Interest payable		—	—
Dividends payable		**10,974,939.71**	10,974,939.71
Liabilities held for sale		—	—
Non-current liabilities due within one year	V (XXIII)	**561,501.65**	1,214,547.60
Other current liabilities	V (XXIV)	**21,906,223.88**	25,351,571.39
Total current liabilities		**587,795,290.61**	543,189,757.62
NON-CURRENT LIABILITIES:			
Long-term loan		—	—
Bonds payable		—	—
Including: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities	V (XXV)	—	561,502.17
Long-term payables		—	—
Long-term employee benefits payable		—	—
Estimated liabilities		—	—
Deferred income	V (XXVI)	**102,172,228.51**	103,356,380.07
Deferred tax liabilities		—	—
Other non-current liabilities		—	—
Total non-current liabilities		**102,172,228.51**	103,917,882.24
Total liabilities		**689,967,519.12**	647,107,639.86

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Closing balance	Opening balance
SHAREHOLDERS' EQUITY:			
Share capital	V (XXVII)	**183,930,780.00**	183,930,780.00
Other equity instruments		**–**	–
Including: Preference shares		**–**	–
Perpetual bonds		**–**	–
Capital reserve	V (XXVIII)	**790,332,352.18**	790,332,352.18
Less: treasury stocks		**–**	–
Other comprehensive income		**–**	–
Specialised reserve	V (XXIX)	**96.21**	3,014.70
Surplus reserve	V (XXX)	**128,277,523.13**	128,277,523.13
Retained earnings	V (XXXI)	**237,538,499.07**	281,802,899.37
Total equity attributable to Shareholders of the parent company		**1,340,079,250.59**	1,384,346,569.38
Non-controlling interests		**–**	-706,186.53
Total shareholders' equity		**1,340,079,250.59**	1,383,640,382.85
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,030,046,769.71**	2,030,748,022.71

Legal Representative: Wang Yang Chief Financial Officer: Zhao Fengli Head of Accounting Department: 黄晁夤

STATEMENT OF FINANCIAL POSITION OF THE PARENT

31 December 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Notes	Closing balance	Opening balance
CURRENT ASSETS:			
Cash and bank balances	XIV (I)	**518,948,704.98**	694,754,472.94
Trading financial assets		—	—
Derivative financial assets		—	—
Notes receivable		—	—
Accounts receivables	XIV (II)	**326,999,001.18**	238,095,204.64
Receivables financing		**72,665,784.65**	16,197,905.68
Prepayments		**1,779,484.22**	3,098,322.48
Other receivables	XIV (III)	**5,970,729.18**	5,584,136.51
Including: Interest receivable		—	—
Dividend receivables		—	—
Inventories		**979,646.35**	1,680,286.67
Contract assets		—	—
Assets held for sale		—	—
Non-current assets due within one year		**91,932,971.21**	—
Other current assets		**905,694.09**	874,939.24
Total current assets		**1,020,182,015.86**	960,285,268.16
NON-CURRENT ASSETS:			
Investment in debt		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments	XIV (IV)	**53,307,456.40**	53,606,944.82
Other equity instrument investments		—	—
Other non-current financial assets		—	—
Investment properties		**11,347,517.46**	—
Fixed assets	XIV (V)	**713,134,417.69**	756,053,139.59
Construction in progress		**38,635,371.92**	31,605,432.27
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		**558,428.61**	1,721,287.53
Intangible assets		**9,733,205.12**	10,192,438.16
Development expenditure		—	—
Goodwill		—	—
Long-term prepaid expenses		—	—
Deferred tax assets		**75,869,125.56**	75,679,182.54
Other non-current assets		**117,320,435.03**	151,004,476.20
Total non-current assets		**1,019,905,957.79**	1,079,862,901.11
TOTAL ASSETS		**2,040,087,973.65**	2,040,148,169.27

STATEMENT OF FINANCIAL POSITION OF THE PARENT (continued)

31 December 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited　　Unit: Renminbi Yuan

Items	Note	Closing balance	Opening balance
CURRENT LIABILITIES:			
Short-term loan		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	–
Notes payable		–	–
Accounts payable		**269,808,338.23**	192,252,693.30
Advances received		–	–
Contract liabilities		**243,402,485.38**	281,684,127.55
Employee benefits payable		**16,315,635.27**	16,685,217.33
Taxes and surcharges payable		**13,068,143.91**	2,708,076.54
Other payables		**22,640,835.15**	23,151,791.51
including: Interest payable		–	–
Dividend payable		**10,974,939.71**	10,974,939.71
Liabilities held-for-sale		–	–
Non-current liabilities due within one year		**561,501.65**	1,214,547.60
Other current liabilities		**21,906,223.88**	25,351,571.39
Total current liabilities		**587,703,163.47**	543,048,025.22
NON-CURRENT LIABILITIES:			
Long-term loan		–	–
Bonds payable		–	–
including: Preferred shares		–	–
Perpetual bond		–	–
Lease liabilities		–	561,502.17
Long-term payables		–	–
Long-term employee benefits payables		–	–
Estimated liabilities		–	–
Deferred income		**102,172,228.51**	103,356,380.07
Deferred income tax liabilities		–	–
Other non-current liabilities		–	–
Total non-current liabilities		**102,172,228.51**	103,917,882.24
Total liabilities		**689,875,391.98**	646,965,907.46

STATEMENT OF FINANCIAL POSITION OF THE PARENT (continued)

31 December 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Closing balance	Opening balance
SHAREHOLDERS' EQUITY:			
Share capital		**183,930,780.00**	183,930,780.00
Other equity instruments		—	—
including: Preferred shares		—	—
Perpetual bond		—	—
Capital reserve		**790,332,352.18**	790,332,352.18
Less: Treasury shares		—	—
Other comprehensive income		—	—
Specialised reserve		**96.21**	3,014.70
Surplus reserve		**128,277,523.13**	128,277,523.13
Retained earnings		**247,671,830.15**	290,638,591.80
Total shareholders' equity		**1,350,212,581.67**	1,393,182,261.81
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,040,087,973.65**	2,040,148,169.27

Legal Representative: Wang Yang   Chief Financial Officer: Zhao Fengli   Head of Accounting Department: 黄晁贪

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited | Unit: Renminbi Yuan

Items	Note	Current period	Last period
I. Operating income		**1,592,047,662.05**	1,595,299,972.10
including: Operating income	V (XXXII)	**1,592,047,662.05**	1,595,299,972.10
II. Total operating cost		**1,637,345,954.17**	1,649,289,414.68
including: Operating costs	V (XXXII)	**1,613,579,884.43**	1,628,041,790.88
Taxes and surcharges	V (XXXIII)	**1,441,072.36**	1,734,852.07
Selling expenses		**—**	—
Administrative expenses	V (XXXIV)	**33,737,194.98**	34,579,493.67
Research and development expenses		**—**	—
Financial expense	V (XXXV)	**-11,412,197.60**	-15,066,721.94
including: interest expenses		**56,055.69**	93,227.79
interest income		**11,733,703.47**	15,392,937.62
Add: Other income	V (XXXV)	**5,647,672.48**	5,454,907.94
Investment income (Loss represented in "–" signs)	V (XXXVII)	**-1,197,704.41**	-292,204.55
including: income from investment in an associate and joint venture		**-296,569.93**	-292,204.55
Derecognition income of financial asset measured at the amortized cost		**—**	—
Gain from net exposure hedges (Loss represented in "–" signs)		**—**	—
Gain on fair value changes (Loss represented in "–" signs)		**—**	—
Loss of credit impairment (Loss represented in "–" signs)	V (XXXVIII)	**-1,995,612.85**	-75,185.47
Asset impairment loss (Loss represented in "–" signs)	V (XXXIX)	**-893,024.59**	—
Disposal gain on asset (Loss represented in "–" signs)		**—**	—
III. Operating profit (Loss represented in "–" signs)		**-43,736,961.49**	-48,901,924.66
Add: Non-operating income	V (XL)	**168,097.91**	2,500,039.50
Less: Non-operating expenses	V (XLI)	**939,550.33**	1,325,053.92
IV. Total profit (Total loss represented in "–" signs)		**-44,508,413.91**	-47,726,939.08
Less: Income tax	V (XLII)	**-189,943.02**	-1,631,087.83
V. Net profit (Net loss represented in "–" signs)		**-44,318,470.89**	-46,095,851.25
(I) Classified by continuity of operations:			
1. Net profit from continuing operations (Net loss represented in "–" signs)		**-44,318,470.89**	-46,095,851.25
2. Net profit from discontinued operations (Net loss represented in "–" signs)		**—**	—
(II) Classified by ownership:			
1. Net profit attributable to owners (or shareholders) of the parent company (Net loss represented in "–" signs)		**-44,264,400.30**	-46,329,130.88
2. Profit or loss attributable to non-controlling interests (Net loss represented in "–" signs)		**-54,070.59**	233,279.63

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
VI. Other comprehensive income, net of tax		–	–
(I) Net other comprehensive income attributable to owners (or shareholders) of the parent company after tax		–	–
1. Other comprehensive income that cannot be reclassified to profit or loss		–	–
(1) Changes arising from remeasurement of defined benefit plan		–	–
(2) Other comprehensive income that cannot be reclassified into profit or loss under the equity method		–	–
(3) Changes in fair value of other equity instrument investments		–	–
(4) Change in fair value due to enterprise's own credit risk		–	–
2. Other comprehensive income that will be reclassified to profit and loss		–	–
(1) Other comprehensive income that can be reclassified into profit or loss under the equity method		–	–
(2) Changes in fair value of other debt investment		–	–
(3) Amount of financial assets reclassified into other comprehensive income		–	–
(4) Credit impairment provisions for other debt investments		–	–
(5) Reserves for cash flow hedge		–	–
(6) Exchange difference on translation of financial statement in foreign currency		–	–
(7) Others		–	–
(II) Other comprehensive income attributable to non-controlling interests, net of tax		–	–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
VII. Total comprehensive income		**-44,318,470.89**	-46,095,851.25
(I) Total comprehensive income attributable to owners of the parent company		**-44,264,400.30**	-46,329,130.88
(II) Total comprehensive income attributable to non-controlling interests		**-54,070.59**	233,279.63
VIII. Earning per share			
(I) Basic earning per share	V (XLIII)	**-0.024**	-0.025
(II) Diluted earning per share	V (XLIII)	**-0.024**	-0.025

Legal Representative: Wang Yang　　Chief Financial Officer: Zhao Fengli　　Head of Accounting Department: 黄晁黉

STATEMENT OF PROFIT OR LOSS OF THE PARENT

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited | Unit: Renminbi Yuan

Items	Note	Current period	Last period
I. Operating income	XIV (VI)	**1,592,047,662.05**	1,595,299,972.10
Less: Operating costs	XIV (VI)	**1,613,579,884.43**	1,628,041,790.88
Taxes and surcharges		**1,441,072.36**	1,734,852.07
Selling expenses		**—**	—
Administrative expenses		**33,214,495.72**	34,026,340.72
Research and development expenses		**—**	—
Financial expense		**-11,413,524.42**	-15,069,544.51
including: interest expenses		**56,055.69**	93,227.79
interest income		**11,733,594.79**	15,392,523.09
Add: Other income		**5,647,672.48**	5,454,907.94
Investment income (Loss represented in "–" signs)	十四(七)	**-296,569.93**	-292,204.55
including: income from investment in an associate and joint venture		**-296,569.93**	-292,204.55
Derecognition income of financial asset measured at the amortized cost		**—**	—
Gain from net exposure hedges (Loss represented in "–" signs)		**—**	—
Gain on fair value changes (Loss represented in "–" signs)		**—**	—
Loss of credit impairment (Loss represented in "–" signs)		**-1,995,612.85**	-75,185.47
Asset impairment loss (Loss represented in "–" signs)		**-893,024.59**	—
Disposal gain on asset (Loss represented in "–" signs)		**—**	—
II. Operating profit (Loss represented in "–" signs)		**-42,311,800.93**	-48,345,949.14
Add: Non-operating income		**94,646.59**	39.50
Less: Non-operating expenses		**939,550.33**	1,325,053.92
III. Total profit (Total loss represented in "–" signs)		**-43,156,704.67**	-49,670,963.56
Less: Income tax		**-189,943.02**	-1,631,087.83
IV. Net profit (Net loss represented in "–" signs)		**-42,966,761.65**	-48,039,875.73
(I) Net profit from continuing operations (Net loss represented in "–" signs)		**-42,966,761.65**	-48,039,875.73
(II) Net profit from discontinued operations (Net loss represented in "–" signs)		**—**	—

STATEMENT OF PROFIT OR LOSS OF THE PARENT (continued)

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
V. Other comprehensive income, net of tax		–	–
(I) Other comprehensive income that cannot be reclassified to profit or loss		–	–
1. Changes arising from remeasurement of defined benefit plan		–	–
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		–	–
3. Changes in fair value of other equity instrument investments		–	–
4. Change in fair value due to enterprise's own credit risk		–	–
(II) Other comprehensive income that will be reclassified into profit or loss		–	–
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		–	–
2. Changes in fair value of other debt investment		–	–
3. Amount of financial assets reclassified into other comprehensive income		–	–
4. Credit impairment provisions for other debt investments		–	–
5. Reserves for cash flow hedge		–	–
6. Exchange difference on translation of financial statement in foreign currency		–	–
7. Others		–	–
VI. Total comprehensive income		**-42,966,761.65**	-48,039,875.73

Legal Representative: Wang Yang　　Chief Financial Officer: Zhao Fengli　　Head of Accounting Department: 黄晁夤

CONSOLIDATED STATEMENT OF CASH FLOWS

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Note	Current period	Last period
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		**1,429,505,625.56**	1,624,681,333.65
Refunds of taxes		**—**	—
Cash received relating to other operating activities		**14,460,051.95**	24,914,449.14
Sub-total of cash inflows from operating activities		**1,443,965,677.51**	1,649,595,782.79
Cash paid for goods and services		**1,388,582,424.27**	1,584,032,704.90
Cash paid to and on behalf of employees		**114,703,113.06**	120,150,163.28
Cash paid for all types of taxes		**2,421,404.33**	5,668,564.03
Cash paid relating to other operating activities		**13,476,849.38**	16,931,269.49
Sub-total of cash outflows from operating activities		**1,519,183,791.04**	1,726,782,701.70
Net cash flows from operating activities	V (XLIV)	**-75,218,113.53**	-77,186,918.91
II. Cash flows from investing activities:			
Cash received from redemption of investments		**—**	—
Cash received from income on investments		**—**	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**201,285.80**	19,902.90
Net cash received on disposal of subsidiaries and other operating units		**—**	—
Cash received relating to other investing activities		**—**	—
Sub-total of cash inflows from investing activities		**201,285.80**	19,902.90
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets		**38,967,553.45**	17,515,929.85
Cash paid for acquisition of investments		**61,000,000.00**	—

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited — Unit: Renminbi Yuan

Items	Note	Current period	Last period
Net cash payments received from subsidiaries and other operating units			
Cash paid relating to other investing activities		**18,788.60**	—
Sub-total of cash outflows from investing activities		**99,986,342.05**	17,515,929.85
Net cash flows from investing activities		**-99,785,056.25**	-17,496,026.95
III. Cash flows from financing activities:			
Cash received from investment		—	—
Including: Cash received from investment by minority shareholders of subsidiaries		—	—
Cash received from borrowings		—	—
Cash received relating to other financing activities		—	—
Sub-total of cash inflows from financing activities		—	—
Cash paid for repayment of debts		—	—
Cash paid for dividends, profits or interests payment		—	—
Including: dividends and profits payment to minority shareholders of subsidiaries		—	—
Cash paid relating to other financing activities		**728,261.00**	—
Sub-total of cash outflows from financing activities		**728,261.00**	—
Net cash flows from financing activities		**-728,261.00**	—
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	—
V. Net increase in cash and cash equivalents		**-175,731,430.78**	-94,682,945.86
Add: Cash and cash equivalents at beginning of the period		**694,789,660.39**	789,472,606.25
VI. Balance of cash and cash equivalents at the end of the period		**519,058,229.61**	694,789,660.39

Legal Representative: Wang Yang　　Chief Financial Officer: Zhao Fengli　　Head of Accounting Department: 黃晁禽

STATEMENT OF CASH FLOWS OF THE PARENT

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited | Unit: Renminbi Yuan

Items	Note	Current period	Last period
I. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		**1,429,505,625.56**	1,624,681,333.65
Refunds of taxes			
Cash received relating to other operating activities		**14,345,624.11**	24,913,856.08
Sub-total of cash inflows from operating activities		**1,443,851,249.67**	1,649,595,189.73
Cash paid for goods and services		**1,388,582,424.27**	1,584,032,704.90
Cash paid to and on behalf of employees		**114,484,911.35**	120,015,123.28
Cash paid for all types of taxes		**2,421,404.33**	5,668,561.74
Cash paid relating to other operating activities		**13,590,749.03**	16,943,445.69
Sub-total of cash outflows from operating activities		**1,519,079,488.98**	1,726,659,835.61
Net cash flows from operating activities		**-75,228,239.31**	-77,064,645.88
II. Cash flows from investing activities:			
Cash received from redemption of investments		**—**	—
Cash received from income on investments		**—**	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**118,285.80**	19,902.90
Net cash received on disposal of subsidiaries and other operating units		**—**	—
Cash received relating to other investing activities		**—**	—
Sub-total of cash inflows from investing activities		**118,285.80**	19,902.90
Cash paid for acquisitions of fixed assets, intangible assets, and other long-term assets		**38,967,553.45**	17,515,929.85
Cash paid for acquisition of investments		**61,000,000.00**	—
Net cash payments received from subsidiaries and other operating units		**—**	—
Cash paid relating to other investing activities		**—**	—
Sub-total of cash outflows from investing activities		**99,967,553.45**	17,515,929.85
Net cash flows from investing activities		**-99,849,267.65**	-17,496,026.95

STATEMENT OF CASH FLOWS OF THE PARENT (continued)

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited Unit: Renminbi Yuan

Items	Note	Current period	Last period
III. Cash flows from financing activities:			
Cash received from investment		–	–
Cash received from borrowings		–	–
Cash received relating to other financing activities		–	–
Sub-total of cash inflows from financing activities		–	–
Cash paid for repayment of debts		–	–
Cash paid for dividends, profits or interests payment		–	–
Cash paid relating to other financing activities		728,261.00	–
Sub-total of cash outflows from financing activities		728,261.00	–
Net cash flows from financing activities		-728,261.00	–
IV. Effect of foreign exchange rate changes on cash and cash equivalents		–	–
V. Net increase in cash and cash equivalents		-175,805,767.96	-94,560,672.83
Add: Cash and cash equivalents at beginning of the period		694,754,472.94	789,315,145.77
VI. Balance of cash and cash equivalents at the end of the period		518,948,704.98	694,754,472.94

Legal Representative: Wang Yang Chief Financial Officer: Zhao Fengli Head of Accounting Department: 黄晃禽

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Items	Current period												
	Attributable to owners (or shareholders) of the Parent											Minority shareholder interests	Total owners' equity (or shareholders' equity)
	Share capital	Other equity instruments Preference shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the end of last year	183,930,780.00	–	–	–	790,332,352.18	–	–	3,014.70	128,277,523.13	281,802,899.37	1,384,346,569.38	-706,186.53	1,383,640,382.85
Add: changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–	–	–
Correction of errors in prior period	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–
II. Balance at beginning of the year	183,930,780.00	–	–	–	790,332,352.18	–	–	3,014.70	128,277,523.13	281,802,899.37	1,384,346,569.38	-706,186.53	1,383,640,382.85
III. Movements during the year (with "–" for decrease)	–	–	–	–	–	–	–	-2,918.49	–	-44,264,400.30	-44,267,318.79	706,186.53	-43,561,132.26
(i) Total comprehensive income	–	–	–	–	–	–	–	–	–	-44,264,400.30	-44,264,400.30	-54,070.59	-44,318,470.89
(ii) Capital contributions and withdrawals by shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Capital contributed by holders of other equity	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Share-based payment recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
(iii) Profit distribution												760,257.12	760,257.12
1. Extraction of surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Distribution to shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–	760,257.12	760,257.12
(iv) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Transfer of capital reserve into share capital	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Transfer of surplus reserve into share capital	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Recover of loss by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Changes in defined benefit scheme transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–
5. Other comprehensive income transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–
6. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
(v) Specialised reserve	–	–	–	–	–	–	–	-2,918.49	–	–	-2,918.49	–	-2,918.49
1. Appropriation for the current period	–	–	–	–	–	–	–	8,577,981.91	–	–	8,577,981.91	–	8,577,981.91
2. Utilisation for the current period	–	–	–	–	–	–	–	8,580,900.40	–	–	8,580,900.40	–	8,580,900.40
(vi) Others	–	–	–	–	–	–	–	–	–	–	–	–	–
IV. Closing balance	183,930,780.00	–	–	–	790,332,352.18	–	–	96.21	128,277,523.13	237,538,499.07	1,340,079,250.59	–	1,340,079,250.59

Legal Representative: Wang Yang　　Chief Financial Officer: Zhao Fengli　　Head of Accounting Department: 黄晁夤

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Item	The prior period — Attributable to owners (or shareholders) of the Parent: Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Retained earnings	Sub-total	Minority shareholder interests	Total owners' equity (or shareholders' equity)
I. Balance at the end of last year	183,930,780.00	–	–	–	790,332,352.18	–	–	361.02	128,277,523.13	328,132,030.25	1,430,673,046.58	-939,466.16	1,429,733,580.42
Add: changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–	–	–
Correction of errors in prior period	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–
II. At beginning of the year	183,930,780.00	–	–	–	790,332,352.18	–	–	361.02	128,277,523.13	328,132,030.25	1,430,673,046.58	-939,466.16	1,429,733,580.42
III. Movements during the year (with "–" for decrease)	–	–	–	–	–	–	–	2,653.68	–	-46,329,130.88	-46,326,477.20	233,279.63	-46,093,197.57
(i) Total comprehensive income	–	–	–	–	–	–	–	–	–	-46,329,130.88	-46,329,130.88	233,279.63	-46,095,851.25
(ii) Capital contributions and withdrawals by shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Capital contributed by holders of other equity	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Share-based payment recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
(iii) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Extraction of surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Distribution to shareholders	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
(iv) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Transfer of capital reserve into share capital	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Transfer of surplus reserve into share capital	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Recover of loss by surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
4. Changes in defined benefit scheme transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–
5. Other comprehensive income transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–	–	–
6. Others	–	–	–	–	–	–	–	–	–	–	–	–	–
(v) Specialised reserve	–	–	–	–	–	–	–	2,653.68	–	–	2,653.68	–	2,653.68
1. Appropriation for the current period	–	–	–	–	–	–	–	14,361,520.17	–	–	14,361,520.17	–	14,361,520.17
2. Utilisation for the current period	–	–	–	–	–	–	–	14,358,866.49	–	–	14,358,866.49	–	14,358,866.49
(vi) Others	–	–	–	–	–	–	–	–	–	–	–	–	–
IV. Closing balance	183,930,780.00	–	–	–	790,332,352.18	–	–	3,014.70	128,277,523.13	281,802,899.37	1,384,346,569.38	-706,186.53	1,383,640,382.85

Legal Representative: Wang Yang

Chief Financial Officer: Zhao Fengli

Head of Accounting Department: 黄晁龠

STATEMENT OF CHANGES IN EQUITY OF THE PARENT

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Item	The current period										
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Retained earnings	Total owners' equity (or shareholders' equity)
I. Balance at the end of last year	183,930,780.00	–	–	–	790,332,352.18	–	–	3,014.70	128,277,523.13	290,638,591.80	1,393,182,261.81
Add: changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–
Correction of errors in prior period	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–
II. At beginning of the year	183,930,780.00	–	–	–	790,332,352.18	–	–	3,014.70	128,277,523.13	290,638,591.80	1,393,182,261.81
III. Movements during the year (with "-" for decrease)	–	–	–	–	–	–	–	-2,918.49	–	-42,966,761.65	-42,969,680.14
(i) Total comprehensive income	–	–	–	–	–	–	–	–	–	-42,966,761.65	-42,966,761.65
(ii) Capital contributions and withdrawals by shareholders	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders	–	–	–	–	–	–	–	–	–	–	–
2. Capital contributed by holders of other equity	–	–	–	–	–	–	–	–	–	–	–
3. Share-based payment recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–
(iii) Profit distribution	–	–	–	–	–	–	–	–	–	–	–
1. Extraction of surplus reserve	–	–	–	–	–	–	–	–	–	–	–
2. Distribution to shareholders	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–
(iv) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–
1. Transfer of capital reserve into share capital	–	–	–	–	–	–	–	–	–	–	–
2. Transfer of surplus reserve into share capital	–	–	–	–	–	–	–	–	–	–	–
3. Recover of loss by surplus reserve	–	–	–	–	–	–	–	–	–	–	–
4. Changes in defined benefit scheme transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–
5. Other comprehensive income transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–
6. Others	–	–	–	–	–	–	–	–	–	–	–
(v) Specialised reserve	–	–	–	–	–	–	–	-2,918.49	–	–	-2,918.49
1. Appropriation for the current period	–	–	–	–	–	–	–	8,577,981.91	–	–	8,577,981.91
2. Utilisation for the current period	–	–	–	–	–	–	–	8,580,900.40	–	–	8,580,900.40
(vi) Others	–	–	–	–	–	–	–	–	–	–	–
IV. Closing balance	183,930,780.00	–	–	–	790,332,352.18	–	–	96.21	128,277,523.13	247,671,830.15	1,350,212,581.67

Legal Representative: Wang Yang

Chief Financial Officer: Zhao Fengli

Head of Accounting Department: 黄晁龠

STATEMENT OF CHANGES IN EQUITY OF THE PARENT (continued)

Year 2025

Prepared by: Tianjin Jinran Public Utilities Company Limited

Unit: Renminbi Yuan

Item	The prior period: Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Specialised reserve	Surplus reserve	Retained earnings	Total owners' equity (or shareholders' equity)
I. Balance at the end of last year	183,930,780.00	–	–	–	790,332,352.18	–	–	361.02	128,277,523.13	338,678,467.53	1,441,219,483.86
Add: changes in accounting policies	–	–	–	–	–	–	–	–	–	–	–
Correction of errors in prior period	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–
II. At beginning of the year	183,930,780.00	–	–	–	790,332,352.18	–	–	361.02	128,277,523.13	338,678,467.53	1,441,219,483.86
III. Movements during the year (with "-" for decrease)	–	–	–	–	–	–	–	2,653.68	–	-48,039,875.73	-48,037,222.05
(i) Total comprehensive income	–	–	–	–	–	–	–	–	–	-48,039,875.73	-48,039,875.73
(ii) Capital contributions and withdrawals by shareholders	–	–	–	–	–	–	–	–	–	–	–
1. Ordinary shares contributed by shareholders	–	–	–	–	–	–	–	–	–	–	–
2. Capital contributed by holders of other equity	–	–	–	–	–	–	–	–	–	–	–
3. Share-based payment recorded in owners' equity	–	–	–	–	–	–	–	–	–	–	–
4. Others	–	–	–	–	–	–	–	–	–	–	–
(iii) Profit distribution	–	–	–	–	–	–	–	–	–	–	–
1. Extraction of surplus reserve	–	–	–	–	–	–	–	–	–	–	–
2. Distribution to shareholders	–	–	–	–	–	–	–	–	–	–	–
3. Others	–	–	–	–	–	–	–	–	–	–	–
(iv) Internal transfer of shareholders' equity	–	–	–	–	–	–	–	–	–	–	–
1. Transfer of capital reserve into share capital	–	–	–	–	–	–	–	–	–	–	–
2. Transfer of surplus reserve into share capital	–	–	–	–	–	–	–	–	–	–	–
3. Recover of loss by surplus reserve	–	–	–	–	–	–	–	–	–	–	–
4. Changes in defined benefit scheme transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–
5. Other comprehensive income transferred to retained earnings	–	–	–	–	–	–	–	–	–	–	–
6. Others	–	–	–	–	–	–	–	–	–	–	–
(v) Specialised reserve	–	–	–	–	–	–	–	2,653.68	–	–	2,653.68
1. Appropriation for the current period	–	–	–	–	–	–	–	14,361,520.17	–	–	14,361,520.17
2. Utilisation for the current period	–	–	–	–	–	–	–	14,358,866.49	–	–	14,358,866.49
(vi) Others	–	–	–	–	–	–	–	–	–	–	–
IV. Closing balance	183,930,780.00	–	–	–	790,332,352.18	–	–	3,014.70	128,277,523.13	290,638,591.80	1,393,182,261.81

Legal Representative: Wang Yang　　Chief Financial Officer: Zhao Fengli　　Head of Accounting Department: 黄晁禽

I. BASIC CORPORATE INFORMATION

Tianjin Jinran Public Utilities Company Limited (the "Company") is a joint stock limited company registered in Tianjin, the People's Republic of China on 16 December 1998. The Company's overseas listed foreign shares ("H shares") were listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The Company's registered capital is RMB183,930,780, the legal representative is Wang Yang, and the registered place is located at Weishan Road, Chang Qing Science, Industry and Trade Park, Jinnan District, Tianjin.

The business scope of the Company includes:

Permitted items: operation of gas; installation and repair of gas-fired appliance; construction design; inspection and testing of special equipment; installation, upgrading and repair of special equipment; design of special equipment; interior decoration of residential properties; gas vehicles refueling business; road transport of dangerous goods; concurrent-business insurance agent services; project construction (except for construction and operation of nuclear power plants and construction of civil airports). (For items that are subject to approval in accordance with the laws, business activities can only be conducted after obtaining approval(s) from the relevant departments, and the actual business projects as approved under the approval documents or license documents granted by the relevant departments shall prevail)

I. BASIC CORPORATE INFORMATION *(continued)*

General items: fire-fighting technical services; food sales (sales of prepackaged food only); production of gas appliances; sales of instruments and meters; repair of instruments and meters; engineering management services; lease of special equipment; sales of special equipment; repair of general equipment; repair of special equipment; maintenance of electronic and mechanical equipment (excluding special equipment); sales of non-electric household appliances; sales of gas, liquid separation and purification equipment; sales of household appliances; installation service of household appliances; sales of spare parts for household appliances; sales of fire-fighting equipment; retail of kitchenware and sanitary ware and daily grocery; retail of hardware products; sales of metal products; sales of valves and cocks; sales of pipeline transportation equipment; sales of vending machines; internet sales (except for sales of licensed goods); advertising release; advertising design and agency; heat production and supply; research and development of emerging energy technologies; contractual energy management; cooling services; operational efficiency evaluation services; research and development of waste heat, pressure and gas utilization technology; energy-saving management services; centralized fast-charging stations; lease of batteries; sales of charging motor vehicles; sales of charging piles; operation of electric vehicle charging infrastructure; sales of hydrogen refueling and hydrogen storage facilities; sales of photovoltaic equipment and components; lease of photovoltaic power generation equipment; sales of solar thermal utilization products; sales of solar thermal utilization equipment; solar power generation technical services; sales of solar thermal power generation products; sales of solar thermal power generation equipment; retail of computer hardware and software and ancillary equipment; sales of network equipment; sales of internet equipment; sales of information security equipment; sales of intelligent unmanned aerial vehicles; sales of intelligent robots; research and development of IoT technology; technical services of cloud computing equipment; IoT application services; information technology consulting services; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion (shall not engage in the development and application of human stem cell technology; shall not engage in the development and application of human gene diagnosis and treatment technology); lease of non-residential real estate; housing lease; pipeline transportation over land. (Except for items subject to approval according to law, independently carry out business activities according to law with business license) (shall not invest in areas prohibited by the Negative List for Foreign Investment Access)

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared on a going concern basis in respect of actual transactions and matters, in accordance with the "Accounting Standards for Business Enterprises – General Principles" and specific accounting standards (together referred to as the "Accounting Standards for Business Enterprises") promulgated by the Ministry of Finance, and based on the formulated significant accounting policies and estimates.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

These financial statements of the Company present truly and completely the financial position of the Company as at 31 December 2025 and its operating results and cash flow for the year ended 31 December 2025 in accordance with the requirements of Accounting Standards for Business Enterprises.

(II) Accounting period

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

(III) Business cycle

The Company takes 12 months as its normal business cycle and uses the business cycle as the criteria for classifying the liquidity of assets and liabilities.

(IV) Functional currency

The Company's functional currency is Renminbi.

(V) Method of determining materiality criteria and basis of selection

1. Materiality of financial statement items

The Company determines the materiality of financial statement items based on the principle of whether they affect the economic decisions made by users of the financial statements, considering both nature and amount. The materiality of the amount of a financial statement item is based on a certain proportion of the total assets, total liabilities, total owners' equity, operating income, or net profit represented by the relevant item; the materiality of the nature of a financial statement item is based on factors that have a significant impact on the financial position and operating results, such as whether it belongs to daily operating activities, whether it leads to changes in profits or losses, and whether it affects regulatory indicators.

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

(V) Method of determining materiality criteria and basis of selection *(continued)*

2. Materiality of detailed items in notes to financial statements

The Company determines the materiality of detailed items in the notes to the financial statements based on the materiality of financial statement items, using a proportion of the specific item or a combination of amounts, while considering the nature of the specific item. Certain items may not be material to the financial statements but may be material to the notes, and thus separate disclosure in the notes is required. The relevant materiality criteria for notes to financial statement items are:

Item	Materiality Criteria
Significant single accounts receivable with bad debt provision	The amount of a single item accounts for more than 2% of the accounts receivable or bad debt provision, and the amount exceeds RMB5 million, or the provision for bad debts in the current period affects the changes in profit or loss
Recovery or reversal of bad debt provision for significant accounts receivable	The amount of a single item accounts for more than 5% of the recovery or reversal of bad debt provision in the current period, and the amount exceeds RMB3 million, or affects the changes in profit or loss in the current period
Significant actual write-off of accounts receivable	The amount of a single item accounts for more than 2% of the accounts receivable, and the amount exceeds RMB5 million
Significant changes in the carrying amount of advances from customers and contract assets	The fluctuation in the current period exceeds 30%

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

(V) Method of determining materiality criteria and basis of selection *(continued)*

Item	Materiality Criteria
Significant debt investments	The amount of a single item accounts for more than 5% of the total debt investments, and the amount exceeds RMB3 million
Significant construction in progress projects	The investment budget accounts for more than 5% of the amount of fixed assets, the current incurred amount accounts for more than 10% of the total current incurred amount of construction in progress (or the closing balance accounts for more than 10%), and the amount exceeds RMB30 million
Significant accounts payable aged over one year	The amount of a single item accounts for more than 5% of the total accounts payable, and the amount exceeds RMB10 million
Significant other payables aged over one year	The amount of a single item accounts for more than 5% of the total other payables, and the amount exceeds RMB1 million
Significant investing activities	A single investment accounts for more than 3% of the total cash inflows or outflows from investing activities, and the amount exceeds RMB50 million
Subsidiaries with significant interests held by minority shareholders	Minority shareholders hold more than 5% of the interests, and any of the subsidiary's total assets, net assets, operating income and net profit accounts for more than 10% of the corresponding item in the consolidated financial statements

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

(V) Method of determining materiality criteria and basis of selection *(continued)*

Item	Materiality Criteria
Significant joint ventures or associates	A single investment accounts for more than 10% of the carrying amount of long-term equity investments and the amount exceeds RMB5 million, or the investment income (losses calculated by absolute value) from joint ventures or associates accounts for more than 10% of the net profit in the consolidated financial statements
Significant debt restructuring	The total assets or total liabilities account for more than 10% of the consolidated financial statements and the absolute amount exceeds RMB10 million, or the impact on net profit exceeds 10%
Significant asset replacements and asset transfers and disposals	Any of total assets, net assets, operating income and net profit accounts for more than 5% of the corresponding item in the consolidated financial statements and the absolute amount exceeds RMB10 million (the absolute amount of net profit exceeds RMB1 million)
Significant contingencies	The amount exceeds RMB10 million or is considered significant by the management according to the specific environment of the Company

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

(VI) Business combinations

1. Business combinations involving entities under common control

For a long-term equity investment acquired through business combinations involving entities under common control where the consideration was settled by cash, non-cash assets transferred or liabilities assumed, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the owners' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. If the consideration of the combination is satisfied by the issue of equity instruments, the aggregate nominal amount of the issued shares is accounted for as share capital. The difference between the initial investment costs of the long-term equity investment and the carrying amount of the consideration paid for the combination (or the aggregate nominal amount of issued shares) shall be adjusted to capital surplus. If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages that involve multiple transactions, the Company determines whether it is a "package deal". If it is a "package deal", transactions as a whole are treated as one transaction obtaining the right to control in accounting treatment. If it is not a "package deal", the initial investment cost of such investment is the attributable share of carrying amount of owners' equity of the combined party calculated on the basis of shareholding proportion at the date of combination in the parent company's financial statements. The difference between the initial investment cost and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired share is adjusted to capital reserve (share premium). If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

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

(VI) Business combinations

2. Business combinations not involving entities under common control

For business combinations not involving entities under common control, the cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination not involving entities under common control, that meet the recognition criteria shall be measured at fair value at the acquisition date. The excess of the cost of combination over the fair value of the acquiree's identifiable net assets acquired in the combination is recognized as goodwill. If the cost of combination is less than the fair value of acquiree's identifiable net assets acquired in the combination, the difference between the two items after review is recognized as non-operating income for the current period.

Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the initial investment cost is the sum of the carrying amount of equity investment held in the acquiree prior to the acquisition date and the additional investment cost at the acquisition date in the parent company's financial statements. In the consolidated financial statements, equity interest in the acquiree held before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as current investment income; the amount recognized in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period, except for other comprehensive income that can not be reclassified to current profits and losses.

The fair value on acquisition date of equity interest in the acquiree prior to the acquisition and the considerations for the equity acquisition are regarded as the total investment costs for the total equity interest held in the acquiree, the difference between the total investments cost and the attributable share of the fair value of net-identifiable assets in the acquiree calculated by the shareholding proportion on acquisition date is recognized as goodwill or current consolidated profit or loss as appropriate.

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

(VII) The method for preparation of consolidated financial statements

1. Reporting scope of consolidated financial statements

The Company included all subsidiaries (including individual entities controlled by the Company) into the scope of consolidated financial statements, including enterprise, divided part of the investee and a structured entity that is controlled by the Company.

2. Uniform accounting policies for parent and subsidiary companies, and uniform balance sheet dates and accounting periods for parent and subsidiary companies

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by subsidiaries differ from those of the Company, necessary adjustments are made to the financial statements of subsidiaries in accordance with the Company's accounting policies or accounting periods.

3. Offsetting items in consolidated financial statements

Consolidated financial statements are based on the balance sheet of the parent company and subsidiaries, and internal transactions between the Company and subsidiaries, and between subsidiaries, are eliminated. Non-controlling interests, representing portions of equity not owned by the parent company, are presented as "Non-controlling interests" under the owner's equity item in the consolidated balance sheet. Long-term equity investments held by subsidiaries in the Company are treated as treasury stock of the corporation group and deducted from owner's equity. They are presented as "Less: Treasury shares" under the owner's equity item in the consolidated balance sheet.

4. Accounting treatment for subsidiaries acquired through business combinations

For subsidiaries acquired through business combinations under common control, it is deemed that such subsidiaries have been acquired since the date control was obtained by the ultimate controlling party, and their assets, liabilities, operating results, and cashflows are included in the consolidated financial statements from the beginning of the period of combination. For subsidiaries acquired through business combinations not under common control, adjustments are made to their individual financial statements based on the fair value of identifiable net assets recognized on the acquisition date when preparing consolidated financial statements.

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

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

5. Accounting treatment for disposal of subsidiaries

In the case of partial disposal of long-term equity investments in subsidiaries without loss of control, in the consolidated financial statements, the difference between the disposal consideration and the net assets of subsidiaries attributable to the long term equity investment continuously calculated by the subsidiary since the date of purchase or combination shall be adjusted to capital reserve (capital surplus or share premium). If the capital surplus is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

If control over the investee is lost due to the disposal of partial equity investments and other reasons, the remaining equity is remeasured at fair value as at the date of loss of control when preparing consolidated financial statements. The difference between the aggregate of the consideration received on disposal and the fair value of the remaining equity, and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date or combination date according to the original proportion of ownership interest is recognized as investment income for the period of loss of control, and goodwill is also reduced. Other comprehensive income related to the original equity investment in the subsidiary is converted into investment income for the period when control is loss, except for other comprehensive income that can not be reclassified to current profits and losses.

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

(VIII) Classification of joint arrangements and accounting treatment of joint operation

1. Classification of joint arrangements

Joint arrangements are divided into joint operations and joint ventures. Joint arrangements established not through separate entities are classified as joint operations. Separate entities refer to the entities with separate and distinguishable financial structure, including separate legal entities and legally recognised entities without the qualification of legal entity. Joint arrangements established through separate entities are generally classified as joint ventures. In case of changes in rights entitled to and obligations undertaken by the parties under a joint arrangement due to changes in relevant facts and circumstances, the parties will reassess the classification of joint arrangements.

2. The accounting treatment of joint operations

The Company, as the party participating in joint operations, recognises the following items relating to interests in the joint operations and accounts for them in accordance with related requirements of Accounting Standards for Business Enterprises: solely held assets and solely assumed liabilities, and share of any assets and liabilities held jointly; revenue from the sale of its share of the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; its own expenses; and share of any expenses incurred jointly.

The Company, as a party involved in joint operations without common control power, shall account for its investments referring to the treatment method of joint operation participants if it is entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, it accounts for their investments according to related requirements of Accounting Standards for Business Enterprises.

3. The accounting treatment of joint ventures

The Company, as the party participating in a joint venture, accounts for its investment in accordance with Accounting Standards for Business Enterprises No.2 Long-term Equity Investment. And as a party not involved in joint ventures, the Company accounts for its investments according to its influence on the joint ventures.

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

(IX) Recognition standard for cash and cash equivalents

The cash recognised when the Company is preparing statement of cash flows represents cash and deposits that can be readily drawn on demand. Cash equivalents recognised when the Company is preparing statement of cash flows represent short-term and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(X) Financial instruments

1. Classification and reclassification of financial instruments

A financial instrument is a contract that forms the financial assets of a party and forms the financial liabilities or equity instruments of other parties.

(1) Financial assets

The Company will recognise its financial assets as financial assets measured at amortised cost if both of the following conditions are met: ① Where the Company's business model for managing financial assets is aimed at collecting contractual cash flows; ② the contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

The Company will recognise its financial assets as financial assets at fair value through other comprehensive income if both of the following conditions are met: ① Where the Company's business model for managing financial assets is aimed at both collecting contractual cash flows and selling the financial assets; ② the contractual terms of the financial assets stipulate that the cash flows generated on a specific date are only the payment of the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Company may, at the time of initial recognition, irrevocably designate it as a financial asset at fair value through other comprehensive income. The designation is based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

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

(X) Financial instruments *(continued)*

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

(1) Financial assets (continued)

For those financial assets other than financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, the Company classifies it as financial assets at fair value through profit or loss. At initial recognition, if accounting mismatch can be eliminated or reduced, the Company may irrevocably designate financial assets as financial assets at fair value through profit or loss.

When the Company changes the business model for managing financial assets, all relevant financial assets as affected are reclassified on the first day of the first reporting period after the business model changes, and the reclassification is applied prospectively from the reclassification date. The Company does not retroactively adjust any previously recognised gains, losses (including impairment losses or gains) or interests.

(2) Financial liabilities

On initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss; financial liabilities at amortised cost. All financial liabilities are not reclassified.

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

(X) Financial instruments *(continued)*

2. Measurement of financial instruments

On initial recognition, the Company's financial instruments are measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, the related transaction expense is directly recognised in profit or loss for the current period. For financial assets or financial liabilities of other classes, the related transaction expense is included in the amount of initial recognition. Accounts receivable or notes receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company. Subsequent measurement of financial instruments depends on their classifications.

(1) Financial Assets

① Financial assets at amortised cost. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets at amortised cost that are not parts of any hedging relationships are included in profit or loss in the period which they incurred when derecognised, reclassified, amortised or recognised the impairment under the effective interest method.

② Financial assets at fair value through profit or loss. After initial recognition, gain or loss (including interest and dividend income) arisen from subsequent measurement of the financial assets (excluding the financial assets are parts of the hedging relationships) at fair value is included in profit and loss in the period which they incurred.

③ Debt instruments investment at fair value through other comprehensive income. After initial recognition, such financial assets are subsequently measured at fair value. Interest, impairment loss or gain and exchange gain and loss calculated using the effective interest method is included in profit or loss in the period which they incurred, and other gains or losses are recognised in other comprehensive income. When derecognised, the accumulated gains or losses previously recognised in other comprehensive income are transferred out from other comprehensive income and included in profit or loss in the period which they incurred.

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

(X) Financial instruments *(continued)*

2. Measurement of financial instruments *(continued)*

(2) Financial Liabilities

① Financial liabilities at fair value and changes included in current profit or loss. Such financial liabilities include financial liabilities for trading purpose (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. After initial recognition, the financial liabilities are subsequently measured at fair value. Except for those involving the hedge accounting, the gains or losses (including interest expenses) arising from changes in fair value of financial liabilities for trading purpose are included in profit or loss in the period which they incurred. The changes in fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes of that financial liabilities' credit risk to be recognised in other comprehensive income, while other changes in fair value are included in profit or loss in the period. If the inclusion of the impact of changes in credit risk of such financial liabilities causes or increases the accounting mismatch of profit or loss, the Company will include all gains or losses of such financial liabilities in profit or loss in the period.

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

3. Recognition method of financial instruments' fair value

For financial instruments in active markets, the Company uses the quoted prices in active markets to determine their fair value. If there is no active market, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach. In limited cases, if there is insufficient information used to determine the fair value, or if the range of possible estimated fair values is broad, and the cost represents the best estimate of the fair value in such a range, then such costs can represent the proper estimate of the fair value in that range. The Company determines whether the cost represents the fair value based on all information in relation to the results and operations of the investees available since the date of initial recognition.

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

(X) Financial instruments *(continued)*

4. Basis of recognition and measurement of transfers of financial assets and financial liabilities

(1) Financial assets

The Company derecognizes a financial asset when one of the following conditions is met: ① the contractual rights to receive the cash flows from the financial asset expire; ② the financial asset has been transferred and the Company transfers substantially all of the risks and rewards of ownership of the financial asset; or ③ the financial asset has been transferred; and although the Company neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where the Company neither transfers nor retains substantially all the rewards of ownership of a financial asset and retains control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes a corresponding liability.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss: ① the carrying amount of the financial asset transferred measured at the date of derecognition; ② the sum of the consideration received from the transfer and, when the transferred financial asset is a financial asset classified as FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the financial asset derecognised.

Where a partial transfer of a financial asset meets the criteria for derecognition, the carrying amount of the transferred financial assets as a whole shall be allocated between the derecognized portion and the recognized portion based on their respective relative fair values at the transfer date. The difference between the two amounts below is recognised in profit or loss: ① the carrying amount of the derecognized portion at the date of derecognition; and ② the sum of the consideration received for the derecognized portion and, when the transferred financial asset is a financial asset classified as FVOCI, any cumulative gain or loss that has been recognised in other comprehensive income for the financial asset derecognised.

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

(X) Financial instruments *(continued)*

4. Basis of recognition and measurement of transfers of financial assets and financial liabilities

(2) Financial liability

The Company derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

Where a financial liability (or a portion thereof) is derecognized, the Company recognizes in profit or loss the difference between its carrying amount and the consideration paid, including non-cash assets transferred or liabilities assumed.

(XI) Method of determining and accounting for ECLs

1. Scope of ECLs

The Company accounts for financial assets (including receivables), receivable financing, lease receivables, and other receivables measured at amortized cost on the basis of ECLs and recognizes a loss allowance.

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

(XI) Method of determining and accounting for ECLs *(continued)*

2. Method of determining ECLs

The general approach to ECLs refers to the Company's assessment, at each balance sheet date, of whether the credit risk of relevant financial instruments has increased significantly since initial recognition. Credit impairment processes for financial instruments are divided into three stages, with distinct accounting treatments applied to financial instruments at each stage: (1) stage 1: financial instruments for which credit risk has not increased significantly since initial recognition, the Company measures loss allowances based on the 12-month ECLs,and the interest income is calculated using the carrying amount (i.e., before deduction of loss allowances) and the effective interest rate; (2) stage 2: financial instruments for which the credit risk has increased significantly since initial recognition but for which no credit impairment has occurred, the Company measures the allowance for losses based on the ECLs over the life of the financial instruments and calculates interest income based on the carrying amount and the effective interest rate; (3) stage 3: financial instruments for which credit impairment occurs subsequent to initial recognition, the Company measures the allowance for loss based on the expected credit loss over the life of the financial instrument and calculates interest income based on its amortized cost (carrying amount less provision for impairment) and effective interest rate.

A simplified approach to ECLs is to always measure the allowance for losses at an amount equal to lifetime ECLs.

3. Accounting Treatment of Expected Credit Losses

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. Depending on the nature of the financial instrument, the corresponding loss allowance is either offset against the carrying amount of the financial asset presented in the balance sheet or included in expected liabilities (loan commitment or financial guarantee contract).

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

(XI) Method of determining and accounting for ECLs *(continued)*

4. Measurement of bad debt provision for receivables and lease receivables

For notes receivable, accounts receivable, receivables financing and contract assets derived from daily business activities such as sale of goods or rendering of services, the Company will measure the loss allowances at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for notes receivable, accounts receivable, receivables financing and contract assets, the Company measures loss allowances at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments: financial instruments that have been determined to have low credit risk at the balance sheet date; or financial instruments for which credit risk has not increased significantly since initial recognition.

Bad debt provision of receivables:

(1) Portfolio category and determination basis for withdrawing bad debt provision according to credit risk characteristics portfolio

① Notes receivable: according to the different credit risk characteristics of acceptors, the Company divides notes receivable into two combinations: bank acceptance bills and financial company acceptance bills.

② Accounts receivable: according to the historical experience of the Company, there is no significant difference in the losses of different customer segments. Therefore, the Company regards all accounts receivable as a combination, and does not further distinguish different customer groups when calculating the bad debt provision for accounts receivable.

③ Receivables financing: receivables financing of the Company is bank acceptance bills receivable with dual holding purpose. The Company regards all receivables financing as a portfolio.

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

(XI) Method of determining and accounting for ECLs *(continued)*

4. Measurement of bad debt provision for receivables and lease receivables *(continued)*

(1) *Portfolio category and determination basis for withdrawing bad debt provision according to credit risk characteristics portfolio (continued)*

④ Other receivables: other receivables of the Company mainly include deposit receivable, employee reserve receivable, current accounts, etc. According to the nature of receivables and the credit risk characteristics of different counterparties, the Company regards all other receivables as a combination, and does not further distinguish different customer groups when calculating the bad debt provision for other receivables

⑤ Contract assets: according to the historical experience of the Company, there is no significant difference in the losses of different customer segments. Therefore, the Company regards all contract assets as a combination, and does not further distinguish different customer groups when calculating the bad debt provision for contract assets.

(2) Judgment standard for single provision of bad debt reserves

Reasons for separate provision for bad debt: If there is objective evidence indicating that the credit risk of a single account receivable and other receivables is relatively high, then separate provision for bad debts of such accounts receivable and other receivables is made.

The provision method for bad debt: Bad debt provision shall be separately tested for impairment, according to the difference between the present value of its future cash flow and the book value.

(3) Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

(XI) Method of determining and accounting for ECLs *(continued)*

4. Measurement of bad debt provision for receivables and lease receivables *(continued)*

(4) Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

① failure to make payments of principal or interest on their contractual due dates;

② an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

③ an actual or expected significant deterioration in the operating results of the debtor;

④ existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

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

(XII) Inventory

1. Classification of inventories

Inventories refer to finished goods or commodities held by the Company for sale in the ordinary course of activities, products in progress in the production process, materials and supplies consumed in the production process or the provision of labor services, etc. Inventories of the Company mainly include gas meters and others.

2. Valuation method of inventories

Cost of inventories recognised is calculated using the first-in-first-out method.

3. Method for provision for inventory depreciation

At the balance sheet date, inventories are carried at the lower of cost and net realisable value, and the provision for inventory depreciation is made according to a single inventory item. However, for inventories with large quantity and low unit price, provision for inventory depreciation shall be made according to the inventory category.

4. Inventory count system

The perpetual inventory system is adopted for inventory of the Company.

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

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

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

(XIII) Contract assets and contract liabilities

1. Contract assets

A contract asset is the Company's right to consideration in exchange for goods or services that it has transferred to a customer. Provision for impairment of contract assets is made by reference to the ECL on financial instruments method. For contract assets that do not contain a significant financing component, the Company uses the simplified approach to measure the provision for losses. For contract assets with a significant financing component, the Company measures the provision for losses in accordance with the general method.

Where there is an impairment loss on contract assets, the amount that should be written down is debited to the "asset impairment loss" and credited to the impairment provision for contract assets; when the asset impairment provision already made is reversed, contrary accounting shall be made.

2. Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration or an amount of consideration is due from the customer.

The Company presents contract assets and contract liabilities under the same contract in net amount.

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

(XIV) Long-term equity investments

1. Determination of initial investment cost

For a long-term equity investment obtained from business combination under common control, the acquiree's share in the carrying amount of equity in the ultimate controlling party's consolidated financial statements shall be recognised as the initial investment cost of long-term equity investments on the date of combination; for business combination not under common control, the combination cost as determined on the date of acquisition shall be recognised as the initial investment cost; for a long-term equity investment acquired by payment of cash, the initial investment cost shall be the actual purchase price paid; for a long-term equity investment acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued; for a long-term equity investment acquired from debt restructuring, the initial investment cost is recognised according to relevant requirements under "ASBE 12 – Debt Restructuring"; for a long-term equity investment acquired from exchange of non-monetary assets, the initial investment cost shall be recognized according to relevant requirements under "ASBE 7 – Exchange of Nonmonetary Assets".

2. Subsequent measurement and recognition method of gain or loss

Where the Company has a control over an investee, the long-term equity investment in such investee shall be measured using cost approach. Long-term equity investments in associates and joint ventures shall be measured using equity approach. Where part of the equity investments of the Company in its associates are held indirectly through venture investment institutions, common funds, trust companies or other similar entities including investment linked insurance funds, such part of investments shall be accounted for by the Company according to the relevant requirements of "ASBE 22 – Recognition and Measurement of Financial Instruments", regardless whether the above entities have significant influence on such part of investments, and the remaining shall be measured using equity approach.

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

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

3. Basis of conclusion for common control and significant influence over the investee

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

(XV) Investment properties

The Company classifies properties held for the purpose of earning rentals or capital appreciation, or both, as investment properties. These include leased land use rights, leased buildings, and buildings held for the purpose of leasing.

The Company's investment properties are initially measured at cost and subsequently measured using the cost model. Subsequent expenditures related to investment properties are included in the cost of investment properties if it is probable that the associated economic benefits will flow to the Company and the cost can be reliably measured. Otherwise, they are charged to profit or loss when incurred.

The leased buildings in the Company's investment properties are depreciated using the straight-line method, with specific accounting policies consistent with those for fixed assets. Leased land use rights and land use rights held and prepared for transfer after appreciation in investment properties are amortized using the straight-line method, with specific accounting policies consistent with those for intangible assets. For details of impairment tests and impairment methods, please refer to Note III, (XIX).

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

(XVI) Fixed assets

1. Recognition conditions of fixed assets

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

2. Classification and depreciation method of fixed assets

The fixed assets of the Company mainly comprise: buildings, pipelines, machinery, vehicles, electronic, furniture and fixtures, mining structures and etc. The fixed assets are depreciated using the straight-line method. The useful life and estimated net residual value of a fixed asset are determined according to the nature and use pattern of the fixed asset. At the end of each year, the useful life, estimated net residual value and the method of depreciation of the fixed asset will be reviewed, and shall be adjusted accordingly if they differ from previous estimates. The Company makes provision for depreciation for all of its fixed assets other than fully depreciated fixed assets that are still in use and the land that is valuated and recorded on an individual basis. The impairment test and the impairment method are detailed in Note III (XIX).

Assets class	Estimated useful life (year)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Buildings	40	10	2.25
Pipelines	25-30	5-10	3.00-3.80
Machinery	10-25	10	3.60-9.00
Vehicles	5	10	18.00
Electronics, furniture and fixtures	5	10	18.00
Mining structures	6	—	16.67

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

(XVII) Construction in progress

The cost of construction in progress is determined according to the actual project expenditure, including all necessary project expenditures and other related expenses incurred during the construction in progress. Construction in progress is transferred to fixed assets when it reaches the expected serviceable condition. The impairment test and the impairment method for construction in progress are detailed in Note III (XIX).

Category	**Fixed assets transfer standard and time point**
Buildings	When meeting the acceptance standards for building installation
Pipelines	When the project engineering reaching the intended serviceable condition
Machinery	When meeting the design requirements or the standards specified in the contract after installation and commissioning
Vehicles	When reaching the intended serviceable condition
Electronics, furniture and fixtures	When reaching the intended serviceable condition
Mining structures	When reaching the intended serviceable condition

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

(XVIII) Intangible assets

1. Measure of intangible assets

Intangible assets of the Company are initially measured at costs. The actual costs of purchased intangible assets include the considerations and relevant expenses actually paid. The actual costs of intangible assets contributed by investors are the prices set out in the investment contracts or agreed by agreement. If the price set out in the investment contracts or agreed by agreement is unfair, the fair value of the intangible asset is regarded as the actual cost. The cost of a self-developed intangible asset is the total expenditure incurred in bringing the asset to its intended use.

Subsequent measurement of the Company's intangible assets is as follows: Intangible assets with finite useful lives are amortized on a straight-line basis; at the end of each year, the useful lives and amortization policy are reviewed and adjusted if the results differ from the original estimates; intangible assets with indefinite useful lives are not amortized and the useful lives are reviewed at the end of each year; where there is solid evidence that the useful life of an intangible asset is finite, it is amortized using the straight-line method according to the estimated useful life. The impairment test and the impairment method are detailed in Note III (XIX).

The amortization method for intangible assets with finite useful lives is as follows:

Category	Useful life (year)	Amortization method
Land use rights	40-70	Straight-line
Software	10	Straight-line
Mining rights	6	Straight-line

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

(XVIII) Intangible assets *(continued)*

2. Determination basis of indefinite useful life

An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company or the asset has no definite useful life. The determination basis of intangible assets with indefinite useful lives: derived from contractual rights or other statutory rights and there are no explicit years of use stipulated in the contract or laws; useful life could not be determined even after considering the industrial practices or relevant expert opinion.

At the end of each year, the useful lives of the intangible assets with indefinite useful lives are reviewed. Basic assessment is performed by the relevant departments that use the intangible assets using the down-to-top approach, to determine if there are changes to the determination basis of indefinite useful lives.

(XIX) Impairment of long-term assets

Long-term assets such as long-term equity investments, investment properties measured at cost, fixed assets, construction in progress, productive biological assets measured at cost and oil and gas assets and intangible assets are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment is made on the difference and included in impairment loss.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that can generate cash inflows independently.

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

(XIX) Impairment of long-term assets *(continued)*

Goodwill separately presented in the financial statements is tested for impairment at least every year, irrespective of whether there is any indication that the asset may be impaired. For impairment testing, the carrying amount of goodwill is allocated to assets groups or sets of assets groups expected to benefit from the synergy of business combination. Where the carrying amount of the asset group or the set of asset groups allocated with goodwill is higher than the recoverable amount, impairment loss is recognised accordingly. The amount of impairment loss is first reduced against the carrying amount of the goodwill allocated to the asset group or set of asset groups, and is then reduced against the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the impairment loss of such assets is recognized, it will not be reversed in any subsequent period.

(XX) Long-term prepayments

Long-term prepayments of the Company are expenses which have been paid but benefit a period of over one year (not including one year). Long-term prepayments are amortized over the benefit period. If long-term prepayments cannot bring benefit in future accounting periods, its residue value not yet amortized shall be transferred in full to the profit or loss in the current period.

(XXI) Employee benefits

Employee benefits are all forms of rewards or compensation provided by an entity in exchange for services rendered by employees or for the termination of employment. Employee benefits mainly include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

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

(XXI) Employee benefits *(continued)*

1. Short-term employee benefits

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

2. Post-employment benefits and termination benefits

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

Termination benefits provided to employees by the Company are included as an employee remuneration liability arising from termination benefits, with a corresponding charge to current profit or loss at the earlier of the following dates: when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

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

(XXI) Employee benefits *(continued)*

3. Other long-term employee benefits

When other long-term employee benefits provided to the employees by the Company satisfied the conditions of defined contribution plans, those benefits shall be accounted for in accordance with the requirements relating to defined contribution plans. In addition, the Company recognizes and measures the net liabilities or net assets of other long-term employee benefits according to relevant requirements of the defined benefit scheme.

(XXII) Estimated liability

If an obligation in relation to contingency is the present obligation of the Company, the performance of such obligation is likely to lead to an outflow of economic benefits and its amount can be reliably measured, such obligation shall be recognized as estimated liability. The initial measurement is based on the best estimate of the expenditure required for the performance of current obligation. When the necessary expenditures fall within a range and the probability of each result in the range is identical, the best estimate which is the median of the range shall be recognized; if there are several items involved, every possible result and its relevant probability are taken into account for the best estimate to be recognized.

At the balance sheet date, the carrying amount of estimated liabilities shall be reviewed. If there is solid evidence that the carrying amount cannot reflect truly the current best estimate, the carrying amount shall be adjusted according to the current best estimate.

(XXIII) Revenue

When the Company has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, the revenue is recognized at the transaction price allocated to the performance obligation. Obtaining control over the relevant goods means having the ability to direct the use of the goods and receive substantially all of the economic benefits therefrom. A performance obligation represents the contractual commitment that a distinct good shall be transferred by the Company to the customer. Transaction price refers to the consideration that the Company is expected to receive due to the transfer of goods to customer, but it does not include payments received on behalf of third parties and amounts that the Company expects to return to the customer.

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

(XXIII) Revenue *(continued)*

The satisfaction of performance obligation over time or at a point in time is determined by contractual terms and relevant law. For performance obligation satisfied over time, the Company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Company recognises revenue at the point in time at which the customer obtains control of relevant assets.

The Company determines whether it is the principal obligor or agent at the time of the transaction based on whether it has control over the goods or services prior to the transfer of the goods or services to the customer. If the Company has control over the goods or services before transferring them to the customer, the Company is the principal obligor and recognises revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognises revenue based on the amount of commission or fee to which it is expected to be entitled, which is net of the total consideration received or receivable, less the price payable to other related parties, or based on the established commission amount or percentage, etc. determined.

1. Revenue from sales of goods contracts

The Company's contracts with customers for the sale of goods generally include one performance obligation for the transfer of goods such as natural gas, gas appliances and other goods. The Company has concluded that revenue from the sale of goods should be recognised at the point in time when control of the goods is transferred to customers based on the following considerations: a present right to payment for the goods, the transfer of the significant risks and rewards of the ownership of the goods to the customer, the transfer of the legal title of the goods to the customer, the customer's physical possession of the goods and the customer's acceptance of the goods.

2. Revenue from gas connection contracts

The gas connection contract between the Company and customers usually includes the performance obligation to provide customers with gas network connection services, and the income is recognized by the time period method. The Company determines the connection progress of gas pipeline network by using the proportion of the accumulated actual cost in the estimated total cost (i.e. cost method), and recognizes the revenue according to the performance progress.

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

(XXIII) Revenue *(continued)*

3. Gas pipeline transmission contract

The gas pipeline transportation contract between the Company and customers usually includes the performance obligation of providing customers with gas pipeline transportation service revenue. The revenue is recognized when customers obtain services. The Company regards it as the performance obligation to be performed in a certain period of time, and the revenue is recognized according to the performance progress, except that the performance progress cannot be reasonably determined.

(XXIV) Contract costs

Contract costs of the Company are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract. Incremental costs of obtaining a contract (“Contract Obtaining Costs”) are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Company recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs.

If the costs of the Company to fulfil a contract are not within the scope of inventories or other accounting standards, the Company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

1. the costs relate directly to an existing or anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Company entered into the contract;

2. the costs enhance resources of the Company that will be used in satisfying performance obligations in the future;

3. the costs are expected to be recovered.

The Company recognises the costs of contract performance as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Inventories” in the balance sheet, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as “Other non-current assets” in the balance sheet.

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

(XXIV) Contract costs *(continued)*

The Company recognises the Contract Obtaining Costs as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as "Other current assets" in the balance sheet, and if the amortization period is more than one year or a normal operating cycle upon the initial recognition, are presented as "Other non-current assets" in the balance sheet.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

1. remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates;

2. The cost estimated to be happened for the transfer of related goods or services.

If the depreciation factors in the previous period change subsequently, and the difference between the aforementioned two items is higher than the book value of the asset, the original provision for impairment of the asset should be reversed and included in the current profit and loss, provided that the book value of the asset after the reversal shall not exceed the book value of the asset on the date of reversal under the assumption that no impairment provision is made.

(XXV) Government grants

1. Types of government grants and accounting treatment

Government grants are monetary assets or non-monetary assets (excluding the capital invested by the government as the owner) obtained by the Company from the government for free. A government grant in monetary asset shall be recognized at the amount received or to be received. A government grant in non-monetary asset shall be recognized at its fair value; if the fair value is not reliably measured, the grant is measured at nominal amount.

A government grant related to income is accounted as follows: if the grant is a compensation for related costs, expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss or offset the related costs over the periods in which the related costs, expenses or losses are recognised; if the grant is a compensation for related costs, expenses or losses already incurred, it is recognised directly in profit or loss or offset the related costs of the current period.

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

(XXV) Government grants *(continued)*

1. Types of government grants and accounting treatment *(continued)*

A government grant related to an asset shall offset the carrying value of related assets, or be recognized as deferred income, and reasonably and systematically amortised to profit or loss over the useful life of the related asset. However, a government grant measured at a nominal amount is recognized immediately in profit or loss of the current period. If related assets have been sold, disposed of, scrapped or damaged, the unamortised deferred income should be recognised in profit or loss in the period of disposal.

2. Timing for recognition of governmental grants

A government grants shall be recognized when the enterprise fulfills the conditions attaching to the grant and the enterprise can receive the grant. The governmental grants measured at the amount receivable will be recognized when there is unambiguous evidence suggesting the conformance to related conditions as provided in financial support policies and financial support fund is expected to be received. Other government grants other than those measured at the amount receivable will be recognized at the actual time of receiving such grants.

(XXVI) Deferred income tax assets and deferred income tax liabilities

1. Recognition of deferred income tax

Deferred income tax assets or deferred income tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (for items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws, tax base is recognized as the difference) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. Measurement of deferred income tax

A deferred income tax asset is recognized to the extent of the amount of the taxable income, which it is most likely to obtain to deduct from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized.

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

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

2. Measurement of deferred income tax *(continued)*

As for taxable temporary difference related to the investments of subsidiaries and associated enterprises, the deferred income tax liabilities shall be recognized unless the Company can control the time for the reversal of temporary differences and such differences are very unlikely to be reversed in the foreseeable future. As for the deductible temporary difference related to investments of subsidiaries and associated enterprises, the deferred income tax assets shall be recognized when such temporary differences are much likely to be reversed in the foreseeable future and the taxable profit are available against which the deductible temporary difference can be utilized.

3. Basis of write off for the net amount of deferred income tax

The Company will list both deferred income tax assets and deferred income tax liabilities in the net value after offsetting if the following criteria are met: if it has the legal right to settle the current income tax asset and current income tax liability on net basis; deferred income tax asset and deferred income tax liability are related to the income tax charged by the same tax authority on the same taxable entity, or are related to different taxable entity, but during each of the significance period which deferred income tax asset and deferred income tax liability is reversed in the future, the taxable entity involved intends to settle the current income tax asset and current income tax liability on net basis, or to obtain assets and settle liabilities at the same time.

(XXVII) Leases

The Company will assess whether a contract is a lease or contains lease on the commencement date of the contract. A contract is a lease or contains lease if a party of the contract transfers the right of use of one or more identified assets for a specified period of time for consideration.

1. Accounting for lessee

At the commencement date of the lease term, the Company recognises right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and recognises depreciation expense and interest expense, respectively, over the lease term.

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

(XXVII) Leases *(continued)*

1. Accounting for lessee *(continued)*

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

(1) Right-of-use assets

The right-of-use assets refer to the right of the lessee to use the leased asset during the lease term. On the commencement date of the lease term, the right-of-use assets are initially measured at cost. The cost includes: ① The initial measurement amount of the lease liability; ② The lease payment amount paid on or before the commencement date of the lease term, and the relevant amount of the lease incentive that has been enjoyed shall be deducted if there is a lease incentive; ③ The initial direct costs incurred by the lessee; ④ The cost which the lessee is expected to dismantle and remove the leased asset, restore the site of leased asset or restore the leased asset to the agreed terms of the lease terms.

The depreciation of the right-of-use assets of the Company is accrued using the straight-line method. For those who can reasonably determine the ownership of the leased asset when the lease term expires, the depreciation is made within the estimated remaining useful life of the leased asset. If it is not reasonable to determine that the leased asset will be acquired at the expiration of the lease term, the depreciation is made during the shorter period between the lease term and the remaining useful life of the leased asset.

The Company determines whether the right-of-use assets have been impaired and carries out accounting treatment in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 8 – Impairment of Assets.

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

(XXVII) Leases *(continued)*

1. Accounting for lessee *(continued)*

(2) Lease liability

Lease liability is initially measured at the present value of the lease payments that have not been paid on the commencement date of the lease term. The lease payments include: ① The fixed payment amount (including the substantial fixed payment amount), and the relevant amount of the lease incentive shall be deducted if there is a lease incentive; ② Variable lease payments depending on the index or ratio; ③ The amount expected to be paid based on the residual value of the guarantee provided by the lessee; ④ The exercise price of purchasing the option, to be determined by the lessee on a reasonable basis; ⑤ If the lease term reflects that the lessee will exercise the option to terminate the lease, payments required to exercise the option to terminate the lease.

The Company uses the interest rate embedded in the lease as the discount rate. If the interest rate embedded in the lease cannot be reasonably determined, the Company incremental borrowing rate is used as the discount rate. The Company calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate and includes it in finance costs. This periodic interest rate is the discount rate or revised discount rate adopted by the Company.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss when they are actually incurred.

2. Accounting for operating leases

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

(1) Accounting for operating leases

The lease payments are recognized as rental income on a straight-line basis over the respective lease terms. Initial direct costs shall be capitalized and then included in the current income by stages at the same base as the recognition of rental income over the whole lease term, variable rentals not included in lease payments shall be included as rental income when it is actually incurred.

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

(XXVII) Leases *(continued)*

2. Accounting for operating leases *(continued)*

(2) Accounting for financing leases

At the commencement date of lease term, the Company recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognizes the same as rental income over the periods when rent is received in the future. The initial direct costs related to lease transaction incurred by the Company shall be included in the initial measurement of the finance lease receivables.

(XXVIII) Profit distribution

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

(XXIX) Safety production cost

Safety production funds provided according to the regulations are included in costs of related products or profit or loss, and credited to the specialised reserves. They are treated differently when being utilised: the specialised reserves are offset against for those attributable to the expense nature; the cumulative expenditures are recognised as a fixed asset for those attributable to the fixed asset nature when the working condition for the intended use is reached, and at the same time, specialised reserves are offset against with the full depreciation of the fixed asset, at the same amount.

(XXX) Fair value measurements

The Group measures receivables under financing at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 – based on quoted prices unadjusted in active markets for identical assets or liabilities; Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly; Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

(XXX) Fair value measurements *(continued)*

For assets and liabilities that are measured at fair value and recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation on each balance sheet date.

(XXXI) Significant accounting judgments and estimates

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as the key assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In addition to the accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets and provision for impairment of various types of assets, other significant accounting estimates are as follows:

1. Impairment of fixed assets

The Company assesses whether there are any indications of impairment for fixed asset at the balance sheet date. For fixed assets with signs of impairment, the Company compares the book value of each relevant asset group with its recoverable amount to determine the amount of impairment loss. The recoverable amount is determined according to the higher of the present value of the estimated future cash flow and the net amount of the fair value less the disposal expenses. The calculation of the present value of the expected future cash flow requires the management to make significant judgments, especially the estimation of key assumptions such as the future gas sales volume, the price difference between the purchase and sale of natural gas and the applicable discount rate.

2. Deferred income tax assets

Deferred income tax assets are recognised for all unused tax losses and temporary differences to the extent that it is probable that sufficient taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognised, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

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

(XXXII) EXPLANATION OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS

1. Changes in Significant Accounting Policies

On 27 June, 2025, the Ministry of Finance of the People's Republic of China issued the Notice on Issues Concerning Financial Treatment after the Implementation of the Company Law and the Foreign Investment Law (Cai Zi [2025] No. 101) (《關於公司法、外商投資法施行後有關財務處理問題的通知》(財資[2025]101號)), which stipulates relevant contents regarding "issues on making up losses with public reserve funds", "issues on capital contribution in the form of non-monetary assets", and "issues on the treatment of balances of reserve fund, enterprise development fund, and staff incentive and welfare fund".

The Company has implemented the Notice on Issues Concerning Financial Treatment after the Implementation of the Company Law and the Foreign Investment Law (《關於公司法、外商投資法施行後有關財務處理問題的通知》) issued by the Ministry of Finance since 27 June, 2025. The implementation of such notice has no significant impact on the financial statements for the Reporting Period.

2. Explanation of changes in significant accounting estimates

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

IV. TAXES

(I) Major categories of taxes and respective tax rates

Categories of taxes	Tax basis	Tax rates
Value-added tax (VAT)	sales revenue	9%,13%
City maintenance and construction tax	turnover taxes paid	7%
Education supplementary tax	turnover taxes paid	3%
Local education supplementary tax	turnover taxes paid	2%
Corporate income tax	taxable profit	25%

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(I) Cash and bank balances

Item	Balance as at the end of the period	Balance as at the beginning of the period
Cash		
Cash at banks	**519,058,229.61**	694,789,660.39
Other monetary funds	–	134,142.02
Total	**519,058,229.61**	694,923,802.41

(II) Accounts receivable

1. Disclosure of accounts receivables by ageing

The credit period for trade receivables is normally 90 to 180 days, and trade receivables are non-interest-bearing.

An ageing analysis of trade receivables, based on the date of provision of services, is as follows:

Ageing	Balance as at the end of the period	Balance as at the beginning of the period
Within 1 year		
Including: within 6 months	**322,100,692.69**	237,554,586.27
7 to 12 months	**5,861.40**	108,913.62
Subtotal within 1 year	**322,106,554.09**	237,663,499.89
1 to 2 years	**6,652,957.88**	519,376.99
2 to 3 years	**422,774.30**	975.00
Over 3 years	**11,642,852.29**	11,741,877.29
Subtotal	**340,825,138.56**	249,925,729.17
Less: Provision for bad debts	**13,826,137.38**	11,830,524.53
Total	**326,999,001.18**	238,095,204.64

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

(II) Accounts receivable *(continued)*

2. Accounts receivable disclosed by classification of provision method for bad debts

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

Type	Balance as at the beginning of the period				
	Gross carrying amount		Provision for bad debts		
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	Carrying amount
Accounts receivable for which provision for bad debts is made on an individual basis	11,776,398.25	4.71	11,776,398.25	100.00	–
Accounts receivable for which provision for bad debts is made by credit risk characteristic group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Including: Ageing group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Other groups					
Total	249,925,729.17	100.00	11,830,524.53	–	238,095,204.64

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

(II) Accounts receivable *(continued)*

2. Accounts receivable disclosed by classification of provision method for bad debts *(continued)*

Accounts receivable for which provision for bad debts is made by credit risk characteristic group

(1) Ageing group

Ageing	Balance as at the end of the period			Balance as at the beginning of the period		
	Gross carrying amount	Provision for bad debts	Proportion of provision (%)	Gross carrying amount	Provision for bad debts	Proportion of provision (%)
1 to 6 months	322,100,692.69	–	0.00	237,554,586.27	–	0.00
7 months to 1 year	5,861.40	293.07	5.00	108,913.62	5,445.68	5.00
1 to 2 years	5,090,613.88	509,061.39	10.00	484,856.03	48,485.60	10.00
2 to 3 years	388,253.34	77,650.67	20.00	975.00	195.00	20.00
Over 3 years	975.00	390.00	40.00	–	–	–
Total	327,586,396.31	587,395.13	0.18	238,149,330.92	54,126.28	0.02

3. Provision for bad debts

Type	Balance as at the beginning of the period	Changes during the period				Balance as at the end of the period
		Provision	Recovery or reversal	Write-off	Other changes	
Provision for bad debts made on an individual basis	11,776,398.25	1,562,344.00	100,000.00	–	–	13,238,742.25
Provision for bad debts made on a collective basis	54,126.28	533,268.85	–	–	–	587,395.13
Including: Ageing portfolio	54,126.28	533,268.85	–	–	–	587,395.13
Total	11,830,524.53	2,095,612.85	100,000.00	–	–	13,826,137.38

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

(II) Accounts receivable *(continued)*

4. Information on the top five trade receivables and contract assets categorized by debtor at the end of the period

Name of entity	Balance of trade receivables as at the end of the period	Balance of contract assets as at the end of the period	Balance of trade receivables and contract assets as at the end of the period	Proportion to the total balance of trade receivables and contract assets as at the end of the period (%)	Provision for bad debts as at the end of the period
Customer A	212,455,084.27		212,455,084.27	62.34	–
Customer B	42,549,250.56		42,549,250.56	12.48	–
Customer C	17,341,483.08		17,341,483.08	5.09	–
Customer D	11,560,353.93		11,560,353.93	3.39	–
Customer E	7,581,615.57		7,581,615.57	2.22	–
Total	291,487,787.41		291,487,787.41	85.52	–

(III) Receivables financing

Item	Balance as at the end of the period	Balance as at the beginning of the period
Bank acceptance bills receivable	**72,665,784.65**	920,000.00
Financial company acceptance bills receivable	**–**	15,277,905.68
Total	**72,665,784.65**	16,197,905.68

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

(IV) Prepayments

1. Prepayments shown by ageing

	Balance as at the end of the period		Balance as at the beginning of the period	
Ageing	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	1,671,478.08	93.93	2,972,173.99	95.89
1 to 2 years	87,042.05	4.89	68,805.00	2.22
2 to 3 years	20,964.09	1.18	58,593.74	1.89
Total	1,779,484.22	100.00	3,099,572.73	100.00

(V) Other receivables

Item	Balance as at the end of the period	Balance as at the beginning of the period
Interest receivables	–	–
Dividend receivables	–	–
Other receivables	820,000.61	1,013,407.94
Total	820,000.61	1,013,407.94

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

(V) Other receivables *(continued)*

1. Other receivables *(continued)*

(1) Disclosure by ageing

Ageing	Balance as at the end of the period	Balance as at the beginning of the period
Within 1 year	**993,669.83**	738,286.87
1 to 2 years	**376,799.71**	89,449.04
2 to 3 years	**191,359.04**	4,525.00
Over 3 years	**12,456,839.84**	2,670,088.32
Subtotal	**14,018,668.42**	3,502,349.23
Less: Provision for bad debts	**13,198,667.81**	2,488,941.29
Total	**820,000.61**	1,013,407.94

Note: On 30 December, 2025, the Guiyang Intermediate People's Court of Guizhou Province ruled to accept the bankruptcy liquidation case of貴州津維礦業投資有限公司， and appointed 遠興宏會計師事務所有限公司 as the administrator of the Company. The subsidiary is no longer included in the scope of consolidation. The carrying amount of other receivables due from Guizhou Jinwei Mining Investment Co., Ltd. in the consolidated financial statements is RMB10,709,700. The ageing is disclosed as follows:

Ageing	Balance as at the end of the period	Balance as at the beginning of the period
Within 1 year	**300,000.00**	—
1 to 2 years	**337,500.00**	—
2 to 3 years	**110,000.00**	—
Over 3 years	**9,962,226.52**	—
Subtotal	**10,709,726.52**	—
Less: Provision for bad debts	**10,709,726.52**	—
Total	**—**	—

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

(V) Other receivables *(continued)*

1. Other receivables *(continued)*

(2) Categorized by nature

Nature of item	Balance as at the end of the period	Balance as at the beginning of the period
Employees' borrowings	**144,873.83**	181,095.08
Inter-company balance	**13,091,520.32**	2,906,507.08
Deposits and others	**782,274.27**	414,747.07
Subtotal	**14,018,668.42**	3,502,349.23
Less: Provision for bad debts	**13,198,667.81**	2,488,941.29
Total	**820,000.61**	1,013,407.94

(3) Disclosed by provision method for bad debts

Type	Balance as at the end of the period				
	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Proportion of provision (%)	
Other receivables for which provision for bad debts is made on an individual basis	13,198,667.81	94.15	13,198,667.81	100.00	–
Other receivables for which provision for bad debts is made on a collective basis	820,000.61	5.85	–	–	820,000.61
Including: Ageing portfolio	820,000.61	5.85	–	–	820,000.61
Total	14,018,668.42	100.00	13,198,667.81	94.15	820,000.61

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

(V) Other receivables *(continued)*

1. Other receivables *(continued)*

(3) Disclosed by provision method for bad debts (continued)

Type	Balance as at the beginning of the period				
	Gross carrying amount		Provision for bad debts		Gross carrying amount
	Amount	Percentage (%)	Amount	Proportion of provision (%)	
Other receivables for which provision for bad debts is made on an individual basis	2,488,941.29	71.65	2,488,941.29	100.00	–
Other receivables for which provision for bad debts is made on a collective basis	1,013,407.94	28.35	–	–	1,013,407.94
Including: Ageing portfolio	1,013,407.94	28.35	–	–	1,013,407.94
Total	3,502,349.23	100.00	2,488,941.29	71.65	1,013,407.94

① Significant other receivables for which provision for bad debts is made on an individual basis

Name of entity	Balance as at the end of the period			
	Gross carrying amount	Provision for bad debts	Proportion of provision (%)	Basis
貴州津維礦業投資有限公司	10,709,726.52	10,709,726.52	100.00	Bankruptcy
Total	10,709,726.52	10,709,726.52	100.00	Bankruptcy

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

(V) Other receivables *(continued)*

1. Other receivables *(continued)*

(4) Other receivables for which provision for bad debts is made based on the general expected credit loss model

Provision for bad debts	Stage 1 12-month expected credit losses	Stage 2 Lifetime expected credit losses (not credit-impaired)	Stage 3 Lifetime expected credit losses (credit-impaired)	Total
Balance as at 1 January, 2025	–	–	2,488,941.29	2,488,941.29
Balance as at 1 January, 2025 in the current period	–	–	–	–
– Transfer to Stage 2	–	–	–	–
– Transfer to Stage 3	–	–	–	–
– Transfer back to Stage 2	–	–	–	–
– Transfer back to Stage 1	–	–	–	–
Provision made during the period	–	–	–	–
Reversal during the period	–	–	–	–
Transfer out during the period	–	–	–	–
Write-off during the period	–	–	–	–
Other changes	–	–	10,709,726.52	10,709,726.52
Balance as at 31 December, 2025	–	–	13,198,667.81	13,198,667.81

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

(V) Other receivables *(continued)*

1. Other receivables *(continued)*

(4) Provision for bad debts

Type	Balance as at the beginning of the period	Changes during the period: Provision	Recovery or reversal	Write-off	Other changes	Balance as at the end of the period
Provision made on an individual basis	2,488,941.29	–	–	–	10,709,726.52	**13,198,667.81**
Total	2,488,941.29	–	–	–	10,709,726.52	**13,198,667.81**

(VI) Inventories

Item	Balance as at the end of the period: Gross carrying amount	Inventory falling price reserves	carrying amount	Balance as at the beginning of the period: carrying amount	Inventory falling price reserves	Gross carrying amount
Gas appliances and others	**979,646.35**	**–**	**979,646.35**	1,680,286.67	–	1,680,286.67
Total	**979,646.35**	**–**	**979,646.35**	1,680,286.67	–	1,680,286.67

(VII) Non-current assets due within one year

Item	Balance as at the end of the period	Balance as at the beginning of the period
Time deposits due within one year	**91,932,971.21**	–
Total	**91,932,971.21**	–

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

(VIII) Other current assets

Item	Balance as at the end of the period	Balance as at the beginning of the period
Prepaid income tax	**905,694.09**	874,941.53
Total	**905,694.09**	874,941.53

(IX) Long-term equity investments

1. Long-term equity investments

Investee	Balance as at the beginning of the period	Movements during the period								Balance as at the end of the period	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment	Other		
1. Associates											
天津市濱海燃氣有限公司	53,606,944.82	–	–	-296,569.93	–	-2,918.49	–	–	–	**53,307,456.40**	–
Total	53,606,944.82	–	–	-296,569.93	–	-2,918.49	–	–	–	**53,307,456.40**	–

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

(X) Investment properties

1. Investment properties measured at cost

Item	Properties and buildings	Total
I. Original carrying amount	—	—
1. Balance as at the beginning of the period	—	—
2. Increase during the period	23,296,181.46	23,296,181.46
(1) Purchase	—	—
(2) Transferred from inventories/fixed assets/construction in progress	23,296,181.46	23,296,181.46
(3) Additions through corporate mergers	—	—
3. Decrease during the period	—	—
(1) Disposal	—	—
(2) Other transfers out	—	—
4. Balance as at the end of the period	23,296,181.46	23,296,181.46
II. Accumulated depreciation and accumulated amortization	—	—
1. Balance as at the beginning of the period	—	—
2. Amounts increased during the period	11,003,866.55	11,003,866.55
(1) Provision or amortization	125,942.73	125,942.73
(2) Transferred from inventories/fixed assets/construction in progress	10,877,923.82	10,877,923.82
3. Decrease during the period	—	—
(1) Disposal	—	—
(2) Other transfers out	—	—
4. Balance as at the end of the period	11,003,866.55	11,003,866.55
III. Provision for impairment	—	—
1. Balance as at the beginning of the period	—	—
2. Amounts increased during the period	944,797.45	944,797.45
(1) Provision	338,227.28	338,227.28
(2) Transferred from inventories/fixed assets/construction in progress	606,570.17	606,570.17
3. Decrease during the period	—	—
(1) Disposal	—	—
(2) Other transfers out	—	—
4. Balance as at the end of the period	944,797.45	944,797.45
IV. Carrying amount	—	—
1. Carrying amount as at the end of the period	11,347,517.46	11,347,517.46
2. Carrying amount as at the beginning of the period	—	—

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

(X) Investment properties *(continued)*

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

Notes: 1. The provision for impairment loss on properties and buildings in 2025 was primarily due to a decline in the market value of the properties at Tiancheng Yinxiang held by the Jining Branch. The Company performed an assessment on the recoverable amount of the relevant assets, and made a provision for impairment for the difference of RMB893,024.59 where the carrying amount of the relevant assets exceeded the recoverable amount; of which RMB554,797.31 was provided for properties and buildings under fixed assets, and RMB338,227.28 was provided for investment properties. The recoverable amount of such assets was determined based on the market approach. 深圳市同致誠資產評估土地房地產評估顧問有限公司 assessed the recoverable amount of the above assets and issued the "Asset Valuation Report on the Market Value of a Total of Three Properties and Buildings including Commercial Building 1 - Commercial - 1018, West of Digital Building, West of Gongnong Road, South of Chahar West Street, Jining District, Involved in the Proposed Business Decision of Tianjin Jinran Public Utilities Company Limited" (Shen Tong Cheng Zi Gu Zi W[2026]DX-FZQ-G No. 028).

2. As at 31 December, 2025, the Company had no investment properties for which the property ownership certificates had not been obtained.

(XI) Fixed assets

Item	**Balance as at the end of the period**	Balance as at the beginning of the period
Fixed assets	**713,129,975.81**	756,017,471.33
Disposal of fixed assets	**4,441.88**	35,668.26
Total	**713,134,417.69**	756,053,139.59

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

(XI) Fixed assets *(continued)*

1. Details of fixed assets

(1) Details of fixed assets

Item	Properties and buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
I. Original carrying amount							
1. Balance as at the beginning of the period	48,990,991.60	1,327,189,703.25	313,799,953.36	5,588,411.02	11,048,146.99	4,558,482.24	1,711,175,688.46
2. Amounts increased during the period	3,823,962.02	11,136,640.78	24,492,911.00	404,565.82	115,150.89	–	39,973,230.51
(1) Purchase	–	1,993,565.27	12,155,602.25	404,565.82	115,150.89	–	14,668,884.23
(2) Transferred from construction in progress	3,823,962.02	9,143,075.51	12,337,308.75	–	–	–	25,304,346.28
3. Amounts decreased during the period	23,296,181.46	1,865,458.63	2,291,158.90	297,399.94	36,653.65	4,558,482.24	32,345,334.82
(1) Disposal or scrap		1,865,458.63	2,291,158.90	297,399.94	36,653.65	4,558,482.24	9,049,153.36
(2) Transferred to investment properties	23,296,181.46	–	–	–	–	–	23,296,181.46
4. Balance as at the end of the period	29,518,772.16	1,336,460,885.40	336,001,705.46	5,695,576.90	11,126,644.23	–	1,718,803,584.15
II. Accumulated depreciation							
1. Balance as at the beginning of the period	20,101,776.51	722,372,618.92	102,261,842.30	4,582,202.78	8,355,045.96	2,747,063.24	860,420,549.71
2. Amounts increased during the period	988,610.97	44,187,768.84	23,805,324.94	181,707.00	391,648.46	–	69,555,060.21
(1) Provision	988,610.97	44,187,768.84	23,805,324.94	181,707.00	391,648.46	–	69,555,060.21
3. Amounts decreased during the period	10,885,947.18	1,436,253.99	1,544,979.58	210,242.66	26,913.15	2,747,063.24	16,851,399.80
(1) Disposal or scrap	–	1,436,253.99	1,544,979.58	210,242.66	26,913.15	2,747,063.24	5,965,452.62
(2) Transferred to investment properties	10,885,947.18	–	–	–	–	–	10,885,947.18
4. Balance as at the end of the period	10,204,440.30	765,124,133.77	124,522,187.66	4,553,667.12	8,719,781.27	–	913,124,210.12
III. Provision for impairment							
1. Balance as at the beginning of the period	606,570.17	64,012,501.98	27,865,809.12	115,818.91	325,548.24	1,811,419.00	94,737,667.42
2. Amounts increased during the period	554,797.31	–	–	–	–	–	554,797.31
(1) Provision	554,797.31	–	–	–	–	–	554,797.31
3. Amounts decreased during the period	606,570.17	–	272,466.97	42,869.87	9,740.50	1,811,419.00	2,743,066.51
(1) Disposal or scrap	–	–	272,466.97	42,869.87	9,740.50	1,811,419.00	2,136,496.34
(2) Transferred to investment properties	606,570.17	–	–	–	–	–	606,570.17
4. Balance as at the end of the period	554,797.31	64,012,501.98	27,593,342.15	72,949.04	315,807.74	–	92,549,398.22
IV. Carrying amount							
1. Carrying amount as at the end of the period	18,759,534.55	507,324,249.65	183,886,175.65	1,068,960.74	2,091,055.22	–	713,129,975.81
2. Carrying amount as at the beginning of the period	28,282,644.92	540,804,582.35	183,672,301.94	890,389.33	2,367,552.79	–	756,017,471.33

Notes: 1. For details of the provision for impairment on properties and buildings, please refer to Note 1 of Investment properties under Note V. (X).

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

(XI) Fixed assets *(continued)*

1. Details of fixed assets *(continued)*

(2) Properties for which property ownership certificates had not been obtained as at 31 December, 2025.

Item	Carrying amount	Reasons for which property ownership certificates had not been obtained
天成印象	1,562,085.00	In the process of application
Total	1,562,085.00	—

(3) Test in relation to provisions for impairment of fixed assets

In 2025, Jinran Public Utilities Company performed an assessment on recoverable amounts for relevant long-tern asset group and found that the carrying amounts did not exceed recoverable amounts, therefore, no provisions for impairment has been provided. The recoverable amounts of such asset group are determined in accordance with the present value of estimated future cash flow by using pre-tax discount rate of 7.21%. PAN-CHINA ASSETS APPRAISAL CO., LTD. has assessed the recoverable amounts of relevant long-term asset group and issued the Appraisal Report on the Relevant Long-term Asset Group Related to Impairment Test of Tianjin Jinran Public Utilities Co., Ltd. (Tianxingping bao zi [2026] No. 0261) on 27 March 2026.

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

(XII) Construction in progress

Type	Balance as at the end of the period	Balance as at the beginning of the period
Construction in progress	39,589,486.61	32,937,382.54
Engineering materials	80,885.31	111,970.00
Less: Provision for impairment	1,035,000.00	1,443,920.27
Total	38,635,371.92	31,605,432.27

1. Information of construction in progress

(1) Basic information of construction in progress

Item	Balance as at the end of the period			Balance as at the beginning of the period		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Buildings	–	–	–	2,209,340.38	–	2,209,340.38
Gas station improvement and others	27,864,375.71	1,035,000.00	26,829,375.71	22,068,068.29	1,035,000.00	21,033,068.29
Pipeline reconstruction	11,725,110.90	–	11,725,110.90	8,251,053.60	–	8,251,053.60
Mines	–	–	–	408,920.27	408,920.27	–
Total	39,589,486.61	1,035,000.00	38,554,486.61	32,937,382.54	1,443,920.27	31,493,462.27

2. Engineering materials

Item	Balance as at the end of the period			Balance as at the beginning of the period		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Ji Ning Engineering materials	80,885.31	–	80,885.31	111,970.00	–	111,970.00
Total	80,885.31	–	80,885.31	111,970.00	–	111,970.00

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

(XIII) Right-of-use assets

Item				Properties and buildings	Total
I.	Original carrying amount			—	—
	1.	Balance as at the beginning of the period		3,394,770.54	3,394,770.54
	2.	Amounts increased during the period		—	—
		(1)	New lease	—	—
	3.	Amounts decreased during the period		—	—
		(1)	Disposal	—	—
	4.	Balance as at the end of the period		3,394,770.54	3,394,770.54
II.	Accumulated depreciation			—	—
	1.	Balance as at the beginning of the period		1,673,483.01	1,673,483.01
	2.	Amounts increased during the period		1,162,858.92	1,162,858.92
		(1)	Provision	1,162,858.92	1,162,858.92
	3.	Amounts decreased during the period		—	—
		(1)	Disposal	—	—
	4.	Balance as at the end of the period		2,836,341.93	2,836,341.93
III.	Impairment provision			—	—
	1.	Balance as at the beginning of the period		—	—
	2.	Amounts increased during the period		—	—
		(1)	Provision	—	—
	3.	Amounts decreased during the period		—	—
		(1)	Disposal	—	—
	4.	Balance as at the end of the period		—	—
IV.	Carrying value			—	—
	1.	Carrying amount as at the end of the period		558,428.61	558,428.61
	2.	Carrying amount as at the beginning of the period		1,721,287.53	1,721,287.53

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

(XIV) Intangible assets

Item	Land use rights	Software	Mineral rights	Total
I. Original carrying amount	–	–	–	–
1. Balance as at the beginning of the period	14,316,891.30	1,886,375.47	16,765,984.00	32,969,250.77
2. Increase	–	–	–	–
(1) Purchase	–	–	–	–
3. Decrease	–	–	16,765,984.00	16,765,984.00
(1) Disposal	–	–	16,765,984.00	16,765,984.00
4. Balance as at the end of the period	14,316,891.30	1,886,375.47	–	16,203,266.77
II. Accumulated amortisation	–	–	–	–
1. Balance as at the beginning of the period	4,907,575.87	1,103,252.74	7,243,935.07	13,254,763.68
2. Increase	302,655.96	156,577.08	–	459,233.04
(1) Provision	302,655.96	156,577.08	–	459,233.04
3. Decrease	–	–	7,243,935.07	7,243,935.07
(1) Disposal	–	–	7,243,935.07	7,243,935.07
4. Balance as at the end of the period	5,210,231.83	1,259,829.82	–	6,470,061.65
III. Impairment provision	–	–	–	–
1. Balance as at the beginning of the period	–	–	9,522,048.93	9,522,048.93
2. Increase	–	–	–	–
(1) Provision	–	–	–	–
3. Decrease	–	–	9,522,048.93	9,522,048.93
(1) Disposal	–	–	9,522,048.93	9,522,048.93
4. Balance as at the end of the period	–	–	–	–
IV. Carrying amount	–	–	–	–
1. Closing carrying amount	9,106,659.47	626,545.65	–	9,733,205.12
2. Opening carrying amount	9,409,315.43	783,122.73	–	10,192,438.16

Note 1: The mining permit period was from September 2012 to July 2018; the Company terminated mining operations ahead of schedule and recognized full impairment in 2017.

2. For the reasons for the decrease in mining rights, please refer to Note VI. 1 Notes on reduction in scope of consolidation.

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

(XV) Deferred tax assets

1. Breakdown of deferred income tax assets and deferred income tax liabilities

Item	Balance as at the end of the period		Balance as at the beginning of the period	
	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences
I. Deferred income tax assets:				
Provision for bad debts	4,078,769.67	16,315,078.67	3,579,866.46	14,319,465.82
Deferred income	25,543,057.13	102,172,228.51	25,839,095.02	103,356,380.07
Deductible losses	41,246,530.50	164,986,122.00	41,246,530.50	164,986,122.00
Lease liabilities	768.26	3,073.04	13,690.56	54,762.24
Subtotal	70,869,125.56	283,476,502.22	70,679,182.54	282,716,730.13

2. Breakdown of unrecognised deferred income tax assets

Item	Balance as at the end of the period	Balance as at the beginning of the period
Deductible temporary differences	120,320,091.02	105,703,636.62
Deductible losses	120,097,057.72	72,395,984.89
Total	240,417,148.74	178,099,621.51

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

(XV) Deferred tax assets *(continued)*

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

Year	Balance as at the end of the period	Balance as at the beginning of the period	Notes
2026	**4,571.01**	4,571.01	—
2027	**4,279,810.55**	4,279,810.55	—
2028	**25,069,956.00**	25,205,020.58	—
2029	**42,906,582.75**	42,906,582.75	—
2030	**47,836,137.41**	—	—
Total	**120,097,057.72**	72,395,984.89	—

(XVI) Other non-current assets

Item	Balance as at the end of the period			Balance as at the beginning of the period		
	Gross carrying amount	Provision for bad debts	Carrying amount	Gross carrying amount	Provision for bad debts	Carrying amount
Certificates of deposit	**61,040,616.44**	–	**61,040,616.44**	89,458,834.25	–	89,458,834.25
Prepaid construction cost	**785,344.01**	–	**785,344.01**	632,198.50	–	632,198.50
Renovation expenses of indoor gas facilities	**55,494,474.58**	–	**55,494,474.58**	60,913,443.45	–	60,913,443.45
Total	**117,320,435.03**	–	**117,320,435.03**	151,004,476.20	–	151,004,476.20

Note: The certificates of deposit are 2 to 3-year time deposits with a fixed interest rate of 1.75% to 2.9% per annum, which can be withdrawn before maturity, and early withdrawal of the certificates bears interest at the demand deposit rate.

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

(XVII) Assets with restrictive ownership or right of use

There were no assets with restricted ownership or right of use during this period.

(XVIII) Accounts payable

1. Categorized by ageing

The following is an aging analysis of accounts payable calculated based on the service delivery date:

Age	Balance as at the end of the period	Balance as at the beginning of the period
Within 1 year (inclusive)	**194,273,938.17**	122,022,774.86
Over 1 year	**75,534,400.06**	70,275,918.44
Total	**269,808,338.23**	192,298,693.30

(XIX) Contract liabilities

1. Classification of Contract Liabilities

Item	Balance as at the end of the period	Balance as at the beginning of the period
Advances from sales of piped gas	**208,673,969.64**	248,393,559.50
Advances from gas connection	**33,524,650.65**	31,516,449.26
Advances from sales of gas appliances	**1,166,222.89**	1,736,476.59
Others	**37,642.20**	37,642.20
Total	**243,402,485.38**	281,684,127.55

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

(XX) Employee benefits payable

1. Employee benefits payable

Item	Balance as at the beginning of the period	Increase	Decrease	**Balance as at the end of the period**
I. Short-term remuneration	16,685,508.79	101,610,636.36	101,980,218.42	**16,315,635.27**
II. Post-employment benefits (defined contribution plan)	–	12,599,102.93	12,599,102.93	**–**
III. Termination benefits	–	97,600.00	97,600.00	**–**
IV. Other benefits due within one year	–	–	–	**–**
V. Others	–	–	–	**–**
Total	16,685,508.79	114,307,339.29	114,676,921.35	**16,315,635.27**

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

(XX) Employee benefits payable *(continued)*

2. Short-term employee remuneration

Item	Balance as at the beginning of the period	Increase	Decrease	**Balance as at the end of the period**
I. Salaries, bonuses, allowances and subsidies	13,132,354.57	77,144,911.83	77,470,743.22	**12,806,231.72**
II. Employee bonus and welfare fund	3,001,223.35	3,675,829.49	3,675,829.49	**3,001,223.35**
III. Social insurance	–	10,048,125.40	10,045,946.58	**2,178.82**
Including: Medical and maternity insurance	–	9,693,166.63	9,690,987.81	**2,178.82**
Work injury insurance	–	354,958.77	354,958.77	**–**
Others	–	–	–	**–**
IV. Housing fund	–	9,082,858.00	9,082,858.00	**–**
V. Union fund and employee education fund	551,930.87	1,658,911.64	1,704,841.13	**506,001.38**
VI. Short-term paid leaves	–	–	–	**–**
VII. Short-term profit sharing scheme	–	–	–	**–**
VIII. Other short-term remuneration	–	–	–	**–**
Total	16,685,508.79	101,610,636.36	101,980,218.42	**16,315,635.27**

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

(XX) Employee benefits payable *(continued)*

3. Defined contribution plan

Item	Balance as at the beginning of the period	Increase	Decrease	Balance as at the end of the period
I. Basic pension insurance	–	12,217,293.60	12,217,293.60	–
II. Unemployment insurance	–	381,809.33	381,809.33	–
III. Enterprise annuity contribution	–	–	–	–
Total	–	12,599,102.93	12,599,102.93	–

(XXI) Taxes and surcharges payable

Tax category	Balance as at the end of the period	Balance as at the beginning of the period
Value-added tax	**12,649,921.06**	2,254,277.53
Others	**439,849.99**	475,426.15
Total	**13,089,771.05**	2,729,703.68

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

(XXII) Other payables

Item	Balance as at the end of the period	Balance as at the beginning of the period
Interest payable	—	—
Dividends payable	**10,974,939.71**	10,974,939.71
Other payables	**11,736,395.44**	12,250,665.60
Total	**22,711,335.15**	23,225,605.31

1. Other payables

(1) Categorized by nature

Item	Balance as at the end of the period	Balance as at the beginning of the period
Payables to related parties	**2,184,092.77**	1,912,399.24
Accrued expenses	**2,934,210.26**	2,587,909.55
Others	**6,618,092.41**	7,750,356.81
Total	**11,736,395.44**	12,250,665.60

(XXIII) Non-current liabilities due within one year

Category	Balance as at the end of the period	Balance as at the beginning of the period
Lease liabilities due within one year	**561,501.65**	1,214,547.60
Total	**561,501.65**	1,214,547.60

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

(XXIV) Other current liabilities

Item	Balance as at the end of the period	Balance as at the beginning of the period
Output tax to be transferred	**21,906,223.88**	25,351,571.39
Total	**21,906,223.88**	25,351,571.39

(XXV) Lease liabilities

Item	Balance as at the end of the period	Balance as at the beginning of the period
Lease payments	**575,948.14**	1,846,551.95
Less: Unrecognised finance charges expenses	**14,446.49**	70,502.18
Reclassified to non-current liabilities due within one year	**561,501.65**	1,214,547.60
Net lease liabilities	**–**	561,502.17

(XXVI) Deferred income

Item	Balance as at the beginning of the period	Increase	Decrease	Balance as at the end of the period
Government grants	103,356,380.07	4,450,000.00	5,634,151.56	**102,172,228.51**
Total	103,356,380.07	4,450,000.00	5,634,151.56	**102,172,228.51**

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

(XXVI) Deferred income *(continued)*

Government grants

Item	Category	Balance as at the beginning of the period	Amount of new grants	Amount included in profit or loss	Returned Amount	Other changes	Balance as at the end of the period
河畔星城 medium pressure pipeline	Relevant to asset	2,352,948.66	–	180,999.00	–	–	2,171,949.66
富力桃園 large-scale supporting facilities	Relevant to asset	1,766,679.15	–	468,886.44	–	–	1,297,792.71
Old pipeline reconstruction	Relevant to asset	76,689,137.23	–	4,406,312.52	–	–	72,282,824.71
鄱陽南路睿思路 medium pressure pipeline	Relevant to asset	1,736,200.70	–	99,042.60	–	–	1,637,158.10
Indoor hidden danger rectification project	Relevant to asset	8,986,347.66	–	478,911.00	–	–	8,507,436.66
Gas pipeline renovation and upgrading project	Relevant to asset	5,421,866.67	–	–	–	–	5,421,866.67
Gas riser\facility upgrading project	Relevant to asset	1,203,200.00	4,450,000.00	–	–	–	5,653,200.00
Indoor gas riser renovation and upgrading project in old districts	Relevant to asset	5,200,000.00	–	–	–	–	5,200,000.00
Total		103,356,380.07	4,450,000.00	5,634,151.56	–	–	102,172,228.51

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

(XXVII) Share capital

Name of investors	Balance as at the beginning of the period		Increase	Decrease	Balance as at the end of the period	
	Investment amount	Percentage (%)			Investment amount	Percentage (%)
津燃華潤燃氣有限公司	129,754,780.00	70.54	–	–	**129,754,780.00**	**70.54**
Public shares	50,006,000.00	27.19	–	–	**50,006,000.00**	**27.19**
Tang Jie	4,170,000.00	2.27	–	–	**4,170,000.00**	**2.27**
Total	183,930,780.00	100.00	–	–	**183,930,780.00**	**100.00**

(XXVIII) Capital reserve

Item	Balance as at the beginning of the period	Increase	Decrease	Balance as at the end of the period
I. Capital (or Share) premium	788,701,906.45	–	–	**788,701,906.45**
II. Others	1,630,445.73	–	–	**1,630,445.73**
Total	790,332,352.18	–	–	**790,332,352.18**

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

(XXIX) Specialised reserve

Item	Balance as at the beginning of the period	Increase	Decrease	**Balance as at the end of the period**	Notes
Safety production funds	3,014.70	8,577,981.91	8,580,900.40	**96.21**	–
Total	3,014.70	8,577,981.91	8,580,900.40	**96.21**	–

(XXX) Surplus reserve

Item	Balance as at the beginning of the period	Increase	Decrease	**Balance as at the end of the period**
Statutory surplus reserves	11,036,279.69	78,160,828.95	–	**89,197,108.64**
Discretionary surplus reserves	—	39,080,414.49	–	**39,080,414.49**
Reserve fund	78,160,828.95	–	78,160,828.95	**—**
Enterprise expansion fund	39,080,414.49	–	39,080,414.49	**—**
Total	128,277,523.13	117,241,243.44	117,241,243.44	**128,277,523.13**

Notes: On 27 June 2025, the Ministry of Finance of the People's Republic of China issued the Notice on Financial Treatment Issues after the Implementation of the Company Law and the Foreign Investment Law (Cai Zi [2025] No. 101), which stipulates relevant content regarding "treatment of balances of reserve fund, enterprise development fund, and staff incentive and welfare fund"; the balance of the reserve fund is transferred to the legal reserve for management and use, and the balance of the enterprise development fund is transferred to the discretionary reserve for management and use.

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

(XXXI) Retained earnings

Item	**Amount for the current period**	Amount for the last period
Balance at the end of last year	**281,802,899.37**	328,132,030.25
Opening adjustment amount	–	–
Balance at the beginning of the period	**281,802,899.37**	328,132,030.25
Increase for the current period	**-44,264,400.30**	-46,329,130.88
Including: Net profit transferred for the current period	**-44,264,400.30**	-46,329,130.88
Other adjustment factors	–	–
Decrease for the current period	–	–
Including: Extraction of surplus reserve for the current period	–	–
Extraction of general risk provisions for the current period	–	–
Distribution of cash dividend for the current period	–	–
Conversed capital	–	–
Other decreases	–	–
Balance as at the end of the period	**237,538,499.07**	281,802,899.37

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

(XXXII) Operating income and operating costs

Item	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Principal operations	1,592,047,529.31	1,613,579,884.43	1,595,278,614.93	1,628,041,790.88
Others	132.74	–	21,357.17	–
Total	1,592,047,662.05	1,613,579,884.43	1,595,299,972.10	1,628,041,790.88

1. Breakdown of operating income:

Item	Current period	Last period
Revenue from contracts with customers	1,591,835,591.40	1,595,288,971.18
Rental income	212,070.65	11,000.92
Total	1,592,047,662.05	1,595,299,972.10

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

Item	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Revenue recognised at a point in time	1,560,221,934.17	1,598,268,307.90	1,561,471,384.45	1,607,002,658.12
Sales of piped gas	1,558,259,386.83	1,597,342,885.86	1,559,157,167.04	1,606,854,475.11
Sales of gas appliances and others	1,962,547.34	925,422.04	2,314,217.41	148,183.01
Revenue recognised over time	31,825,727.88	15,311,576.53	33,828,587.65	21,039,132.76
Gas connection income	27,978,402.15	15,163,376.80	33,828,587.65	21,039,132.76
Service income	3,847,325.73	148,199.73	—	—
Total	1,592,047,662.05	1,613,579,884.43	1,595,299,972.10	1,628,041,790.88

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

(XXXII) Operating income and operating costs *(continued)*

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

Item	Current period	Last period
Sales of piped gas	**171,411,235.51**	125,341,355.78
Gas connection	**13,803,405.34**	7,387,027.03
Sales of gas appliances and others	**1,068,643.18**	—
Total	**186,283,284.03**	132,728,382.81

Notes:

1) Sales of piped gas: The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 to 180 days from delivery with respect to large scale industrial and commercial customers. For other customers, payment in advance is normally required.

2) Sales of gas appliances and others: The performance obligation is satisfied upon delivery of the products and payment in advance is normally required before delivering the products.

3) Gas connection: The performance obligation is satisfied over time as services are rendered and payment in advance is normally required before rendering the construction services.

4) Gas transportation: The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 to 180 days from the date of rendering the services.

5) As at 31 December 2024, the transaction price allocated to the remaining performance obligation was RMB243,402,485.38 (31 December 2024: RMB281,684,127.55) and the Company expects that this amount will be recognized as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

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

(XXXIII) Taxes and surcharges

Item	Current period	Last period
Property tax	**355,473.56**	378,094.76
Tenure tax	**375,196.30**	373,943.50
City maintenance and construction tax	**26,000.97**	250,210.41
Education supplementary tax	**11,087.72**	107,233.03
Local education surcharge	**7,484.39**	43,193.05
Others	**665,829.42**	582,177.32
Total	**1,441,072.36**	1,734,852.07

(XXXIV) Administrative expenses

Item	Current period	Last period
Employee remuneration	**22,452,356.41**	20,071,718.56
Depreciation and amortisation	**2,851,966.26**	2,861,222.29
Agency fees	**5,415,387.19**	5,670,455.64
Others	**3,017,485.12**	5,976,097.18
Total	**33,737,194.98**	34,579,493.67

Administrative expenses for 2025 included the auditors' remuneration of RMB1,037,735.85 (excluding tax) (2024: RMB1,037,735.85 (excluding tax)).

(XXXV) Finance costs

Item	Current period	Last period
Interest expenses	**56,055.69**	93,227.79
Less: Interest income	**11,733,703.47**	15,392,937.62
Exchange losses	**—**	—
Less: Exchange gains	**—**	—
Handling fee expenses	**265,450.18**	232,987.89
Total	**-11,412,197.60**	-15,066,721.94

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

(XXXVI) Other income

Item	Current period	Last period	Relating to assets/ Relating to revenue
Deferred income	**5,634,151.56**	5,428,605.37	Relating to assets
Individual income tax handling fee refund	**13,520.92**	26,302.57	Relating to revenue
Total	**5,647,672.48**	5,454,907.94	

(XXXVII) Investment income

Source of investment income	Current period	Last period
Gains from long-term equity investments under the equity method	**-296,569.93**	-292,204.55
Investment gains from the disposal of long-term equity investments	**-901,134.48**	—
Total	**-1,197,704.41**	-292,204.55

(XXXVIII) Credit impairment loss

Item	Current period	Last period
Bad debt loss	**-1,995,612.85**	-75,185.47
Total	**-1,995,612.85**	-75,185.47

(XXXIX) Asset impairment losses

Item	Current period	Last period
Investment properties impairment loss	**-338,227.28**	—
Fixed asset impairment loss	**-554,797.31**	—
Total	**-893,024.59**	—

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

(XL) Non-operating income

Item	Current period	Last period	Amount recognised in non-recurring profit and loss in the current period
Disposal of non-current assets	**109,861.70**	2,500,000.00	109,861.70
Others	**58,236.21**	39.50	58,236.21
Total	**168,097.91**	2,500,039.50	168,097.91

(XLI) Non-operating expenses

Item	Current period	Last period	Amount recognised in non-recurring profit and loss in the current period
Losses from spoilage and obsolescence of non-current assets	**934,207.33**	1,317,375.31	934,207.33
Late fees and fines	**5,342.96**	312.68	5,342.96
Others	**0.04**	7,365.93	0.04
Total	**939,550.33**	1,325,053.92	939,550.33

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

(XLII) Income tax expense

1. Income tax expense

Item	**Current period**	Last period
Current income tax expense		
Deferred income tax expense	**-189,943.02**	-1,631,087.83
Total	**-189,943.02**	-1,631,087.83

2. Reconciliation between accounting profit and income tax expenses

Item	Amount for the current period
Total profit	-44,508,413.91
Income tax expenses at statutory/applicable tax rates	-11,127,103.48
Effect of income not subject to tax	-74,142.48
Effect of non-deductible costs, expenses and losses	-1,299,345.91
Effect of deductible losses for which no deferred income tax asset was recognized in the prior period of use	—
Effect of deductible temporary differences or deductible losses for which deferred income tax assets are not recognized in the current period	12,310,648.85
Income tax expenses	-189,943.02

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

(XLIII) Earnings per share

Item	Current period RMB/Share	Last period RMB/Share
Basic earnings per share from continuing operations	**-0.024**	-0.025
Diluted earnings per share from continuing operations	**-0.024**	-0.025

The calculation of basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of the basic earnings per share and diluted earnings per share is as follows:

Item	Amount for the current period	Amount for the last period
Earning		
1. Net profit for the period attributable to ordinary shareholders of the Company	**-44,264,400.30**	-46,329,130.88
Shares		
2. Weighted average number of ordinary shares in issue of the Company	**1,839,307,800.00**	1,839,307,800.00

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

(XLIV) Consolidated statement of cash flows

1. Supplementary information to the statement of cash flows

Item	Current period	Last period
1. Adjustment of net profit to cash flows from operating activities:	—	—
Net profit	**-44,318,470.89**	-46,095,851.25
Add: Impairment loss on assets	**893,024.59**	—
Credit impairment loss	**1,995,612.85**	75,185.47
Depreciation of fixed assets, depreciation of oil and gas assets and depreciation of productive biological assets	**69,681,002.94**	65,895,455.82
Depreciation of right of use assets	**1,162,858.92**	1,115,955.81
Amortisation of intangible assets	**459,233.04**	482,471.54
Amortisation of long-term deferred expenses	**7,076,221.58**	228,012.77
Loss from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	—	—
Loss on scrap of fixed assets ("-" for gains)	**801,305.04**	1,317,375.31
Decrease in deferred income ("-" for gains)	**1,184,151.56**	-6,414,594.63
Loss on change of fair value ("-" for gains)	—	—
Finance costs ("-" for gains)	**56,055.69**	93,227.79
Investment loss ("-" for gains)	**1,197,704.41**	292,204.55
Decrease in deferred tax assets ("-" for increase)	**-189,943.02**	-1,631,087.83
Increase in deferred tax liabilities ("-" for decrease)	—	—
Decrease in inventories ("-" for increase)	**700,640.32**	355,014.03
Decrease in operating receivables ("-" for increase)	**-143,163,290.68**	30,779,903.15
Increase in operating payables ("-" for decrease)	**27,245,780.12**	-123,680,191.44
Others		
Cash flow generated from operating activities, net	**-75,218,113.53**	-77,186,918.91
2. Major investment and financing activities irrelevant to cash income and expenses:	—	—
3. Net movement in cash and cash equivalents:	—	—
Closing balance of cash	**519,058,229.61**	694,789,660.39
Less: Opening balance of cash	**694,789,660.39**	789,472,606.25
Add: Closing balance of cash equivalents	—	—
Less: Opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	**-175,731,430.78**	-94,682,945.86

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

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

2. Cash and cash equivalents

Item	Balance as at the end of the period	Balance as at the beginning of the period
I. Cash	**519,058,229.61**	694,789,660.39
Including: Cash on hand	**—**	—
Bank deposits available for payment at any time	**519,058,229.61**	694,789,660.39
II. Cash equivalents	**—**	—
Including: Bond investments maturing within three months	**—**	—
III. Balance of cash and cash equivalents at the end of the period	**519,058,229.61**	694,789,660.39
Including: Cash and cash equivalents with restricted use by the parent company or subsidiaries within the Group	**—**	—

3. Monetary funds that are not cash and cash equivalents

Item	Balance as at the end of the period	Balance as at the beginning of the period	Reason
Other monetary funds	**—**	134,142.02	Environmental impact assessment governance deposit
Total	**—**	134,142.02	—

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

(XLV) Lease

1. As the lessee

Item	Current period
Variable lease payments accounted for the cost of the underlying asset or current profit or loss that are not included in the measurement of lease liabilities	722,412.00
Including: the portion from sale and leaseback transaction	—
Short-term lease expenses accounted for the cost of the underlying asset or current profit or loss under the simplified approach	722,412.00
Low-value assets lease expenses accounted for the cost of the underlying asset or current profit or loss under the simplified approach (except for short-term lease expenses on low-value assets)	—
Total cash outflow for leases	2,056,546.00

2. As the lessor

(1) Operating lease

Item	Rental income	Including: variable lease payments not included in lease receivables
Lease of buildings	212,070.65	212,070.65
Total	212,070.65	212,070.65

VI. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Reduction in the scope of consolidation

Name of company	Equity disposal method	Time of equity disposal	Net assets on the date of disposal	Net profit from the beginning of the period to the date of disposal
貴州津維礦業投資有限公司	Bankruptcy liquidation	30 December 2025	-10,568,849.16	-450,588.25

Notes: On 15 January 2026, the Guiyang Intermediate People's Court of Guizhou Province issued announcement (2026) Qian 01 Po No. 3, which stated: according to the application of 貴州津維礦業投資有限公司，the court ruled to accept the bankruptcy liquidation case of 貴州津維礦業投資有限公司 on 30 December 2025, and designated Guizhou Zhiyuan Xinghong Certified Public Accountants Co., Ltd. (貴州致遠興宏會計師事務所有限公司) as the administrator of 貴州津維礦業投資有限公司.

VII. INTERESTS IN OTHER ENTITIES

(I) Interests in subsidiaries

1. Composition of corporation group

Name of subsidiaries	Principal place of business	Registered capital (RMB)	Place of registration	Nature of business	Proportion of shareholding (%) Direct	Proportion of shareholding (%) Indirect	Method of acquisition
天津天聯節能科技有限公司 (former name: 天津天聯投資有限公司)	Tianjin, the PRC	20 million	Tianjin, the PRC	Technology promotion and application services	100.00		Establishment

(II) Interests in joint ventures or associates

1. Main joint ventures and associates

Name of the joint venture and associate	Principal place of business	Registered capital (RMB)	Place of registration	Nature of business	Proportion of shareholding (%) Direct	Proportion of shareholding (%) Indirect	Accounting method of investment
天津市濱海燃氣有限公司	Tianjin, the PRC	7.2 million	Tianjin, the PRC	Gas sales and transportation	30.55		Equity method

The associate of the Company, 天津市濱海燃氣有限公司, is engaged in the sales and transportation of natural gas and is accounted for using the equity method. This investment is not strategic to the Company.

VII. INTERESTS IN OTHER ENTITIES *(continued)*

(II) Interests in joint ventures or associates *(continued)*

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

Item	Balance as at the end of the period/ Current period 天津市濱海燃氣有限公司	Balance as at the beginning of the period/Last period 天津市濱海燃氣有限公司
Current assets	135,771,462.93	133,438,064.79
Non-current assets	201,957,436.68	213,948,081.21
Total assets	337,728,899.61	347,386,146.00
Current liabilities	125,573,183.65	119,159,894.01
Non-current liabilities	49,430,226.54	64,520,440.39
Total liabilities	175,003,410.19	183,680,334.40
Net assets	162,725,489.42	163,705,811.60
Net assets portion based on shareholding	49,712,637.02	50,012,125.44
Adjustment	3,594,819.38	3,594,819.38
Carrying amount of equity investments in associates	53,307,456.40	53,606,944.82
Fair value of equity investments for which publicly quoted prices exist	—	—
Operating income	238,103,393.75	249,053,309.56
Net profit	-970,769.00	-956,479.69
Other comprehensive income	—	—
Total comprehensive income	-970,769.00	-956,479.69
Dividends received from associates during the period	—	—

VIII. RISKS RELATED TO FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (primarily interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(I) Classification of financial instruments

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

31 December 2025

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

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

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

(I) Classification of financial instruments *(continued)*

31 December 2024

Financial assets	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Total
Cash and bank balances	694,923,802.41	–	694,923,802.41
Accounts receivables	238,095,204.64	–	238,095,204.64
Receivables under financing	–	16,197,905.68	16,197,905.68
Other receivables	1,013,407.94	–	1,013,407.94
Total	934,032,414.99	16,197,905.68	950,230,320.67

Financial liabilities	Financial liabilities measured at amortised cost	Total
Trade payables	192,298,693.30	192,298,693.30
Other payables	23,225,605.31	23,225,605.31
Total	215,524,298.61	215,524,298.61

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

(II) Financial instrument risks

The Company faces various financial instrument risks in its daily activities, primarily including credit risk, liquidity risk, and market risk (including interest rate risk). The Company primary financial instruments include monetary funds, notes receivable, accounts receivable, receivables financing, other non-current assets, accounts payable, etc. The risks associated with these financial instruments and the risk management strategies the Company has adopted to mitigate these risks are described below.

The Board of Directors is responsible for planning and establishing the risk management framework of the Company, formulating the risk management policies and related guidelines of the Company, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly define specific risks and cover many aspects such as market risk, credit risk, and liquidity risk management. The Company regularly evaluates changes in the market environment and the operating activities of the Company to determine whether to update the risk management policies and systems.

The Company diversifies financial instrument risks through appropriate diversification of investments and business portfolios, and reduces the risk of concentration in any single industry, specific region, or specific counterparty by formulating corresponding risk management policies.

1. Market risk

Interest rate risk

The Company's interest rate risk is primarily related to bank deposits. Since the Company's bank deposits consist of demand deposits and fixed deposits with terms of over 3 months, the Company does not have significant interest rate risk.

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

(II) Financial instrument risks *(continued)*

2. Credit risk

Credit risk generally refers to the loss caused by the failure of a customer or counterparty to perform their contractual obligations.

The Company only conducts transactions with recognized and reputable third parties. In accordance with the Company's policies, credit reviews are required for all customers who request transactions on credit. Additionally, the Company continuously monitors accounts receivable balances to ensure that we do not face significant bad debt risk. For transactions not settled in the functional currency of the relevant operating unit, the Company does not provide credit terms unless specifically approved by the Company's credit control department.

Since the counterparties for cash and bank balances, bank acceptance bills receivable, and finance company acceptance bills receivable are banks and financial institutions with good reputations and high credit ratings, the credit risk of these financial instruments is low.

The Company's other financial assets include accounts receivable and other receivables. The credit risk of these financial assets arises from the default of the counterparties, and the maximum risk exposure is equal to the carrying amount of these instruments.

The maximum credit risk exposure faced by the Company on each balance sheet date is the total amount collected from customers less the amount of impairment provisions.

Since the Company only conducts transactions with recognized and reputable third parties, no collateral is required. Credit risk concentration is managed by customer/counterparty, geographical region, and industry. As of 31 December 2025, the Company had specific credit risk concentrations, as 62% (31 December 2024: 48%) and 86% (31 December 2024: 81%) of the Company's accounts receivables were derived from the largest and the top five customers in terms of accounts receivables balances, respectively. The Company does not hold any collateral or other credit enhancements for accounts receivables balances.

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

(II) Financial instrument risks *(continued)*

2. Credit risk *(continued)*

(1) Criteria for judging significant increase in credit risk

The Company assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition at each balance sheet date. When determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analysis based on the Company's historical data, external credit risk ratings, and forward-looking information. On the basis of individual financial instruments or portfolios of financial instruments with similar credit risk characteristics, the Company determines the changes in the risk of default occurring over the expected life of the financial instruments by comparing the risk of default occurring on the financial instrument at the balance sheet date with the risk of default occurring at the date of initial recognition.

The Company considers that the credit risk of a financial instrument has increased significantly when one or more of the following quantitative or qualitative criteria are triggered:

① Quantitative criteria primarily consist of the remaining life probability of default as at the reporting date increasing by more than a certain percentage compared to that at initial recognition;

② Qualitative criteria primarily consist of significant adverse changes in the debtor's operating or financial conditions, early warning customer lists, etc.

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

(II) Financial instrument risks *(continued)*

2. Credit risk *(continued)*

(2) Definition of credit-impaired financial assets

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

① Significant financial difficulty of the issuer or debtor;

② Debtors are in breach of contract, such as defaulting on interest or becoming overdue on interest or principal payments overdue;

③ The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;

④ It is becoming probable that the debtor will enter bankruptcy or other financial restructuring;

⑤ The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;

⑥ The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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

(3) Exposure to credit risk

The maximum credit risk exposure faced by the Company is the carrying amount of each financial asset in the balance sheet, and the Company has not provided any other guarantees that could expose the Company to credit risk.

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

(II) Financial instrument risks *(continued)*

3. Liquidity risk

Liquidity risk generally refers to the risk of experiencing a shortage of funds to meet obligations associated with financial liabilities, and liquidity refers to whether the asset has the ability to quickly realise without losing value. The liquidity of funds affects the ability of the Company to repay the maturing debt.

The Company's management monitors the liquidity risk of the Company on an ongoing basis to ensure the availability of sufficient cash and cash equivalents to meet operation needs and decrease the influence of cash flow fluctuations.

4. Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to maximise returns for shareholders and other stakeholders.

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or dispose of assets to settle the liabilities.

The Company's total capital refers to shareholders' equity listed in the statement of financial position. The Company is not subject to any externally imposed capital requirements and monitors capital using a gearing ratio.

The gearing ratios of the Company as at 31 December 2025 and 31 December 2024 were as follows:

Item	31 December 2025	31 December 2024
Gearing ratio	33.99%	31.87%

IX. FAIR VALUE

(I) Fair value measurement hierarchy

The level within which the results of the measurements at fair value fall depends on the lowest level of inputs that are significant to the measurement at fair value as a whole. The three levels of inputs are defined as:

Level 1 input: the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market;

Level 2 input: the direct or indirect observable input value of related assets or liabilities other than the Level 1 input value;

Level 3 input: the unobservable input value of related assets or liabilities.

(II) Analysis of assets and liabilities measured at fair value by fair value hierarchy

Item	**Balance as at the end of the period**		
	Level 1	**Level 2**	**Level 3**
Receivables under financing	–	**72,665,784.65**	–

Item	Balance as at the beginning of the period		
	Level 1	Level 2	Level 3
Receivables under financing	–	16,197,905.68	–

Management has assessed cash and bank balances, notes receivable, accounts receivables, other receivables, accounts payable, other payables, etc., at the end of the reporting period. As the remaining terms are not long, the fair value is similar to the carrying amount.

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

X. COMMITMENTS AND CONTINGENCIES

(I) Commitments

Item	31 December 2025	31 December 2024
Signed but not capital committed	**14,723,202.07**	19,083,103.24

(II) Contingencies

Nil.

XI. POST BALANCE SHEET EVENTS

Nil.

XII. OTHER SIGNIFICANT EVENTS

(I) Segment report

Operating segments

For management purposes, the Company is divided into business units based on products and services, and the Company has the following reportable segments:

(1) Sales of piped natural gas;

(2) Gas connection;

(3) Gas transportation;

(4) Sales of gas appliances and others;

(5) Gas pipeline rental.

Management manages the operating results of each business unit separately for the purpose of making decisions on resource allocation and performance evaluation. Segment performance is evaluated based on the reported segment profit. This indicator is adjusted from the total profit from continuing operations; it is consistent with the total profit from continuing operations of the Company, except that it excludes interest income, finance costs, dividend income, gains from changes in fair value of financial instruments, and head office expenses.

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(I) Segment report *(continued)*

Operating segments *(continued)*

2025

Item	Sales of piped gas	Gas connection	Sales of gas appliances and others	Total
Revenue from external parties	1,558,259,386.83	27,978,402.15	5,809,873.07	1,592,047,662.05
Segment business profit	-40,493,987.29	12,789,700.17	4,730,992.38	-22,973,294.74
Less: Administrative expenses	–	–	–	33,737,194.98
Finance costs	–	–	–	-11,412,197.60
Add: Other income	–	–	–	5,647,672.48
Investment income	–	–	–	-1,197,704.41
Credit impairment losses	–	–	–	-1,995,612.85
Asset impairment losses	–	–	–	-893,024.59
Add: Non-operating income	–	–	–	168,097.91
Less: Non-operating expenses	–	–	–	939,550.33
Total profit	–	–	–	-44,508,413.91

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(I) Segment report *(continued)*

Operating segments *(continued)*

2024

Item	Sales of piped gas	Gas connection	Sales of gas appliances and others	Total
Revenue from external parties	1,559,157,167.04	33,828,587.65	2,314,217.41	1,595,299,972.10
Segment business profit	-49,392,855.67	12,752,667.08	2,163,517.74	-34,476,670.85
Less: Administrative expenses	–	–	–	34,579,493.67
Finance costs	–	–	–	-15,066,721.94
Add: Other income	–	–	–	5,454,907.94
Investment income	–	–	–	-292,204.55
Credit impairment losses	–	–	–	-75,185.47
Add: Non-operating income	–	–	–	2,500,039.50
Less: Non-operating expenses	–	–	–	1,325,053.92
Total profit	–	–	–	-47,726,939.08

Information about products and services: for the operating revenue classified by category, please refer to Note V.(XXXII).

Geographical information: all the Company's operations and non-current assets are located in Mainland China; all of its revenue from external parties is generated from Mainland China.

Information about major customers: In 2025, RMB689,923,062.24 (2024: RMB652,759,853.78) of the Company's operating income (generated income reaching or exceeding 10% of the Company's income) was derived from income from a single customer (including all entities known to be under the control of that customer).

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(II) Remuneration of Directors and Senior Management

The remuneration of directors, supervisors and senior management for the year is disclosed as follows:

Item	2025	2024
Fees	**225,000.00**	275,000.00
Other emoluments:		
Salaries, allowances and non-cash benefits	**1,075,079.37**	1,325,188.50
Performance related bonuses	**731,382.00**	1,191,335.00
Pension scheme contributions	**245,280.48**	265,903.68
Total	**2,276,741.85**	3,057,427.18

1. Independent Non-executive Directors

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

Person	2025	2024
Zhang Ying Hua (Note 1)	–	25,000.00
Yu Jian Jun	**50,000.00**	50,000.00
Guo Jia Li (Note 1)	–	25,000.00
Ji Xuefeng (Note 1)	**50,000.00**	25,000.00
Bai Mo (Note 1)	–	–
Total	**100,000.00**	125,000.00

Note 1: Mr. Zhang Ying Hua and Mr. Guo Jia Li ceased to serve as Independent Non-executive Directors of the Group on 27 June 2024. On 27 June 2024, Ms. Ji Xuefeng and Mr. Bai Mo were appointed as Independent Non-executive Directors of the Group to fill the vacancies.

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(II) Remuneration of Directors and Senior Management *(continued)*

2. Executive Directors, Non-executive Directors, Senior Management and Supervisors

2025

Person	Remuneration	Salaries, allowances, and non-cash benefits	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive Directors:					
Wang Cong (Note 1&7)	–	–	–	–	–
Tang Jie	50,000.00	–	–	–	50,000.00
Sun Liangchuan (Note 5)	–	229,125.84	155,616.00	48,391.20	433,133.04
Sub-total	50,000.00	229,125.84	155,616.00	48,391.20	483,133.04
Employee Director:					
Yan Ying (Note 10)	–	196,735.84	124,593.00	48,391.20	369,720.04
Sub-total	–	196,735.84	124,593.00	48,391.20	369,720.04
Non-executive Directors:					
Zhang Jinghan (Note 6)	–	–	–	–	–
Sha Caiping (Note 2&9)	–	–	–	–	–
Yang Zufeng (Note 9&10)	–	–	–	–	–
Sub-total	–	–	–	–	–
Supervisors:					
Hao Yunhe (Note 8&12)	–	–	–	–	–
Zhang Tingting (Note 12)	–	132,935.56	99,356.00	28,350.72	260,642.28
Liu Zhi Yuan (Note 12)	37,500.00	–	–	–	37,500.00
Bian Hong (Note 4&12)	37,500.00	–	–	–	37,500.00
You Hui Yan (Note 12)	–	125,132.90	99,856.00	27,131.04	252,119.94
Xu Hui (Note 4)	–	–	–	–	–
Sub-total	75,000.00	258,068.46	199,212.00	55,481.76	587,762.22
Other senior managers	–	391,149.23	251,961.00	93,016.32	736,126.55
Total	125,000.00	1,075,079.37	731,382.00	245,280.48	2,176,741.85

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(II) Remuneration of Directors and Senior Management *(continued)*

2. Executive Directors, Non-executive Directors, Senior Management and Supervisors *(continued)*

2024

Person	Remuneration	Salaries, allowances, and non-cash benefits	Performance related bonuses	Pension scheme contributions	Total remuneration
Executive Directors:					
Wang Cong (Note 1&7)	–	–	–	–	–
Tang Jie	50,000.00	–	–	–	50,000.00
Sun Liangchuan (Note 5)	–	262,795.02	296.876.00	46.659.84	606,330.86
Sub-total	50,000.00	–	–	–	656.330.86
Non-executive Directors:					
Zhang Jinghan (Note 6)	–	–	–	–	–
Sha Caiping (Note 2&9)	–	–	–	–	–
Yang Zufeng (Note 2&9)	–	–	–	–	–
Sub-total	–	–	–	–	–
Supervisors:					
Hao Yunhe (Note 8)	–	–	–	–	–
Zhang Tingting	–	160,412.40	129,680.00	38,158.08	328,250.48
Liu Zhi Yuan	50,000.00	–	–	–	50,000.00
Bian Hong (Note 4)	25,000.00	–	–	–	25,000.00
You Hui Yan	–	148,625.64	128,870.00	36,453.12	313,948.76
Xu Hui (Note 4)	25,000.00	–	–	–	25,000.00
Sub-total	100,000.00	309,038.04	258,550.00	74,611.20	742,199.24
Other senior managers	–	753,355.44	635.909.00	144.632.64	1.533.897.08
Total	150,000.00	1.325,188.50	1.191.335.00	265,903.68	2.932.427.18

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(II) Remuneration of Directors and Senior Management *(continued)*

2. Executive Directors, Non-executive Directors, Senior Management and Supervisors *(continued)*

Note 1: Mr. Chen Tao ceased to serve as Chairman of the Company on 19 February 2024. On the same date, Mr. Wang Cong was appointed as Chairman of the Company to fill the vacancy.

Note 2: Ms. Wu Fang and Ms. Guan Na ceased to serve as Non-executive Directors of the Company on 27 June 2024. On the same date Ms. Sha Caiping and Mr. Yang Zufeng were appointed as Non-executive Directors of the Company to fill the vacancies.

Note 3: Mr. Xu Peng ceased to serve as Supervisor of the Company on 14 March 2025. On 14 March 2025, Ms. Hao Yunhe was appointed as Supervisor of the Company to fill the vacancy.

Note 4: Ms. Xu Hui ceased to serve as Supervisor of the Company on 27 June 2024. On 27 June 2024, Mr. Bian Hong was appointed as Supervisor of the Company to fill the vacancy.

Note 5: This Director has waived remuneration since 29 June 2020.

Note 6: These Directors have waived remuneration since 1 August 2022.

Note 7: This Director has waived remuneration since 19 February 2024.

Note 8: This Director has waived remuneration since 27 June 2024.

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

Note 10: Mr. Yang Zufeng resigned from the position of non-executive director of the Company on 31 December 2025.

Note 11: Ms. Yan Ying was appointed to the position of employee director of the Company on 31 December 2025.

Note 12: Starting from 29 September 2025, the Board of Supervisors and supervisor positions were abolished. Ms. Hao Yunhe no longer serves as shareholder representative supervisor; Mr. Liu Zhi Yuan and Mr. Bian Hong no longer serve as independent supervisors; Ms. You Hui Yan and Ms. Zhang Tingting no longer serve as employee representative supervisors.

XII. OTHER SIGNIFICANT EVENTS *(continued)*

(II) Remuneration of Directors and Senior Management *(continued)*

3. Top five highest-paid employees

The five highest paid employees during the year included two directors (2024: one director), details of whose remuneration are set out in Note XII(II)2. Details of remunerations for the year of the remaining three (2024: four) highest paid employees who are not a director or supervisor are as follows:

Item	2025	2024
Salaries, allowances, and non-cash benefits	**531,998.22**	716,406.84
Performance related bonuses	**413,818.00**	715,252.00
Pension scheme contributions	**123,559.68**	148,737.60
Total	**1,069,375.90**	1,580,396.44

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following band is as follows:

Person	2025	2024
Nil to HK$1,000,000	**3**	4
Total	**3**	4

(III) Other matters

On 7 February 2024, the Company entered into a city gas supply contract with Jinran China Resources Gas Co., Ltd. with a performance term from 1 April 2024 to 31 March 2027. According to the agreement, the annual caps for the gas transaction amounts are: RMB1,326,000,000 (including tax) for the year ended 31 December 2024; RMB2,282,000,000 (including tax) for the year ended 31 December 2025; RMB2,473,000,000 (including tax) for the year ending 31 December 2026; and RMB992,000,000 (including tax) for the year ending 31 March 2027.

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(I) Parent company

Name	Place of registration	Nature of business	Registered capital (RMB)	Proportion of shareholding (%)	Proportion of votes (%)
Jinran China Resources Gas Co., Ltd.	Tianjin, the PRC	Operation of gas; various types of engineering construction activities; installation and repair of gas-fired appliance etc.	5 billion	70.5454%	70.5454%

(II) Subsidiaries

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

(III) Associate and joint venture

Major associates and joint venture are detailed in Note “VII. Interests in other Entities”.

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(IV) Other related parties

Name of other related parties	Relationship with other related parties
天津濱海中油燃氣有限責任公司	A subsidiary of the controlling shareholder
天津市聯益燃氣配套工程有限責任公司	A subsidiary of the controlling shareholder
天津市燃氣熱力規劃設計研究院有限公司	A subsidiary of the controlling shareholder
天津市液化氣工程有限公司	A subsidiary of the controlling shareholder
天津市裕民燃氣表具有限公司	A subsidiary of the controlling shareholder
天津市允孚燃氣科貿有限公司	A subsidiary of the controlling shareholder
天津市眾元天然氣工程有限公司	A subsidiary of the controlling shareholder
天津濱燃管網建設有限公司	A sub subsidiary of the controlling shareholder
天津泰華燃氣有限公司	A sub subsidiary of the controlling shareholder
天津市罡世燃氣科工貿發展有限公司	A sub subsidiary of the controlling shareholder
天津市燃氣集團有限公司	The investor who exercise joint control over the controlling shareholder
華潤燃氣(鄭州)市政設計研究院有限公司	A subsidiary of the investor who exercise joint control over the controlling shareholder
天津市熱力有限公司	A subsidiary of the investor who exercise joint control over the controlling shareholder
天津市津燃置業投資有限公司	A subsidiary of the investor who exercise joint control over the controlling shareholder
天津市液化氣有限責任公司	A sub subsidiary of the investor who exercise joint control over the controlling shareholder
天津能源投資集團有限公司	The ultimate controller of the investor who exercise joint control over the controlling shareholder
天津能源投資集團科技有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津市津能投資有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津市津能工程管理有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津市熱電有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder
天津華潤萬家生活超市有限公司	A subsidiary of the ultimate controller of the investor who exercise joint control over the controlling shareholder

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(V) Related party transactions

1. Related party transactions in relation to sales and purchase of goods and services

(1) Purchase of goods and services between related parties

Name	Details of related party transaction	Current period	Last period
津燃華潤燃氣有限公司	Purchase of piped gas	**1,393,775,650.44**	1,408,661,166.79
天津市液化氣工程有限公司	Engineering construction services	**194,872.48**	1,737,299.31
天津市聯益燃氣配套工程有限責任公司	Engineering construction services	**13,024.23**	4,047,801.85
天津市眾元天然氣工程有限公司	Engineering construction services	**27,219,988.06**	26,253,043.03
天津市允孚燃氣科貿有限公司	Procurement of engineering materials	**3,946,958.31**	192,551.32
天津市裕民燃氣表具有限公司	Purchase of gas meters	**213,860.97**	331,409.78
天津市熱力有限公司	Heating fees	**105,548.62**	–
天津市熱電有限公司	Heat supply	**6,210.40**	–
天津市燃氣集團有限公司	Utility fees	**51,128.45**	–
天津市津燃置業投資有限公司	Property management fees	**765,292.58**	362,405.66
天津市津燃置業投資有限公司	Property leasing services	**1,268,519.86**	1,395,349.83
天津市津能工程管理有限公司	Engineering construction services	**595,938.71**	153,757.80
天津能源投資集團科技有限公司	Relocation of extra-low voltage systems	**103,279.63**	–
天津市燃氣熱力規劃設計研究院有限公司	Design fees	**909,971.98**	956,559.38
天津市罡世燃氣科工貿發展有限公司	Procurement of materials	**1,376,265.00**	–
Total		**1,430,546,509.72**	1,444,091,344.75

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

(V) Related party transactions *(continued)*

1. Related party transactions in relation to sales and purchase of goods and services *(continued)*

(2) Sales of goods and services between related parties

Name of related parties	Details of related party transaction	Current period	Last period
津燃華潤燃氣有限公司	Sales of piped gas	–	1,306,765.00
天津市眾元天然氣工程有限公司	Engineering construction services	**1,934,463.76**	584,637.36
天津市眾元天然氣工程有限公司	Rental services	**50,212.85**	11,000.92
天津濱燃管網建設有限公司	Sales of piped gas	**330,869,132.03**	282,344,246.88
天津市熱力有限公司	Sales of piped gas	**387,003.69**	321,350.52
天津濱海中油燃氣有限責任公司	Sales of piped gas	**290,491.38**	151,424.44
天津市津能投資有限公司	Sales of piped gas	**22,185.12**	–
天津華潤萬家生活超市有限公司	Sales of piped gas	**606,721.37**	536,791.32
天津市液化氣工程有限公司	Sales of piped gas	**19,416.03**	–
天津市液化氣工程有限公司	Consultation services	–	723,426.00
Total		**334,179,626.23**	285,979,642.44

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(V) Related party transactions *(continued)*

2. Lease

Lessor	Lessee	Assets leased	Rent	Start date	End date	Rental income	Rental income basis
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Property	599,417.00	2023/1/1	2025/12/31	–	Lease contract
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Property	575,948.57	2024/1/1	2026/12/31	–	Lease contract
天津市液化氣有限責任公司	Tianjin Jinran Public Utilities Company Limited	Property	233,142.88	2025/1/1	2025/12/31	–	Lease contract
天津市津燃置業投資有限公司	Tianjin Jinran Public Utilities Company Limited	Property	93,154.29	2024/4/1	2025/3/31	–	Lease contract
天津津燃公用事業股份有限公司	天津濱海中油燃氣有限責任公司	Property	–	2025/10/15	2026/10/14	161,857.80	Lease contract
天津津燃公用事業股份有限公司集寧分公司	天津市眾元天然氣工程有限公司	Property	50,212.85	2023/10/17	2025/10/16	50,212.85	Lease contract

3. Other related party transactions

The status of the Company's deposits with Tianjin Energy Group Finance Company Limited (hereinafter referred to as the "Finance Company") is as follows:

As of 31 December 2025, the balance of the Company's deposits with the Finance Company was RMB1,000,000.00 (two-year fixed deposit), and the interest income from deposits with the Finance Company in 2025 was RMB0.00; (As at 31 December 2024, the balance of the Company's deposits with the Finance Company was RMB0.00, and the interest income from deposits with the Finance Company in 2024 was RMB0.00);

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(VI) Amounts due from or due to related parties

1. Receivables

Item	Related parties	Balance as at the end of the period		Balance as at the beginning of the period	
		Gross carrying amount	Provision for bad debts	Gross carrying amount	Provision for bad debts
Accounts receivables	天津濱燃管網建設有限公司	212,455,084.27	–	120,356,145.39	–
Accounts receivables	天津濱海中油燃氣有限責任公司	177,940.69	–	299.11	–
Accounts receivables	津燃華潤燃氣有限公司	206,705.99	–	206,705.99	–
Prepayments	天津市熱力有限公司	–	–	87,636.00	–
Prepayments	天津市津燃置業投資有限公司	23,288.57	–	–	–
Other receivables	津燃華潤燃氣有限公司	535,025.23	–	583,643.33	–
Total		213,398,044.75	–	121,234,429.82	–

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

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

2. Payables

Item	Related parties	Balance as at the end of the period	Balance as at the beginning of the period
Accounts payables	津燃華潤燃氣有限公司	**151,171,888.70**	54,834,004.83
Accounts payables	天津市聯益燃氣配套工程有限責任公司	**11,869,396.86**	11,922,855.37
Accounts payables	天津市液化氣工程有限公司	**6,586,266.08**	9,881,217.11
Accounts payables	天津市眾元天然氣工程有限公司	**37,557,987.95**	29,241,806.78
Accounts payables	天津市裕民燃氣表具有限公司	**3,599,276.95**	11,695,915.26
Accounts payables	天津市罡世燃氣科工貿發展有限公司	**6,632,246.20**	5,655,781.20
Accounts payables	天津市燃氣熱力規劃設計研究院有限公司	**4,526,598.56**	4,620,452.25
Accounts payables	華潤燃氣(鄭州)市政設計研究院有限公司	**137,659.50**	668,189.50
Accounts payables	天津市津能工程管理有限公司	**–**	160,355.45
Accounts payables	天津能源投資集團科技有限公司	**122,589.62**	62,404.19
Accounts payables	天津市允孚燃氣科貿有限公司	**3,702,727.13**	393,471.13
Accounts payables	天津華潤萬家生活超市有限公司	**–**	5,655.00
Other payables	天津市眾元天然氣工程有限公司	**168,725.56**	118,651.00
Other payables	天津市裕民燃氣表具有限公司	**1,179,986.80**	884,161.65
Other payables	天津市允孚燃氣科貿有限公司	**70,816.68**	7,160.85
Other payables	天津市津燃置業投資有限公司	**692,571.44**	902,425.73
Other payables	天津市聯益燃氣配套工程有限責任公司	**23,070.56**	–
Other payables	天津市液化氣工程有限公司	**48,921.72**	–
Total		**228,090,730.31**	131,054,507.30

XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(continued)

(VII) Contract assets and contract liabilities of related parties

1. Contract liabilities

Related parties	Balance as at the end of the period	Balance as at the beginning of the period
天津市熱力有限公司	1,568,673.47	1,955,677.17
天津市液化氣工程有限公司	1,876.54	—
天津華潤萬家生活超市有限公司	90,450.09	288,100.87
天津濱海中油燃氣有限責任公司	111,378.40	86,028.04
天津市津能投資有限公司	9,067.12	3,729.30
天津泰華燃氣有限公司	804,461.15	804,461.15
Total	2,585,906.77	3,137,996.53

(VIII) Remuneration of key management

Item	Current period	Last period
Remuneration of key management	2,404,113.26	3,057,427.18

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

(I) Cash and bank balances

Item	Balance as at the end of the period	Balance as at the beginning of the period
Cash		
Cash at banks	**518,948,704.98**	694,754,472.94
Other cash and bank balances	—	—
Total	**518,948,704.98**	694,754,472.94

(II) Accounts receivables

1. Disclosure of accounts receivables by ageing

Accounts receivables usually have a credit period of 90-180 days and are non-interest-bearing.

The aging analysis of accounts receivables based on the date of service provision is as follows:

Age	Balance as at the end of the period	Balance as at the beginning of the period
Within 1 year		
Including: Within 6 months	**322,100,692.69**	237,554,586.27
7-12 months	**5,861.40**	108,913.62
Subtotal within 1 year	**322,106,554.09**	237,663,499.89
1 to 2 years	**6,652,957.88**	519,376.99
2 to 3 years	**422,774.30**	975.00
Over 3 years	**11,642,852.29**	11,741,877.29
Subtotal	**340,825,138.56**	249,925,729.17
Less: Provision for bad debts	**13,826,137.38**	11,830,524.53
Total	**326,999,001.18**	238,095,204.64

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

(II) Accounts receivables *(continued)*

2. Disclosure of accounts receivables by classification of provision method for bad debts

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

Category	Balance as at the beginning of the period				
	Gross carrying amount		Provision for bad debts		Carrying amount
	Amount	Percentage (%)	Amount	Expected credit loss rate/accruing percentage (%)	
Accounts receivables for which provision for bad debts is made on an individual basis	11,776,398.25	4.71	11,776,398.25	100.00	–
Accounts receivables for which provision for bad debts is made by credit risk characteristic group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Including: Ageing group	238,149,330.92	95.29	54,126.28	0.02	238,095,204.64
Other groups	–	–	–	–	–
Total	249,925,729.17	100.00	11,830,524.53	–	238,095,204.64

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

(II) Accounts receivables *(continued)*

2. Disclosure of accounts receivables by classification of provision method for bad debts *(continued)*

Accounts receivables for which provision for bad debts is made by credit risk characteristic Group

(1) Ageing group

Age	Balance as at the end of the period			Balance as at the beginning of the period		
	Gross carrying amount	Provision for bad debts	Percentage (%)	Gross carrying amount	Provision for bad debts	Percentage (%)
1 to 6 months	322,100,692.69	–	–	237,554,586.27	–	–
6 months to 1 year	5,861.40	293.07	5.00	108,913.62	5,445.68	5.00
1 to 2 years	5,090,613.88	509,061.39	10.00	484,856.03	48,485.60	10.00
2 to 3 years	388,253.34	77,650.67	20.00	975.00	195.00	20.00
Over 3 years	975.00	390.00	40.00	–	–	–
Total	327,586,396.31	587,395.13	0.18	238,149,330.92	54,126.28	0.02

3. Provision for bad debts

Category	Balance as at the beginning of the period	Changes during the current period				Balance as at the end of the period
		Provision	Recovery or reversal	Write-off	Other changes	
Individual	11,776,398.25	1,562,344.00	100,000.00	–	–	13,238,742.25
Group	54,126.28	533,268.85	–	–	–	587,395.13
Including: Aging group	54,126.28	533,268.85	–	–	–	587,395.13
Total	11,830,524.53	2,095,612.85	100,000.00	–	–	13,826,137.38

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

(II) Accounts receivables *(continued)*

4. Top five accounts receivables and contract assets by closing balance of debtors

Company Name	Accounts receivables closing balance	Contract assets closing balance	Accounts receivables and contract assets closing balance	Proportion to the total closing balance of accounts receivables and contract assets (%)	Provision for bad debts closing balance
Customer A	**212,455,084.27**	**–**	**212,455,084.27**	62.34	–
Customer B	**42,549,250.56**	**–**	**42,549,250.56**	12.48	–
Customer C	**17,341,483.08**	**–**	**17,341,483.08**	5.09	–
Customer D	**11,560,353.93**	**–**	**11,560,353.93**	3.39	–
Customer E	**7,581,615.57**	**–**	**7,581,615.57**	2.22	–
Total	**291,487,787.41**	**–**	**291,487,787.41**	85.52	–

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

(III) Other receivables

Item	**Balance as at the end of the period**	Balance as at the beginning of the period
Interest receivables	—	—
Dividend receivables	—	—
Other receivables	**5,970,729.18**	5,584,136.51
Total	**5,970,729.18**	5,584,136.51

1. Other receivables

(1) Disclosure of other receivables by ageing

Age	**Balance as at the end of the period**	Balance as at the beginning of the period
Within 1 year	**1,093,669.83**	1,145,786.87
1 to 2 years	**446,799.71**	1,513,670.71
2 to 3 years	**1,505,580.71**	1,523,150.67
Over 3 years	**5,413,620.22**	3,890,469.55
Subtotal	**8,459,670.47**	8,073,077.80
Less: Provision for bad debts	**2,488,941.29**	2,488,941.29
Total	**5,970,729.18**	5,584,136.51

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

(III) Other receivables *(continued)*

1. Other receivables *(continued)*

(2) Categorized by nature

Nature of payment	Balance as at the end of the period	Balance as at the beginning of the period
Inter-company balance	**2,381,793.80**	2,906,507.08
Employees' borrowings	**144,873.83**	181,095.08
Deposits and others	**5,933,002.84**	4,985,475.64
Subtotal	**8,459,670.47**	8,073,077.80
Less: Provision for bad debts	**2,488,941.29**	2,488,941.29
Total	**5,970,729.18**	5,584,136.51

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

(III) Other receivables *(continued)*

1. Other receivables *(continued)*

(3) Provision for bad debts

Provision for bad debts	Stage 1 Expected credit losses over the next 12 months	Stage 2 Lifetime expected credit losses (no credit impairment has occurred)	Stage 3 Lifetime expected credit losses (credit impairment has occurred)	Total
Balance as at 1 January 2025	–	–	2,488,941.29	2,488,941.29
Balance as at 1 January 2025 in the current period	–	–	–	–
– Transfer to Stage 2	–	–	–	–
– Transfer to Stage 3	–	–	–	–
– Transfer back to Stage 2	–	–	–	–
– Transfer back to Stage 1	–	–	–	–
Provision for the current period	–	–	–	–
Reversal during the current period	–	–	–	–
Carry over during the current period	–	–	–	–
Write-off during the current period	–	–	–	–
Other changes	–	–	–	–
Balance as at 31 December 2025	–	–	2,488,941.29	2,488,941.29

(4) Provision for bad debts

Category	Balance as at the beginning of the period	Change in the current period: Provision	Recovery or reversal	Write-off or carry-over	Other changes	Balance as at the end of the period
Individual	2,488,941.29	–	–	–	–	2,488,941.29
Total	2,488,941.29	–	–	–	–	2,488,941.29

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

(IV) Long-term equity investments

Item	Balance as at the end of the period			Balance as at the beginning of the period		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Investments in subsidiaries	20,000,000.00	20,000,000.00	–	20,000,000.00	20,000,000.00	–
Investments in associates	53,307,456.40	–	53,307,456.40	53,606,944.82	–	53,606,944.82
Total	73,307,456.40	20,000,000.00	53,307,456.40	73,606,944.82	20,000,000.00	53,606,944.82

1. Long-term equity investments

(1) Investments in subsidiaries

Investee	Balance as at the beginning of the period (carrying amount)	Opening balance of provision for impairment	Movements during the period				Balance as at the end of the period (carrying amount)	Closing balance of provision for impairment
			Increase in investment	Decrease in investment	Provision for impairment	Others		
天津天聯節能科技有限公司	–	20,000,000.00	–	–	–	–	–	20,000,000.00
Total	–	20,000,000.00	–	–	–	–	–	20,000,000.00

(2) Investments in associates

Investee	Balance as at the beginning of the period	Movements during the period								Balance as at the end of the period	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
I. Associate											
天津市濱海燃氣有限公司	53,606,944.82	–	–	-296,569.93	–	-2,918.49	–	–	–	53,307,456.40	–
Total	53,606,944.82	–	–	-296,569.93	–	-2,918.49	–	–	–	53,307,456.40	–

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

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

3. Principal financial information of significant associates

Item	Current period 天津市濱海燃氣有限公司	Last period 天津市濱海燃氣有限公司
Current assets	**135,771,462.93**	133,438,064.79
Non-current assets	**201,957,436.68**	213,948,081.21
Total assets	**337,728,899.61**	347,386,146.00
Current liabilities	**125,573,183.65**	119,159,894.01
Non-current liabilities	**49,430,226.54**	64,520,440.39
Total liabilities	**175,003,410.19**	183,680,334.40
Net assets	**162,725,489.42**	163,705,811.60
Net assets portion based on shareholding	**49,712,637.02**	50,012,125.44
Adjustment	**3,594,819.38**	3,594,819.38
Book value of equity investments in associates	**53,307,456.40**	53,606,944.82
Fair value of equity investments for which publicly quoted prices exist	**—**	—
Revenue	**238,103,393.75**	249,053,309.56
Net profit	**-970,769.00**	-956,479.69
Other comprehensive income	**—**	—
Total comprehensive income	**-970,769.00**	-956,479.69
Dividends received by the enterprise from associates for the period	**—**	—

(V) Fixed assets

Item	Balance as at the end of the period	Balance as at the beginning of the period
Fixed assets	**713,129,975.81**	756,017,471.33
Disposal of fixed assets	**4,441.88**	35,668.26
Total	**713,134,417.69**	756,053,139.59

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

(V) Fixed assets *(continued)*

1. Details of fixed assets

Item	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Total
I. Original carrying amount						
1. Balance as at the beginning of the period	48,990,991.60	1,327,189,703.25	312,966,056.57	5,124,552.55	10,965,174.34	1,705,236,478.31
2. Increase	3,823,962.02	11,136,640.78	24,492,911.00	404,565.82	115,150.89	39,973,230.51
(1) Purchases	–	1,993,565.27	12,155,602.25	404,565.82	115,150.89	14,668,884.23
(2) Transferred in from construction in progress	3,823,962.02	9,143,075.51	12,337,308.75	–	–	25,304,346.28
3. Decrease	23,296,181.46	1,865,458.63	1,457,262.11	170,481.62	–	26,789,383.82
(1) Disposal or retirement	–	1,865,458.63	1,457,262.11	170,481.62	–	3,493,202.36
(2) Transfer to investment properties	23,296,181.46	–	–	–	–	23,296,181.46
4. Balance as at the end of the period	29,518,772.16	1,336,460,885.40	336,001,705.46	5,358,636.75	11,080,325.23	1,718,420,325.00
II. Accumulated depreciation						
1. Balance as at the beginning of the period	20,101,776.51	722,372,618.92	101,700,412.48	4,178,061.19	8,284,737.60	856,637,606.70
2. Increase	988,610.97	44,187,768.84	23,805,324.94	181,707.00	391,648.46	69,555,060.21
(1) Provision	988,610.97	44,187,768.84	23,805,324.94	181,707.00	391,648.46	69,555,060.21
3. Decrease	10,885,947.18	1,436,253.99	983,549.76	126,194.21	–	13,431,945.14
(1) Disposal or retirement	–	1,436,253.99	983,549.76	126,194.21	–	2,545,997.96
(2) Others	10,885,947.18	–	–	–	–	10,885,947.18
4. Balance as at the end of the period	10,204,440.30	765,124,133.77	124,522,187.66	4,233,573.98	8,676,386.06	912,760,721.77
III. Provision for impairment						
1. Balance as at the beginning of the period	606,570.17	64,012,501.98	27,593,342.15	56,102.03	312,883.95	92,581,400.28
2. Increase	554,797.31	–	–	–	–	554,797.31
(1) Provision	554,797.31	–	–	–	–	554,797.31
3. Decrease	606,570.17	–	–	–	–	606,570.17
(1) Disposal or retirement	–	–	–	–	–	–
(2) Others	606,570.17	–	–	–	–	606,570.17
4. Balance as at the end of the period	554,797.31	64,012,501.98	27,593,342.15	56,102.03	312,883.95	92,529,627.42
IV. Carrying amount						
1. Closing carrying amount	18,759,534.55	507,324,249.65	183,886,175.65	1,068,960.74	2,091,055.22	713,129,975.81
2. Opening carrying amount	28,282,644.92	540,804,582.35	183,672,301.94	890,389.33	2,367,552.79	756,017,471.33

Note: 1. For details on the provision for impairment of buildings, please refer to Note V. (X) Investment properties Note 1.

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

(V) Fixed assets *(continued)*

(2) Status of pending certificates of property ownership as at 31 December 2025

Item	Carrying amount	Reasons for pending certificates of property ownership
天成印象	1,562,085.00	In progress
Total	1,562,085.00	—

(3) Test in relation to provisions for impairment of fixed assets

In 2025, Jinran Public Utilities Company conducted a test on the recoverable amount of the relevant long-term asset group and found no impairment provision was required as the carrying amount was not higher than the recoverable amount. The recoverable amount of the asset group was determined based on the present value of estimated future cash flows, with a pre-tax discount rate of 7.21%. PAN-CHINA ASSETS APPRAISAL CO., LTD. assessed the recoverable amount of the relevant long-term asset group and issued the Appraisal Report on the Relevant Long-term Asset Group Related to Impairment Test of Tianjin Jinran Public Utilities Co., Ltd. (Tianxingping bao zi [2026] No. 0261) on 27 March 2026.

(VI) Operating income and operating costs

Item	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Principal operations	**1,592,047,529.31**	**1,613,579,884.43**	1,595,278,614.93	1,628,041,790.88
Other operations	**132.74**	**—**	21,357.17	—
Total	**1,592,047,662.05**	**1,613,579,884.43**	1,595,299,972.10	1,628,041,790.88

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

(VI) Operating income and operating costs *(continued)*

1. Breakdown of operating income:

Item	Current period	Last period
Revenue from contracts with customers	**1,591,835,591.40**	1,595,288,971.18
Rental income	**212,070.65**	11,000.92
Total	**1,592,047,662.05**	1,595,299,972.10

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

Item	Current period		Last period	
	Revenue	Cost	Revenue	Cost
Revenue recognised at a point in time	**1,560,221,934.17**	**1,598,268,307.90**	1,561,471,384.45	1,607,002,658.12
Sales of piped gas	**1,558,259,386.83**	**1,597,342,885.86**	1,559,157,167.04	1,606,854,475.11
Sales of gas appliances and others	**1,962,547.34**	**925,422.04**	2,314,217.41	148,183.01
Revenue recognised over time	**31,825,727.88**	**15,311,576.53**	33,828,587.65	21,039,132.76
Gas connection	**27,978,402.15**	**15,163,376.80**	33,828,587.65	21,039,132.76
Service income	**3,847,325.73**	**148,199.73**	–	–
Total	**1,592,047,662.05**	**1,613,579,884.43**	1,595,299,972.10	1,628,041,790.88

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

(VI) Operating income and operating costs *(continued)*

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

Item	Current period	Last period
Sales of piped gas	**171,411,235.51**	125,341,355.78
Gas connection	**13,803,405.34**	7,387,027.03
Sales of gas appliances and others	**1,068,643.18**	—
Total	**186,283,284.03**	132,728,382.81

Notes:

1) Sales of piped gas: The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 to 180 days from delivery with respect to large scale industrial and commercial customers. For other customers, payment in advance is normally required.

2) Sales of gas appliances and others: The performance obligation is satisfied upon delivery of the products and payment in advance is normally required before delivering the products.

3) Gas connection: The performance obligation is satisfied over time as services are rendered and payment in advance is normally required before rendering the construction services.

4) Gas transportation: The performance obligation is satisfied over time as services are rendered and the payment is generally due within 90 to 180 days from the date of rendering the services.

5) As at 31 December 2025, the transaction price allocated to the remaining performance obligation was RMB243,402,485.38 (31 December 2024: RMB281,684,127.55) and the Company will recognise this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

1. Breakdown of investment income

Source of investment income	Current period	Last period
Profit from long-term equity investments under the equity method	**-296,569.93**	-292,204.55
Total	**-296,569.93**	-292,204.55

FIVE YEARS FINANCIAL SUMMARY

RESULTS

			Year ended 31 December		
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**1,592,048**	1,595,300	1,780,527	1,780,359	1,579,770
Net profit/(loss) for the year and total comprehensive income for the year	**(44,318)**	(46,096)	(155,195)	(68,432)	1,205
Net profit/(loss) for the year and total comprehensive income for the year attributable to shareholders of the Parent	**(44,264)**	(46,329)	(155,173)	(68,345)	1,432

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

			As at 31 December		
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	**1,015,141**	955,885	1,081,800	1,478,996	1,389,247
Non-current assets	**1,014,906**	1,074,863	1,095,598	1,024,310	956,127
Current liabilities	**587,795**	543,190	650,145	825,409	590,250
Non-current liabilities	**102,172**	103,918	97,520	92,418	101,466
Equity attributable to shareholders of the Parent	**1,340,079**	1,384,347	1,430,673	1,586,396	1,654,489