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天伦燃气
TIANLUN GAS

Tian Lun Gas Holdings Limited

天倫燃氣控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1600)

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

Highlights of results for the year ended 31 December 2024:

- Operating revenue was RMB7,781 million, basically the same as compared to the corresponding period of last year. Among them, revenue from gas sales increased by 5.9% to RMB6,514 million, and revenue from value-added services increased by 14.3% to RMB424 million.
- Total gas sales volume increased by 7.2% to 2,235 million m³.
- Installed over 250,000 households of urban gas residential users.
- Core profit was RMB434 million, it is recommended to pay final dividends of RMB9.79 cents per share for the year of 2024. In 2024, a cumulative dividend of RMB14.58 cents per share was paid and the dividend payout ratio increased to 33.0% of core profit.

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2024 together with the audited comparative figures for the corresponding period of last year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2024, the global economy remained complex and volatile. After overcoming a number of economic uncertainties, the world's major economies have begun to gradually enter the stage of economic recovery. Domestically, in 2024, which was 75th anniversary of the founding of the People's Republic of China and a critical year for realising the goals and tasks of the 14th Five-Year Plan, China has maintained relatively strong economic growth, despite the impact of global economic uncertainty. At this stage, China's leading position in the global energy transition is gradually being established with the expanding domestic demand market and the rapid development of the green economy and new energy industry.

In line with the development of new energy, Tian Lun Gas is facing new opportunities and challenges. We have made best efforts to carry out upgrade and modification of old gas pipelines and special rectification work for gas safety, with an aim to guard the safety bottom line, and protect the lives and property of the people. We have improved the household gas safety capacities through digital and intelligent management, so as to ensure the safety and stability of gas supply throughout the year, and achieve the "win-win" goal of reducing operating costs and improving service quality.

Strengthening the bottom line of safety, we have kept abreast with the policy opportunities. In 2024, urban renewal remained one of the most important means of stabilising investment and expanding domestic demand, and urban renewal policies were promoted nationwide. Based on the principle of working for the people, Tian Lun Gas has set up a special working leading group, launched regular inspections and monitoring, strengthened the supervision and management of the construction process, and actively promoted the construction of the project, committed to contributing to the upgrading of urban infrastructure, promoting the transformation of old urban areas and strengthening urban resilience.

We have strengthened the foundation of our main business and enhanced the development of our value-added business. In 2024, through practical and effective business strategies, Tian Lun Gas achieved a continuous increase in the contribution from its gas sales and value-added businesses. Under the current economic environment, the Company is shifting from scale expansion to high quality development, and increasing the proportion of revenue from gas sales and value-added business. This will not only enable Tian Lun Gas to achieve stable business revenue and cash flow in its subsequent development, but also provide it with greater resilience in the face of complex external environmental challenges, so that Tian Lun Gas can constantly strengthen and expand itself, with a high sense of responsibility to better serve the public and the industry, and strive for the realisation of high-quality development.

OUTLOOK

Looking ahead to 2025, despite the complex and volatile international landscape and the rising uncertainties, there are still favorable conditions and supporting factors for China's economic development. Next year is the concluding year of the 14th Five-Year Plan, and a series of major strategic tasks, reform initiatives and projects are taking effect, which will strongly support the stable and healthy development of the economy. Overall, the basic trend of China's economic recovery and long-term improvement remains unchanged.

Building up the foundation of our core business and increasing the gross profit of our gas sales business have become the key paths to sustainable development for Tian Lun Gas. Firstly, the Company will ensure the stability and safety of gas supply by optimising the management of gas sources, strengthening infrastructure construction and enhancing operational efficiency, so as to consolidate the core competitiveness of its main business. Secondly, for the main business of gas sales, the Company will conduct in-depth analysis of market demand, actively expand high-value customer groups such as industrial and commercial users, formulate differentiated gas marketing strategies and increase the proportion of high gross profit customers. In addition, Tian Lun Gas will optimise natural gas scheduling and resource allocation through digital management to reduce operating costs and further enhance profitability. Lastly, the Company will strengthen collaboration with its upstream and downstream partners to build a stable supply system to ensure the stability of gas supply and cost control.

Exploring the potential of existing users and boosting the development of value-added business is an important strategy for Tian Lun Gas to realise high-quality development in the competition in existing markets. Specifically, the Company will provide personalised value-added service solutions for different user groups through big data analysis and the creation of user profiles to accurately identify the gas consumption habits and potential needs of the existing users. In the marketing practice of value-added business, we will promote smart manufacturing products such as smart gas equipment and safety monitoring for household users to enhance user stickiness and satisfaction. We will provide energy management solutions for industrial and commercial users to help them reduce energy costs and enhance the depth of cooperation. By providing diversified value-added services to users, we will expand our sources of revenue and enhance the added value of our businesses while satisfying the diversified needs of users. In addition, Tian Lun Gas attaches great importance to service quality improvement, committed to enhancing users' trust and loyalty by establishing a highly efficient after-sales service system.

In 2025, we will continue to uphold the concept of green development, keep pace with the national energy strategy, fully grasp new market opportunities, actively follow up on national policies and promote the expansion of the business model of urban renewal and transformation of old buildings, in order to help enhance the safety and operational efficiency of urban gas infrastructure and provide users with safe, efficient and low-carbon energy solutions. In addition, we will strengthen our internal operation management, optimise the allocation of resources, enhance the efficiency of the execution of various types of business, in order to achieve sustainable growth of our businesses, and ensure that the development objectives are accomplished with high quality. In the new journey towards high-quality development, we firmly believe that through the joint efforts of all employees, Tian Lun Gas will contribute more to the sustainable development of the energy industry and help create a better green future!

ACKNOWLEDGEMENT

We would like to extend our sincerest thanks to all our employees! The growth of Tian Lun Gas would not be possible without the hard work and selfless dedication of all our employees. Whether it is sticking to the front line in the cold and heat, or tackling the business challenges under the late lights, the professionalism and dedication of every Tian Lun Gas employee is the most valuable asset of the Company. In the future, we will continue to work hand in hand to meet new challenges and opportunities, and make unremitting efforts to realize the high-quality development of the Company and the green transformation of the energy industry!

Xian Zhenyuan

Chairman

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December	
		2024 RMB'000	2023 RMB'000
Revenue	3	7,780,765	7,725,448
Cost of sales	4	<u>(6,445,551)</u>	<u>(6,272,601)</u>
Gross profit		1,335,214	1,452,847
Distribution expenses	4	(83,406)	(87,802)
Administrative expenses	4	(253,422)	(237,830)
Net impairment losses on financial assets and contract assets		(62,445)	(67,397)
Impairment loss on goodwill		(43,751)	—
Other income	5	15,349	21,445
Other losses — net	6	<u>(34,003)</u>	<u>(43,571)</u>
Operating profit		873,536	1,037,692
Finance income		5,764	9,429
Finance expenses		<u>(392,792)</u>	<u>(391,241)</u>
Finance expenses — net	7	<u>(387,028)</u>	<u>(381,812)</u>
Share of results of associates and a joint venture		<u>20,472</u>	<u>60,146</u>
Profit before income tax		506,980	716,026
Income tax expense	8	<u>(182,471)</u>	<u>(209,749)</u>
Profit for the year		<u>324,509</u>	<u>506,277</u>
Profit attributable to:			
— Owners of the Company		300,994	479,562
— Non-controlling interests		<u>23,515</u>	<u>26,715</u>
Profit for the year		<u>324,509</u>	<u>506,277</u>
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB per share)			
— Basic and diluted earnings per share	9	<u>0.31</u>	<u>0.49</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit for the year	<u>324,509</u>	<u>506,277</u>
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	<u>(5,000)</u>	<u>(13,500)</u>
Other comprehensive income for the year, net of tax	<u>(5,000)</u>	<u>(13,500)</u>
Total comprehensive income for the year	<u><u>319,509</u></u>	<u><u>492,777</u></u>
Attributable to:		
— Owners of the Company	295,994	466,062
— Non-controlling interests	<u>23,515</u>	<u>26,715</u>
	<u><u>319,509</u></u>	<u><u>492,777</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2024	2023
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		3,830,652	3,756,751
Right-of-use assets		278,511	265,252
Investment properties		36,617	38,663
Intangible assets		4,705,766	4,859,397
Investments accounted for using the equity method		885,677	866,050
Financial assets at fair value through other comprehensive income		36,800	41,800
Financial assets at fair value through profit or loss		6,175	11,057
Other non-current assets		118,177	98,800
Deferred tax assets		14,166	8,038
		9,912,541	9,945,808
Current assets			
Inventories		229,081	180,839
Contract assets		1,848,970	2,141,420
Trade and other receivables	<i>10</i>	2,335,716	2,084,010
Financial assets at fair value through other comprehensive income		14,539	14,328
Financial assets at fair value through profit or loss		250,679	160,567
Restricted cash		215,490	199,242
Cash and cash equivalents		1,103,037	964,310
		5,997,512	5,744,716
Total assets		15,910,053	15,690,524

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		As at 31 December	
		2024	2023
	<i>Notes</i>	RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	11	8,264	8,264
Treasury shares	11	(73,233)	(73,233)
Share premium	11	81,317	81,317
Reserves	12	1,057,742	979,170
Retained earnings		<u>4,870,183</u>	<u>4,804,155</u>
		5,944,273	5,799,673
Non-controlling interests		<u>318,210</u>	<u>312,148</u>
Total equity		<u>6,262,483</u>	<u>6,111,821</u>
LIABILITIES			
Non-current liabilities			
Borrowings		4,396,432	3,113,873
Lease liabilities		10,026	6,407
Deferred tax liabilities		711,079	735,906
Deferred income		<u>35,220</u>	<u>18,951</u>
		5,152,757	3,875,137
Current liabilities			
Trade and other payables	13	907,982	980,052
Contract liabilities		567,841	612,176
Borrowings		2,595,749	3,687,581
Lease liabilities		7,106	3,047
Dividend payables		6,253	29,553
Current income tax liabilities		<u>409,882</u>	<u>391,157</u>
		4,494,813	5,703,566
Total liabilities		<u>9,647,570</u>	<u>9,578,703</u>
Total equity and liabilities		<u>15,910,053</u>	<u>15,690,524</u>

1. GENERAL INFORMATION OF THE GROUP

Tian Lun Gas Holdings Limited (the “**Company**”) was incorporated on 20 May 2010 in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands as an exempted company with limited liability. The Company is an investment holding company and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 November 2010.

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the engineering construction service by providing residential, commercial and industrial users with gas pipeline, and infrastructure laying and installation as well as transportation, distribution and sales of gases including natural gas and compressed natural gas (“**CNG**”) and production and sales of liquefied natural gas (“**LNG**”) in bulk and in cylinders in certain cities of the People’s Republic of China (the “**PRC**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2025.

These consolidated financial statements are presented in RMB, unless otherwise stated.

2 MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.2.1 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2.2 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interest in associates and a joint venture.

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss (including derivative instruments), which are carried at fair value.

The preparation of financial statements in conformity with HKFRs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 of the consolidated financial statements.

2.2.1 New and amended standards adopted by the Group

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current (“2020 amendments”)* and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants (“2022 amendments”)*
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 1, *Presentation of financial statements* (the 2020 and 2022 amendments, collectively the “HKAS 1 amendments”)

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity’s liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Group has not entered into any supplier finance arrangements.

2.2.2 New standards and amendments not yet adopted by the Group

Certain new or amended standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These developments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the senior executive management team on monthly basis that are used to make strategic decisions.

The senior executive management team considers the business from a “product” perspective only, as geographically all the products are provided within the PRC, which is considered as one geographic location with similar risks and returns.

The reportable segments derive their revenue and profit primarily from sales of natural gas in cylinders, sales of natural gas in bulk and engineering construction services.

The senior executive management reviews business performance according to the types of end-users who use its products. For sales made to residential customers, industrial and commercial customers, and transportation customers is classified as sales of natural gas in cylinders; whereas for sales made to city gas enterprise customers for direct supply and wholesale purpose, and gas source trading customers is classified as sales of natural gas in bulk. The revenue from rental income of investment properties, value-added business and other miscellaneous income, has been reviewed by the senior executive management team, and its results are included in the “all other segments”. Business segments are classified as: sales of natural gas in cylinders, sales of natural gas in bulk, engineering construction services and other segments.

The senior executive management team assesses performance of the operating segments based on segment results which represent the profit before taxation earned by each segment without allocation of net impairment losses on financial assets and contractual assets, impairment loss on goodwill, other income, other losses – net, finance expense – net, share of results of associates and a joint venture, unallocated corporate expenses such as central administration costs and directors’ salaries.

3. SEGMENT INFORMATION (Continued)

The Group does not allocate assets and liabilities to its segments, as the senior executive management team do not use these information to allocate resources to or evaluate the performance of operating segment. Therefore, the Group does not report a measure of segment assets and liabilities for each reportable segment.

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2024 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	<u>5,042,353</u>	<u>1,471,427</u>	<u>784,240</u>	<u>938,916</u>	<u>(456,171)</u>	<u>—</u>	<u>7,780,765</u>
Inter-segment revenue	—	—	—	456,171	(456,171)	—	—
External revenue	<u>5,042,353</u>	<u>1,471,427</u>	<u>784,240</u>	<u>482,745</u>	<u>—</u>	<u>—</u>	<u>7,780,765</u>
Timing of revenue recognition							
At a point in time	5,042,353	1,471,427	—	357,603	—	—	6,871,383
Over time	<u>—</u>	<u>—</u>	<u>784,240</u>	<u>125,142</u>	<u>—</u>	<u>—</u>	<u>909,382</u>
Segment profit	<u>384,705</u>	<u>57,487</u>	<u>425,135</u>	<u>181,962</u>	<u>—</u>	<u>—</u>	<u>1,049,289</u>
Unallocated expenses						(50,903)	(50,903)
Net impairment losses on financial assets and contract assets						(62,445)	(62,445)
Impairment loss on goodwill						(43,751)	(43,751)
Other income						15,349	15,349
Other losses — net						<u>(34,003)</u>	<u>(34,003)</u>
Operating profit							<u>873,536</u>
Finance expenses — net						(387,028)	(387,028)
Share of results of associates and a joint venture						<u>20,472</u>	<u>20,472</u>
Profit before income tax							<u>506,980</u>
Income tax expense						<u>(182,471)</u>	<u>(182,471)</u>
Profit for the year							<u><u>324,509</u></u>

3. SEGMENT INFORMATION (Continued)

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2023, as restated, is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	<u>5,120,000</u>	<u>1,028,653</u>	<u>1,044,910</u>	<u>941,384</u>	<u>(409,499)</u>	<u>—</u>	<u>7,725,448</u>
Inter-segment revenue	—	—	—	409,499	(409,499)	—	—
External revenue	<u>5,120,000</u>	<u>1,028,653</u>	<u>1,044,910</u>	<u>531,885</u>	<u>—</u>	<u>—</u>	<u>7,725,448</u>
Timing of revenue recognition							
At a point in time	5,120,000	1,028,653	—	529,683	—	—	6,678,336
Over time	<u>—</u>	<u>—</u>	<u>1,044,910</u>	<u>2,202</u>	<u>—</u>	<u>—</u>	<u>1,047,112</u>
Segment profit	<u>421,759</u>	<u>73,816</u>	<u>479,630</u>	<u>193,525</u>	<u>—</u>	<u>—</u>	<u>1,168,730</u>
Unallocated expenses						(41,515)	(41,515)
Net impairment losses on financial assets and contract assets						(67,397)	(67,397)
Other income						21,445	21,445
Other losses — net						<u>(43,571)</u>	<u>(43,571)</u>
Operating profit							<u>1,037,692</u>
Finance expenses — net						(381,812)	(381,812)
Share of results of associates and a joint venture						<u>60,146</u>	<u>60,146</u>
Profit before income tax							<u>716,026</u>
Income tax expense						<u>(209,749)</u>	<u>(209,749)</u>
Profit for the year							<u><u>506,277</u></u>

The principal subsidiaries of the Company are domiciled in the PRC. All the revenue from external customers are derived from the PRC, and all the non-current assets are located in the PRC.

4. EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	5,736,280	5,463,931
Depreciation on property, plant and equipment	221,463	212,544
Depreciation on investment properties	1,706	2,734
Amortisation of intangible assets	128,915	126,315
Employee benefit expenses	296,762	302,003
Depreciation of right-of-use assets	17,092	13,188
Engagement of construction and design services	184,583	308,002
Office and travelling expenses	68,085	57,167
Maintenance costs	56,354	37,364
Energy consumption	31,699	31,811
Taxes	21,802	25,597
Auditors' remuneration		
— Audit services	3,100	3,000
Advertising expenses	2,561	3,313
Licensing fee for the exclusive operating rights for city pipeline network	1,100	1,100
Miscellaneous	10,877	10,164
	<u>6,782,379</u>	<u>6,598,233</u>
Total cost of sales, distribution expenses and administrative expenses		

5. OTHER INCOME

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants in relation to		
— Tax refund	1,431	1,554
— Subsidies for local investment rewards and other incentives	13,918	19,891
	<u>15,349</u>	<u>21,445</u>

6. OTHER LOSSES — NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Gains on disposal of property, plant and equipment	26,311	6,889
Penalty and overdue fines	(3,419)	(1,972)
Net foreign exchange losses	(49,102)	(76,695)
(Losses)/gains on financial assets and financial liabilities at fair value through profit or loss	(17,453)	20,774
Others	9,660	7,433
	<u>(34,003)</u>	<u>(43,571)</u>

7. FINANCE EXPENSES — NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
— Interest income from bank deposits and bank financial products	(5,764)	(9,429)
Finance expenses		
— Interest expense on borrowings	402,987	398,177
— Leasing liabilities	895	507
— Others	8,007	9,865
Less: amounts capitalised on qualifying assets	(19,097)	(17,308)
	<u>392,792</u>	<u>391,241</u>
	<u>387,028</u>	<u>381,812</u>

8. INCOME TAX EXPENSE

- (a) The Company is not subject to profits tax in its country of incorporation.
- (b) Hong Kong profits tax

For the years ended 31 December 2024 and 31 December 2023, there are no Hong Kong profits tax applicable (tax rate 16.5%) to any Group entities.

- (c) PRC corporate income tax (the “**PRC CIT**”)

All the Company’s subsidiaries incorporated in the PRC are subject to the PRC CIT, which has been provided based on the statutory income tax rate of the assessable income of each of such companies during the years ended 31 December 2024 and 31 December 2023, as determined in accordance with the relevant PRC income tax rules and regulations. The CIT rate of the relevant subsidiaries operating in the PRC is 25% (2023: 25%), except for certain group entities which are entitled to various tax rates or tax exemptions and reliefs.

The amount of income tax expense charged to profit or loss represents:

	Year ended 31 December	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Current tax on profits for the year	213,426	204,832
Deferred tax	<u>(30,955)</u>	<u>4,917</u>
	<u>182,471</u>	<u>209,749</u>

9. EARNINGS PER SHARE

- (a) Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>300,994</u>	<u>479,562</u>
Weighted average number of shares in issue (<i>thousands</i>)	<u>969,066</u>	<u>969,084</u>
Basic earnings per share (<i>RMB per share</i>)	<u>0.31</u>	<u>0.49</u>

- (b) The diluted earnings per share was the same as the basic earnings per share as there was no potential dilutive share issued during the years ended 31 December 2023 and 2024.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables — gross (a)	611,042	550,416
Receivables due from related parties (a)	1,363,511	1,131,612
Less: provision for impairment	(232,019)	(169,574)
Notes receivable	13,239	44,586
Other receivables	99,566	102,203
Less: provision for impairment	(302)	(302)
Value-added-tax to be offset and prepaid income tax	<u>22,335</u>	<u>35,625</u>
	1,877,372	1,694,566
Prepayments	<u>458,344</u>	<u>389,444</u>
	<u><u>2,335,716</u></u>	<u><u>2,084,010</u></u>

- (a) The credit period generally granted to customers in relation to sales of gas is up to two months. As for the customers in relation to engineering construction service, the Group generally requests advance payments, and in circumstances of credit sales, management closely monitors the credit quality of the customers, and credit period was granted case by case with maximum of two years. The following is an ageing analysis of trade receivables and receivables due from related parties in trade nature amounting to RMB1,349,914,000 (2023: RMB1,118,016,000), presented based on billing date at the end of the reporting period:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Less than one year	884,925	1,363,006
1 year to 2 years	910,406	266,167
2 years to 3 years	136,686	14,558
Over 3 years	<u>28,939</u>	<u>24,701</u>
	<u><u>1,960,956</u></u>	<u><u>1,668,432</u></u>

11. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

(a) Share capital and share premium

	Number of shares <i>(thousands)</i>	Ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
Issued and fully paid:				
At 1 January 2023	<u>1,010,027</u>	<u>8,511</u>	<u>341,096</u>	<u>349,607</u>
Dividends relating to 2023 dividend	—	—	(171,135)	(171,135)
Cancellation of shares	<u>(28,142)</u>	<u>(247)</u>	<u>(88,644)</u>	<u>(88,891)</u>
At 31 December 2023 and 31 December 2024	<u>981,885</u>	<u>8,264</u>	<u>81,317</u>	<u>89,581</u>

The total authorised number of ordinary shares is 2,000,000,000 shares (2023: 2,000,000,000 shares) with a par value of HKD0.01 per share (2023: HKD0.01 per share).

(b) Treasury shares

	Number of shares <i>(thousands)</i>	Amounts <i>RMB'000</i>
At 31 December 2022	40,080	158,925
Repurchase of shares	881	3,199
Cancellation of shares	<u>(28,142)</u>	<u>(88,891)</u>
At 31 December 2023 and 31 December 2024	<u>12,819</u>	<u>73,233</u>

12. RESERVES

	Capital reserves <i>RMB'000</i>	Statutory reserves <i>RMB'000</i>	Financial assets at fair value through other comprehensive income <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	(90,620)	955,064	13,222	877,666
Revaluation-gross	—	—	(18,000)	(18,000)
Revaluation-tax	—	—	4,500	4,500
Appropriation	—	115,004	—	115,004
At 31 December 2023	<u>(90,620)</u>	<u>1,070,068</u>	<u>(278)</u>	<u>979,170</u>
At 1 January 2024	(90,620)	1,070,068	(278)	979,170
Revaluation-gross	—	—	(5,000)	(5,000)
Appropriation	—	83,572	—	83,572
At 31 December 2024	<u>(90,620)</u>	<u>1,153,640</u>	<u>(5,278)</u>	<u>1,057,742</u>

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (a)	370,077	344,181
Notes payables	204,846	219,308
Amounts due to related parties	8,906	6,689
Accrued payroll and welfare	7,651	7,676
Interest payables	16,329	16,090
Other taxes payables	215,979	289,631
Contingent consideration payables	7,704	9,993
Other payables	76,490	86,484
	<u>907,982</u>	<u>980,052</u>

13. TRADE AND OTHER PAYABLES (Continued)

(a) At 31 December 2024 and 31 December 2023, the ageing analysis of the trade payables, based on billing date was as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Less than 1 year	320,882	302,272
1 year to 2 years	23,667	15,298
2 years to 3 years	8,332	14,890
Over 3 years	17,196	11,721
	<u>370,077</u>	<u>344,181</u>

14. DIVIDENDS

	2024	2023
	RMB'000	RMB'000
Final dividend for the year ended 31 December 2023 of RMB 10.82 cents per share (2022: RMB11.00 cents per share) paid to ordinary shares	105,044	105,336
Interim dividend for the year ended 31 December 2024 of RMB 4.79 cents per share (2023: RMB6.82 cents per share) paid to ordinary shares	46,350	65,799
	<u>151,394</u>	<u>171,135</u>

On 28 March 2025, the Board of Directors resolved to propose a final dividend for the year ended 31 December 2024 of RMB9.79 cents per share, amounting to approximately RMB96,127,000 (2023: RMB10.82 cents per share, approximately RMB106,240,000). This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

BUSINESS REVIEW

The main businesses of the Group include provision of gas pipeline construction and infrastructure laying and installation for residential, commercial and industrial users, as well as transportation, distribution and sales of gases including natural gas and CNG and production and sales of LNG in bulk and in cylinders.

The key results and operating information of the Group for the year ended 31 December 2024 as compared to the corresponding period of the previous year are as follows:

	For the year ended 31 December		
	2024	2023	Change by
Installed pipeline gas users:	258,293	305,610	(15.5)%
— Urban gas residential users (households)	253,306	284,575	(11.0) %
— Township residential users (households)	0	16,517	(100)%
— Industrial and commercial users (households)	4,987	4,518	10.4%
Total pipeline gas users:	5,837,793	5,599,925	4.2%
— Urban gas residential users (households)	3,826,767	3,593,886	6.5%
— Township residential users (households)	1,959,209	1,959,209	0
— Industrial and commercial users (households)	51,817	46,830	10.6%
Natural gas sales volume (in ten thousand m ³):	223,501	208,528	7.2%
— Sales volume of retail business of natural gas (in ten thousand m ³)	171,919	174,126	(1.3)%
— Natural gas sales volume to residential users (in ten thousand m ³)	55,692	55,316	0.7%
— Natural gas sales volume to industrial and commercial users (in ten thousand m ³)	107,943	109,528	(1.4)%
— Natural gas sales volume to transportation users (in ten thousand m ³)	8,285	9,282	(10.7)%
— Sales volume of wholesale business of natural gas (in ten thousand m ³)	51,582	34,402	49.9%
Long-haul pipeline gas transmission volume (in ten thousand m ³)	70,870	71,640	(1.1)%
Total length of medium and high-pressure pipelines (kilometre)	9,507	9,173	3.6%

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, the Group's revenue amounted to RMB7,781 million, representing a slight growth of 0.7% as compared with the corresponding period of last year. Among them, revenue from engineering construction services amounted to RMB784 million, which represented a decrease of 25.0% as compared with the corresponding period of last year; revenue from gas retail business amounted to RMB5,042 million, which represented a decrease of 1.5% as compared with the corresponding period of last year; revenue from gas wholesale business amounted to RMB1,471 million, which represented a growth of 43.0% as compared with the corresponding period of last year. The Group's revenue was primarily derived from sales of natural gas in cylinders and in bulk business, engineering construction service business, accounting for 64.8%, 18.9% and 10.1% (the corresponding period of last year: 66.3%, 13.3% and 13.5%), respectively, of the total revenue for the year ended 31 December 2024.

Revenue from Gas Retail Business

For the year ended 31 December 2024, revenue from gas retail business of the Group amounted to RMB5,042 million, representing a year-on-year decrease of 1.5% as compared with RMB5,120 million for the corresponding period of last year.

Revenue from Gas Wholesale Business

For the year ended 31 December 2024, revenue from gas wholesale business of the Group amounted to RMB1,471 million, representing a year-on-year growth of 43.0% as compared with RMB1,029 million for the corresponding period of last year.

Revenue from Engineering Construction Services

For the year ended 31 December 2024, revenue from engineering construction services amounted to RMB784 million, representing a year-on-year decrease of 25.0% as compared with RMB1,045 million for the corresponding period of last year. Among them, actively responding to the policy guidance of urban renewal and reconstruction in various regions, the Group enhanced the development of various types of residential houses such as scattered households, old communities and resettlement houses, which brought in RMB765 million of revenue from urban gas engineering construction services.

Revenue from Other Businesses

Most of the revenue from other businesses comes from value-added services. During the reporting period, while ensuring the rapid growth of its traditional value-added business, the Group actively promoted its value-added business supporting urban renewal and renovation and smart kitchen renovation business, which brought in other business revenue of RMB483 million. Among them, revenue from value-added services was RMB424 million, representing an increase of 14.3% as compared with RMB371 million of last year.

Gross profit and gross profit margin

For the year ended 31 December 2024, the Group realised gross profit of RMB1,335 million, representing a decrease of 8.1% from RMB1,453 million for the corresponding period of last year. Overall gross profit margin of the Group was 17.2%.

Other Losses — Net

For the year ended 31 December 2024, due to exchange losses and other reasons, other losses — net of the Group amounted to RMB34 million, representing a decrease of RMB10 million as compared with the corresponding period of last year.

Finance Expenses — Net

For the year ended 31 December 2024, finance expenses — net of the Group amounted to RMB387 million, representing an increase of RMB5 million as compared with the corresponding period of last year.

Net Profit and Core Profit*

For the year ended 31 December 2024, net profit of the Group amounted to RMB325 million, representing a decrease of 35.8% as compared with the corresponding period of last year. For the year ended 31 December 2024, the Group's core profit was RMB434 million.

Net Profit Attributable to Owners of the Company

For the year ended 31 December 2024, net profit attributable to owners of the Company was RMB301 million, representing a decrease of 37.2% as compared with the corresponding period of last year.

FINANCIAL POSITION

The Group has been adopting prudent policies in respect of financial resources management, including maintaining an appropriate level of cash and cash equivalents as well as sufficient credit limits, in order to cope with the needs of daily operation and business development and control the borrowing at a healthy level.

For the year ended 31 December 2024, the Group incurred capital expenditure of RMB317 million, of which RMB315 million in continuously improving urban gas business. The above capital expenditure was financed by the Group's operating cash flows and bank borrowings.

* Core profit = profit attributable to the parent company — other gains and losses (including impairment losses)

As at 31 December 2024, the Group held cash and cash equivalents of RMB1,103 million in total (of which 99.7% was denominated in RMB, 0.2% was denominated in Hong Kong dollars and 0.1% was denominated in US dollars), safeguarding the needs of project expansion and acquisition of businesses of the Group.

As at 31 December 2024, the Group's total borrowings were RMB6,992 million (among which borrowings denominated in RMB were RMB4,962 million, borrowings denominated in US dollars were RMB478 million and borrowings denominated in HK dollars were RMB1,552 million). Among those borrowings, 62.9% of which were classified as non-current liabilities, and 37.1% of which were classified as current liabilities. As at 31 December 2024, the gearing ratio, calculated based on the percentage of total liabilities over total assets, was 60.6%.

FINANCE COST AND EXCHANGE RISK MANAGEMENT

For the year ended 31 December 2024, the Group's finance cost was RMB403 million.

For the year ended 31 December 2024, the Group's foreign currency borrowings were RMB2,030 million. The Group will continue to closely monitor the changes in exchange rates and strive to lower its finance costs through diversified arrangements, and will adopt necessary measures to lower its exchange risk as and when necessary.

PURCHASE, SELL OR REDEEM ANY SHARES OF THE COMPANY

During the year ended 31 December 2024, none of the Company or any of its subsidiaries had purchased, sold or redeemed any shares of the Company.

CONTINGENT LIABILITIES

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

DIVIDEND

Pursuant to the resolutions of the Board on 28 March 2025, the Board recommended the payment of a final dividend (the "**Final Dividend**") for the year ended 31 December 2024 of RMB9.79 cents per share. Together with an interim dividend of RMB4.79 cents per share which had been paid, total dividend paid for the year ended 31 December 2024 was RMB14.58 cents per share.

The Final Dividend will be paid in Hong Kong dollars on or about 20 June 2025 (Friday) to the Shareholders whose names appear on the register of members of the Company on 6 June 2025 (Friday), subject to the Shareholders' approval at the forthcoming annual general meeting. Further announcement will be made by the Company in relation to the exact amount of the Final Dividend in Hong Kong dollars when the conversion rate for Renminbi to Hong Kong dollars to be adopted has been determined by the Board.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders' entitlement to the proposed Final Dividend, the register of members of the Company will be closed from 3 June 2025 (Tuesday) to 6 June 2025 (Friday) (both days inclusive).

In order to be eligible to receive the proposed Final Dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Group's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 2 June 2025 (Monday).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries made to all the Directors, each of them confirmed that they have strictly complied with the required standards set out in the Model Code for the year ended 31 December 2024.

CORPORATE GOVERNANCE CODE

The Company has adopted and has complied with all code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules for the period from 1 January 2024 to 31 December 2024.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company consists of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Mr. Lei Chunyong and Ms. Zhou Lin. The Audit Committee had reviewed and discussed the annual consolidated results and consolidated financial statements of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the announcement of annual results of the Group for the year ended 31 December 2024 have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

ANNUAL REPORT

The Company's annual report for the year ended 31 December 2024 will be published on the website of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company's website (www.tianlungas.com), and copies of the annual report will be despatched to the shareholders of the Company in due course.

By order of the Board
Tian Lun Gas Holdings Limited
Xian Zhenyuan
Chairman

Zhengzhou, the PRC, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Xian Zhenyuan (Chairman and Chief Executive), Ms. Li Tao, Mr. Xiao Hui and Ms. Zhang Baixuan; the non-executive Directors are Ms. Chen Hong and Mr. Zhang Daoyuan; and the independent non-executive Directors are Mr. Li Liuqing, Mr. Lei Chunyong and Ms. Zhou Lin.