

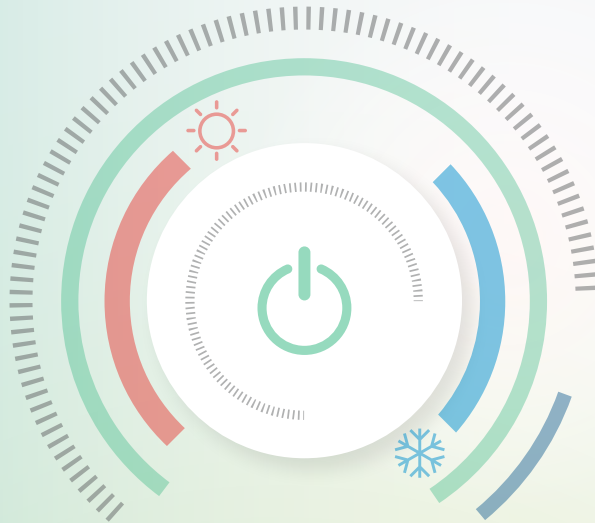


# Jilin Province Chuncheng Heating Company Limited \*

## 吉林省春城熱力股份有限公司

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

Stock code : 1853



### 2024 Interim Report



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# CORPORATE INFORMATION

## CORPORATE INFORMATION

Name in Chinese: 吉林省春城熱力股份有限公司  
Name in English: Jilin Province Chuncheng Heating Company Limited\*  
Registered Address: Block 28, Area B, Nanhu Road Community, 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, PRC  
Headquarter/ Principal Place of Business in PRC: Block 28, Area B, Nanhu Road Community, 998 Nanhu Road, Nanguan District, Changchun City, Jilin Province, PRC  
Place of Business in Hong Kong: 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong  
Company's Website: www.cc-tp.com.cn  
Email: ccrl-zqb@ccrljt.com

## INFORMATION OF H SHARE OF THE COMPANY

Stock Short Name: CHUNCHENG HEAT  
Stock Code: 1853

## EXECUTIVE DIRECTORS

Mr. YANG Zhongshi (*Vice Chairman of the Board*)  
Mr. SHI Mingjun  
Mr. XU Chungang  
Mr. LI Yeji

## NON-EXECUTIVE DIRECTOR

Mr. SONG Chi (*Chairman of the Board*)  
(*appointed with effect from 31 May 2024*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FU Yachen  
Mr. POON Pok Man  
Ms. ZHANG Yan (*appointed with effect from 31 May 2024*)

## SUPERVISORS

Mr. QIU Jianhua (*Chairman*)  
Ms. ZHANG Wei  
Ms. LI Xiaoling

## AUTHORIZED REPRESENTATIVES

Mr. XU Chungang  
Mr. WAN Tao

## AUDIT COMMITTEE

Mr. POON Pok Man (*Chairman*)  
Mr. FU Yachen  
Ms. ZHANG Yan

## REMUNERATION COMMITTEE

Mr. FU Yachen (*Chairman*)  
Mr. XU Chungang  
Mr. POON Pok Man

## NOMINATION COMMITTEE

Ms. ZHANG Yan (*Chairperson*)  
Mr. YANG Zhongshi  
Mr. FU Yachen

## STRATEGY COMMITTEE

Mr. SONG Chi (*Chairman*)  
Mr. SHI Mingjun  
Ms. ZHANG Yan



# CORPORATE INFORMATION

## JOINT COMPANY SECRETARIES

Mr. WAN Tao  
Mr. LEE Chung Shing

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wan Chai, Hong Kong

## AUDITOR

BDO China SHU LUN PAN Certified Public  
Accountants LLP  
4F, No.61, East Nanjing Road,  
Huangpu District, Shanghai

## LEGAL ADVISERS

as to Hong Kong law: Loeb & Loeb LLP  
2206-19 Jardine House,  
1 Connaught Place,  
Central,  
Hong Kong

as to PRC law: Jilin ZhengJi Law Firm\*  
(吉林正基律師事務所)  
No.1 Fuzhi Road, Jingyue Economic  
Development Zone, Changchun City,  
Jilin Province, PRC

## PRINCIPAL BANKS

Jilin Jiutai Rural Commercial Bank (Xinjia Branch)  
Bank of Jilin Co., Ltd. (Qinhuangdao Road Branch)  
Bank of China Co., Ltd. (Nanhu Road Branch)  
Bank of China Co., Ltd. (Jiefang Road Branch)  
Bank of Communications Co., Ltd. (Chaoyang Branch)  
Bank of Jilin Co., Ltd. (Changchun FAW Branch)  
Industrial and Commercial Bank of China Limited  
(People's Square Branch)



# INTERIM FINANCIAL SUMMARY

## SUMMARY OF COMBINED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

<b>Item in Combined Income Statement</b>	<b>January to June 2024 RMB0'000 (Unaudited)</b>	January to June 2023 RMB0'000 (Audited)
Operating revenue	<b>90,662.93</b>	89,835.44
Total profit	<b>20,061.72</b>	17,571.12
Income tax expenses	<b>5,247.52</b>	5,078.75
Net profit	<b>14,814.20</b>	12,492.37
Minority interests	—	—

## SUMMARY OF COMBINED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2024

<b>Item in Combined Statement of Financial Position</b>	<b>30 June 2024 RMB0'000 (Unaudited)</b>	31 December 2023 RMB0'000 (Audited)
Total non-current assets	<b>102,827.21</b>	106,449.39
Total current assets	<b>101,945.64</b>	194,209.90
<b>Total assets</b>	<b>204,772.85</b>	300,659.29
Total non-current liabilities	<b>11,540.98</b>	11,503.97
Total current liabilities	<b>79,433.02</b>	190,170.67
<b>Total liabilities</b>	<b>90,974.00</b>	201,674.64
<b>Total shareholder's equity</b>	<b>113,798.85</b>	98,984.65



## I. BUSINESS REVIEW

In the first half of 2024, the Group adhered to development through innovation and actively enhanced resources allocation. The Group also implemented more intensified energy conservation measures, coordinated development and safety with a focus on promoting the high-quality development of heat supply and production businesses, and successfully accomplished various tasks and missions during the first half of the year.

### 1. Customers

Customers of the Group's heat supply business are generally residential and non-residential users within the Group's heat service area. The table below sets out a breakdown of the number of, and percentage of revenue contribution by, residential and non-residential users of the Group as at 30 June 2024.

	As at 30 June 2024		As at 30 June 2023	
	Number of customers	% of revenue from provision and distribution of heat	Number of customers	% of revenue from provision and distribution of heat
Residential users <sup>(1)</sup>	493,789	89.38%	469,818	88.12%
Non-residential users <sup>(2)</sup>	58,659	10.62%	63,320	11.88%
<b>Total</b>	<b>552,448</b>	<b>100%</b>	533,138	100%

Notes:

- (1) The number of residential users is per household.
- (2) Non-residential users refer to end-users other than residential users, such as industrial end-users, commercial end-users and other end-users.

### (1) Heat Supply Business

As at 30 June 2024, the Group had a heat service area of 67.437 million sq.m., representing an increase of 2.301 million sq.m. or 3.53% from 65.136 million sq.m. in the corresponding period of 2023. As for the number of heat supply users, as at 30 June 2024, the Group had 552,448 heat supply users, representing an increase of 19,310 users or 3.62% from 533,138 users in the corresponding period of 2023. For the six months ended 30 June 2024, the Group's revenue from heat supply business was RMB900.32 million, representing an increase of RMB20.98 million or 2.39% from RMB879.34 million in the corresponding period of 2023.

### 2. Heat procurement

For the six months ended 30 June 2024, the total heat procurement by the Group from local cogeneration plants and its controlling Shareholder, Chuncheng Investment, amounted to 11.70 million GJ and 1.01 million GJ respectively, with a total heat procurement of 12.71 million GJ, among which 11.56 million GJ of heat was used for the Company's heat supply and production purposes.



# MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Heat resale

For the six months ended 30 June 2024, approximately 1.15 million GJ of heat procurement quota obtained from cogeneration plants and Chuncheng Investment, the controlling Shareholder, by the Group was transferred to four other heat service providers. The Group received heat

transmission fees aggregating RMB6.70 million from these four heat service providers.

The following table sets forth the breakdown of the usage data of heat procured by the Group between January to June 2024 and in the corresponding period of 2023:

	<b>January to June 2024</b>	January to June 2023
Estimated heat procurement quota (GJ) <sup>(1)</sup>	<b>13,900,000</b>	13,900,000
Heat procurement quota transferred (GJ) <sup>(2)</sup>	<b>1,152,499</b>	1,393,754
Actual consumption (GJ) <sup>(3)</sup>	<b>11,557,948</b>	11,532,694
Total heat procured (GJ) <sup>(4)</sup>	<b>12,710,447</b>	12,926,448
Utilization rate <sup>(5)</sup>	<b>83.15%</b>	82.97%

*Notes:*

- (1) The heat procurement quota is an estimate of the heat procurement prior to each heat supply period based on the historical heat procurement amount.
- (2) During the Reporting Period, the Group transferred a certain portion of its procured heat to four other heat service providers. Heat transmission fees were charged accordingly.
- (3) Actual consumption of heat procured by the Group represents the aggregate amount of actual heat supply and consumption data each month as recorded by measuring equipment, and the amount that is reviewed and agreed between the Group and four different local cogeneration plants and Chuncheng Investment, the controlling shareholder, respectively.
- (4) The total heat procured is the sum of heat procurement quota transferred and the actual consumption. Procurement of heat exceeding the estimated heat procurement quota is subject to the supplemental agreements between the cogeneration plants and the Group.
- (5) Utilization rate of heat procurement is calculated by dividing the actual consumption by the estimated heat procurement quota.

### (2) Construction, Maintenance and Design Services and Others

The Group's business of construction, maintenance, design and others covers the peripheral services business of the heat supply industry chain, mainly providing services such as construction and building of heat supply facilities, engineering maintenance and project design for heat supply enterprises or end-users. These businesses are mainly concentrated in the northeast region of China. For the six months ended 30 June 2024, revenue generated from the Group's construction, maintenance, design services and other businesses amounted to RMB6.31 million, representing a decrease of RMB12.70 million, or 66.83%, from RMB19.01 million for the corresponding period in 2023.



In the first half of the year, the engineering construction business undertook a total of 19 projects, including key projects such as the Part Pipeline Network Project in Cogeneration Plant No. 4 (熱電四廠部分管網工程) and the Chuncheng Heating Pipeline Network Emergent Repair (春城熱力一次網搶修項目). In the first half of the year, the engineering maintenance business undertook a total of 20 projects, including key projects such as the 2022 Urban Aging Gas Pipeline Replacement and Improvement Project in Lvyuan District (綠園區2022年城市燃氣管道老化更新改造項目) and the Project of “One Plant, One Policy” Quality Improvement and Efficiency Enhancement of Five Largest Wastewater Treatment Systems in Changchun City (長春市五大污水處理系統「一廠一策」提質增效工程). In the first half of the year, the design services business undertook five design projects, including key projects such as the Design of Heat Exchange Station and Primary Network for the Infrastructure Construction Project of the Digital Economy Innovation and Entrepreneurship Industrial Park in Erdao District (二道區數字經濟雙創產業園基礎設施建設項目換熱站及一次網工程設計) and the Heat Exchange Station and Heating External Network for Detong Street Fire Rescue Station in Dehui City (德惠市德通街消防救援站換熱站及採暖外網).

### (3) Safety Management

In the first half of 2024, the Group had been attaching great importance to production safety, fully implemented the major decisions and deployments of the governments at all levels on production safety, and always adhered to the philosophy of production safety of “safety first, with focus on prevention and implementing comprehensive management” (安全第一、預防為主、綜合治理). The Group strictly complied with the regulations on standardized production safety, and ensured the successful completion of the safety targets of the first half of the year by conducting safety supervision inspections, safety education and training, production safety drills, safety month promotions, fire equipment testing and replacement, occupational health declarations etc. During the Reporting Period, the Group did not record any major safety accidents.

### (4) Technology and R&D

The Group has developed the “Equipment Ledger Management System” (設備台賬管理系統) based on the actual needs of equipment management. Currently, some functions of the PC and mobile terminals are being developed and optimised, with overall progress approaching 90%, and it is expected to be officially launched and put into use in the second half of 2024. The system will further enhance the digital management level of the Group’s equipment assets.

During the Reporting Period, the Group obtained 1 utility model patent and 1 patent for invention issued by the China National Intellectual Property Administration and 3 computer software copyright certificates issued by the National Copyright Administration.





# MANAGEMENT DISCUSSION AND ANALYSIS

## (5) Honors and Awards

On 8 January 2024, the Group was awarded the “2023 Advanced Unit of Mayor’s Citizen Hotline” (2023年度市長公開電話工作先進單位) and the “2023 Advanced Unit of Director’s Reception Day” (2023年度局長接待日工作先進單位) by the General Office of Changchun Municipal People’s Government.

## II. FINANCIAL POSITION AND OPERATING RESULTS

### (1) Revenue

For the six months ended 30 June 2024, the Group’s revenue was RMB906,629.3 thousand, compared to RMB898,354.4 thousand for the corresponding period of 2023, representing an increase of 0.92%, primarily due to the increase in revenue from the heat supply business.

The respective segment revenue of the Group is set out as follows:

	For the six months ended 30 June		
	2024 RMB0’000 (Unaudited)	2023 RMB0’000 (Audited)	Change in percentage
<b>Heat supply, of which:</b>			
– Heating fee income	85,999.63	83,601.06	2.87%
– Pipeline connection fee	3,362.49	3,480.19	–3.38%
– Pipeline transmission fee	670.27	853.09	–21.43%
Sub-total	90,032.39	87,934.35	2.39%
<b>Construction, maintenance and design services, of which:</b>			
– Engineering construction	189.54	932.95	–79.68%
– Engineering maintenance	254.14	–	100.00%
– Design services	167.68	392.88	–57.32%
– Others	19.18	575.26	–96.67%
Sub-total	630.54	1,901.09	–66.83%
<b>Total</b>	<b>90,662.93</b>	<b>89,835.44</b>	<b>0.92%</b>



# MANAGEMENT DISCUSSION AND ANALYSIS

## (2) Other Income and Other Net Gains

For the six months ended 30 June 2024, the Group's other income and other net gains amounted to RMB11,595.7 thousand, as compared with RMB19,172.0 thousand for the corresponding period of 2023, representing a decrease of 39.52%, which was principally attributable to (i) other income of RMB2,804.2 thousand for the six months ended 30 June 2024, as compared with RMB9,223.9 thousand for the corresponding period of 2023, representing a decrease of 69.60%, which was attributable to a decrease in other income as a result of the fact that the Company received fewer government grant, including heat supply subsidy and listing incentive fund for January to June in 2024, as compared to the corresponding period of

2023; (ii) interest income from bank deposits of RMB8,763.4 thousand for the six months ended 30 June 2024, as compared with RMB9,841.4 thousand for the corresponding period of 2023, representing a decrease of 10.95%, which was attributable to the decrease in interest income as a result of a decrease in bank deposits of the Company during the period from January to June in 2024.

## (3) Operating Costs

For the six months ended 30 June 2024, the Group's operating costs amounted to RMB686,590.8 thousand, as compared with RMB672,736.6 thousand for the corresponding period of 2023, representing an increase of 2.06%. The following table sets out the breakdown of operating costs by business segment:

	For the six months ended 30 June		
	2024 RMB0'000 (Unaudited)	2023 RMB0'000 (Audited)	Change in percentage
<b>Operating costs by business segment</b>			
Heat supply	<b>68,032.99</b>	66,140.79	2.86%
Construction, maintenance and design services	<b>626.10</b>	1,132.87	-44.73%
<b>Total</b>	<b>68,659.08</b>	67,273.66	2.06%



# MANAGEMENT DISCUSSION AND ANALYSIS

## Heat supply costs

Operating costs for heat supply business primarily consists of heat procurement costs in connection with heat procurement from local cogeneration plants, repair and labor costs (primarily includes wages, salaries and benefits for the Group's

employees involved in the provision and distribution of heat) and utility costs.

The breakdown of operating costs by component under the heat supply business is as follows:

	For the six months ended 30 June		
	2024 RMB0'000 (Unaudited)	2023 RMB0'000 (Audited)	Change in percentage
<b>Cost of sales for heat supply</b>			
Heat procurement costs	<b>41,977.82</b>	41,631.61	0.83%
Coal	<b>2,077.11</b>	2,607.75	-20.35%
Maintenance and repair	<b>686.36</b>	1,165.08	-41.09%
Wage	<b>7,664.11</b>	6,773.29	13.15%
Depreciation and amortization	<b>6,412.17</b>	6,478.75	-1.03%
Utility	<b>4,478.63</b>	3,982.83	12.45%
Input VAT transferred out	<b>2,879.11</b>	2,821.92	2.03%
Others	<b>1,857.67</b>	679.55	173.37%
<b>Total</b>	<b>68,032.99</b>	66,140.79	2.86%

For the six months ended 30 June 2024, the Group's heat procurement cost was RMB419,778.2 thousand as compared to RMB416,316.1 thousand for the corresponding period of 2023, representing an increase of 0.83%, which remained largely stable as compared with last period.

For the six months ended 30 June 2024, the Group's coal cost was RMB20,771.1 thousand, as compared to RMB26,077.5 thousand for the corresponding period of 2023, representing a decrease of 20.35%, which was mainly due to the decrease in the unit price of coal purchases as compared to last year.

For the six months ended 30 June 2024, the Group's maintenance and repair costs amounted to RMB6,863.6 thousand, as compared to RMB11,650.8 thousand for the corresponding period of 2023,

representing a decrease of 41.09%, mainly due to the fact that there were less cases of pipeline damage and accordingly less pipeline repairs and replacements in the current period.

## Costs for construction, maintenance and design services

Operating costs for construction, maintenance and design services primarily consists of cost of materials, labor, machinery and other costs. For the six months ended 30 June 2024, the Group's operating costs for construction, maintenance and design services amounted to RMB6,261 thousand, as compared with RMB11,328.7 thousand for the corresponding period of 2023, representing a decrease of 44.73%. The change in operating costs was generally in line with the decrease in revenue for construction, maintenance and design services.



## **(4) Gross Profit and Gross Profit Margin**

For the six months ended 30 June 2024, the Group's gross profit amounted to RMB220,038.4 thousand, as compared with RMB225,617.8 thousand for the corresponding period of 2023, representing a decrease of 2.47%. This was mainly due to increase in labor workers and utilities costs, etc.

## **(5) Administrative Expenses**

For the six months ended 30 June 2024, the Group's administrative expenses amounted to RMB43,227.2 thousand, as compared with RMB42,475.0 thousand for the corresponding period of 2023, representing an increase of 1.77%, which was primarily due to (i) an increase in depreciation due to higher amount of fixed assets newly purchased in the current period; (ii) an increase in the salaries of management personnel or an increase in the number of recruited management cadres.

## **(6) Finance Costs**

For the six months ended 30 June 2024, the Group's finance costs amounted to RMB1,721.0 thousand, as compared with RMB5,271.1 thousand for the corresponding period of 2023, representing a decrease of 67.35%, which was principally due to the decrease in the Group's total amount of loan compared with the same period of last year.

## **(7) Income Tax Expense**

For the six months ended 30 June 2024, the Group's income tax expense was RMB52,475.2 thousand, as compared with RMB50,787.5 thousand for the corresponding period of 2023, representing an increase of 3.32%, which was primarily due to: (i) the decrease in income tax in the current period due to the decrease in taxable income in the current period calculated in accordance with the Enterprise Income Tax Law and its related regulations as compared with the same period of last year; (ii) the increase in deferred income tax expense due to the decrease in bad debts and write-back of bad debts in the current period. Income tax expense increased in the current period due to the combination of above main reasons.

## **(8) Profit for the Period**

For the six months ended 30 June 2024, the Group's profit for the period amounted to RMB148,142.0 thousand, as compared with RMB124,923.7 thousand for the corresponding period of 2023, representing an increase of 18.59%. This was primarily due to the fact that (i) profit increased due to the decrease in bad debts, credit impairment loss and impairment loss on assets in the current period as compared to the same period of last year; (ii) revenue for the current period mainly represented by revenue from heat supply continuously increased, due to continuous increase in heat service area and the number of heat supply users; and (iii) the Group optimized the intelligent heat network control and strengthened its operation and management, which enhanced the efficiency of production and operation.

## **(9) Profit Attributable to Owners of the Company**

For the six months ended 30 June 2024, profit attributable to owners of the Company was RMB148,142.0 thousand as compared with RMB124,923.7 thousand for the corresponding period of 2023, representing an increase of 18.59%. Profit attributable to owners of the Company was in line with profit for the period.



## (10) Liquidity and Capital Resources

As at 30 June 2024, the Group had cash and cash equivalents of RMB553,826.0 thousand, representing a decrease of 50.15% as compared with the balance of RMB1,111,041.6 thousand as at 31 December 2023. Such change was mainly because (i) cash inflow generated from the collection of heat fee and cash outflow generated from the purchase of heat sources were mainly in the second half of the year, resulting in a decrease of RMB894,862.0 thousand in net cash inflow from operating activities for the current period as compared with the corresponding period; (ii) there was an inflow from additional borrowings of RMB70,280.0 thousand and an outflow from repayment of debts, dividend distribution and interest repayment of RMB359,654.0 thousand in the previous period; and (iii) the net cash inflow from financing activities increased by RMB287,837.9 thousand for the current period as compared with that of the previous period.

## (11) Capital Expenditure

For the six months ended 30 June 2024, the Group's capital expenditure amounted to RMB60,160.0 thousand, as compared with RMB4,105.0 thousand for the corresponding period of 2023, representing an increase of 1,365.53%. This was mainly attributable to the increase in the purchase of fixed assets during the current period.

## (12) Capital Structure

As at 30 June 2024, the equity attributable to owners of the Group amounted to RMB1,137,988.5 thousand, representing an increase of RMB148,142.0 thousand as compared with 31 December 2023. This was mainly due to the increase in profit during the period. As at 30 June 2024, the Group's total interest-bearing bank and other borrowings amounted to approximately RMB35,000.0 thousand at a fixed interest rate of 3.9% per annum.

Gearing ratio is the percentage of total interest-bearing liabilities (including interest-bearing bank and other borrowings and lease liabilities), net of cash and cash equivalents, to total equity at the end of each financial period. As at 30 June 2024, the Group's cash and cash equivalents exceeded the Group's total interest-bearing liabilities.

## (13) Material Acquisitions and Disposals

On 19 March 2024, Yatai Heating and Chuncheng Investment entered into an assets transfer agreement, pursuant to which Yatai Heating has agreed to purchase, and Chuncheng Investment has agreed to sell, certain of its buildings, coal-fired boilers, land use rights and ancillary equipment used for heat production purposes, at a consideration of RMB38,950,960. Please refer to the Company's announcements dated 19 March 2024 and 22 March 2024 for further details.

Save as disclosed above, during the six months ended 30 June 2024, the Group did not have any material acquisitions and disposals.

## (14) Charge on Assets

As at 30 June 2024, the Group did not have any charge on assets.

## (15) Contingencies

As at 30 June 2024, the Group did not have any material contingencies.



# MANAGEMENT DISCUSSION AND ANALYSIS

### III. PROSPECT FOR THE SECOND HALF OF 2024

In the second half of the year, the Group will constantly implement its annual production and operation policies with a focus on the target of improving the quality of heat supply and reasonably reducing energy consumption by putting more efforts in the following areas:

- (i) To endeavour to carry out key construction projects for ultra-low emission transformation of coal power units in boiler rooms, install or upgrade desulphurization and dust removal equipment in compliance with the ultra-low emission standards, and coordinate with the gradual implementation of the “14th Five-Year Plan” comprehensive implementation plan for energy conservation and emission reduction in Jilin Province;
- (ii) To continuously enhance the intelligence of the heating system by leveraging the digital intelligence integration platform and strengthen the intelligent and precise regulation and control of the source, network, station, pipeline and household in the heating system, to effectively reduce energy consumption and practically improve the efficiency of energy utilisation;
- (iii) To endeavour to solve the problems identified during the summer inspection and maintenance and implement construction projects such as pipeline network renovation, station equipment replacement, and civil engineering repairs, to ensure the stable operation of the heat supply system and optimise the service quality of heat supply customer;

- (iv) To further strengthen the development of heating pipeline network, while alleviate the problem of insufficient heat in some areas by optimising the distribution of heat through main heating pipelines;
- (v) To keep enhancing the development of businesses such as engineering design, construction and maintenance.

### IV. EVENTS AFTER THE REPORTING PERIOD

At the Company’s first extraordinary general meeting of 2024 held on 26 July 2024, BDO China Shu Lun Pan Certified Public Accountants LLP was appointed as the auditors of the Company with immediate effect after the conclusion of the extraordinary general meeting and to hold office until the conclusion of the next annual general meeting of the Company. Please refer to the Company’s announcements dated 8 July 2024 and 26 July 2024 and circular dated 11 July 2024 for further details.

Since 30 June 2024 and up to the date of this report, save as disclosed in this report, there is no other material events or transactions affecting the Group.



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company has always been committed to enhancing its corporate governance standard and regarded corporate governance as an integral part of creating values for Shareholders. The Company has established a modern corporate governance structure which comprises a number of independently operated and effectively balanced bodies including general meetings, the Board of Directors, supervisory committee and senior management with reference to the code provisions as set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules and the requirements of the Articles of Association. The Company has also adopted the Corporate Governance Code as its own corporate governance practices.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board of the Company is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in safeguarding the interests of the Shareholders and enhancing the corporate value and accountability of the Company. The Company has applied the principles set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules.

Save as disclosed below, the Directors consider that the Company has complied with the applicable code provisions as set out in the Corporate Governance Code during the Reporting Period.

The positions of the chairman of the Board and the general manager of the Company are held separately. Prior to his resignation on 21 March 2024, Mr. Sun Huiyong was a non-executive Director and the Chairman of the Board. Mr. Song Chi was appointed as Chairman of the Board with effect from 31 May 2024 to fill the vacancy following the resignation of Mr. Sun Huiyong. Mr. Yang Zhongshi is the Company's general manager. Accordingly, during the period between 21 March 2024 and 30 May 2024, the role of the Chairman of the Board of the Company became vacant which deviated from Code Provision C.2.1 of the Corporate Governance Code.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Company has adopted Appendix C3 to the Listing Rules as the Model Code for Directors, Supervisors and relevant employees of the Company in dealing in securities of the Company. Based on the specific enquiry made by the Company with all Directors and Supervisors, all Directors and Supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the six months ended 30 June 2024.

The Company is not aware of any non-compliance of the Model Code by the Directors, Supervisors or relevant employees during the Reporting Period.

## DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities in relation to the preparation of financial statements and accounts of the Company and on ensuring that the financial statements of the Company are prepared in accordance with the relevant regulations and applicable accounting standards and that the financial statements of the Company are published in a timely manner.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications or appropriate accounting or relevant financial management expertise in accordance with the requirements of the Listing Rules. The independent non-executive Directors of the Company during the period from 1 January 2024 to 30 May 2024 were Mr. Fu Yachen, Mr. Wang Yuguo and Mr. Poon Pok Man. Since 31 May 2024, the Company appointed a total of three independent non-executive Directors, namely Mr. Fu Yachen, Mr. Poon Pok Man and Ms. Zhang Yan.



# CORPORATE GOVERNANCE REPORT

The first meeting of the independent non-executive Directors for 2024 was convened by the Company on 27 March 2024 to mainly consider the implementation of the proposals on the profit distribution for 2023 and the connected transactions for 2023, and the performance of the independent Directors for 2023.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules, the terms of reference of which are available on the websites of the Hong Kong Stock Exchange and the Company. Between 1 January 2024 to 21 March 2024, the audit committee comprised three Directors, namely Mr. Poon Pok Man (independent non-executive Director), Mr. Sun Huiyong (non-executive Director) and Mr. Wang Yuguo (independent non-executive Director). Mr. Poon Pok Man is the chairman of the audit committee. Following the resignation of Mr. Sun Huiyong as a Director on 21 March 2024, he ceased as a member of the audit committee. With effect from the formation of the third session of the Board on 31 May 2024, the audit committee comprises three Directors, namely Mr. Poon Pok Man (independent non-executive Director), Mr. Fu Yachen (independent non-executive Director) and Ms. Zhang Yan (independent non-executive Director). Mr. Poon Pok Man is the chairman of the audit committee. Therefore, there were only two members of the audit committee for the period from 21 March 2024 to 30 May 2024, which failed to meet the requirement of the terms of reference of the audit committee that it shall comprise a minimum of three members.

For the six months ended 30 June 2024, the audit committee held 2 meetings. The first meeting of the audit committee for 2024 was convened on 27 March 2024 by the Company, and considered and passed the resolutions on the effectiveness of the Company's financial controls, internal controls and risk management, the report of financial final accounts for 2023, the financial budget report for 2024, the audited consolidated financial statements for 2023, the 2023 annual results announcement and annual report and the proposals on the profit distribution for 2023, as well as the resolution on confirming the implementation of the connected transactions and the regulations governing the connected transactions for 2023. On 16 May 2024, the audit committee of the Company considered and passed the resolution on withdrawing the resolution for the re-appointment of Da Hua Certified Public Accountants as the external auditor for 2024.

## REMUNERATION COMMITTEE

The Company has established a remuneration committee with written terms of reference in compliance with the Listing Rules, the terms of reference of which are available on the websites of the Hong Kong Stock Exchange and the Company. During the Reporting Period, the remuneration committee comprised three Directors, namely, Mr. Fu Yachen (independent non-executive Director), Mr. Xu Chungang (executive Director) and Mr. Poon Pok Man (independent non-executive Director). Mr. Fu Yachen is the chairman of the remuneration committee.

During the six months ended 30 June 2024, the remuneration committee held 2 meetings. The first meeting of the remuneration committee for 2024 was held on 27 March 2024, at which resolutions in relation to the remuneration status, remuneration policy and structure of the Directors, Supervisors and senior management were considered. On 24 April 2024, the remuneration committee of the Company considered the resolutions on the remuneration policy for the members of the third session of the Board and the Directors' service agreements.





# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The Company has established a nomination committee with written terms of reference in compliance with the Listing Rules and its terms of reference are available on the websites of the Hong Kong Stock Exchange and the Company. During the period from 1 January 2024 to 30 May 2024, the nomination committee comprised three Directors, namely Mr. Wang Yuguo (independent non-executive Director), Mr. Yang Zhongshi (executive Director) and Mr. Fu Yachen (independent non-executive Director). Mr. Wang Yuguo was the chairman of the nomination committee. With effect from the formation of the third session of the Board on 31 May 2024, the nomination committee comprises three Directors, namely, Ms. Zhang Yan (independent non-executive Director), Mr. Yang Zhongshi (executive Director) and Mr. Fu Yachen (independent non-executive Director). Ms. Zhang Yan is the chairperson of the nomination committee.

During the six months ended 30 June 2024, the nomination committee held 3 meetings. The Company held the first meeting of the nomination committee for 2024 on 27 March 2024, at which the meeting considered and passed the resolutions on the structure of the Board, the leadership and contributions of the Directors, the performance of the corporate governance functions and related matters as well as the assessment of the independence of the independent non-executive Directors. On 24 April 2024, the Company convened the second meeting of the nomination committee for 2024, at which the meeting considered and passed the resolution on the renewal of the Board of the Company and the nomination of Ms. Zhang Yan as an independent non-executive Director of the third session of the Board of the Company. On 16 May 2024, the nomination committee considered and passed the resolution on the nomination of Mr. Song Chi as a non-executive Director of the third session of the Board of the Company.

## STRATEGY COMMITTEE

The Company has established a strategy committee with written terms of reference in compliance with the Listing Rules and its terms of reference are available on websites of the Hong Kong Stock Exchange and the Company. Between 1 January 2024 to 21 March 2024, the strategy committee comprised three Directors, namely Mr. Sun Huiyong (non-executive Director), Mr. Shi Mingjun (executive Director) and Mr. Wang Yuguo (independent non-executive Director). Mr. Sun Huiyong was the chairman of the strategy committee. Mr. Sun Huiyong ceased as the chairman of the strategy committee following his resignation as a Director on 21 March 2024. Since the formation of the third session of the Board with effect from 31 May 2024, the strategy committee comprises three Directors, namely Mr. Song Chi (non-executive Director), Mr. Shi Mingjun (executive Director) and Ms. Zhang Yan (independent non-executive Director). Mr. Song Chi is the chairman of the strategy committee. As such, during the period between 21 March 2024 and 30 May 2024, there were only two members of the strategy committee, which failed to meet the requirement stipulated under the terms of reference of the strategy committee that it shall comprise a minimum of three members.

The first meeting of the strategy committee for 2024 was convened on 27 March 2024 by the Company, at which a resolution in relation to the 2023 environmental, social and governance report (near final version) was passed.



## OTHER INFORMATION

### SHARE CAPITAL

As at 30 June 2024, the total share capital of the Company comprised 466,700,000 Shares, divided into 350,000,000 Domestic Shares and 116,700,000 H Shares, with par value of RMB1.00 each. After the Listing of the H Shares on the Main Board of the Hong Kong Stock Exchange, the Company did not issue any new Shares in exchange for cash.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OR REDEEMABLE SECURITIES OF THE COMPANY

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities or redeemable securities (including sale of treasury shares). As of 30 June 2024, the Company did not hold any treasury Shares.

### CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

For the six months ended 30 June 2024, there were no convertible securities, options, warrants and other similar rights issued or granted by the Company or any of its subsidiaries, nor were there any conversion rights or subscription rights exercised pursuant to any convertible securities, options, warrants and other similar rights issued or granted by the Company or any of its subsidiaries at any time.

### ISSUE OF BONDS

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had issued any bonds.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed to be their interests or short positions in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.



## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES

As at 30 June 2024, to the knowledge of the Directors, the persons (other than a Director, Supervisor or chief executive of the Company) who have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholders	Types of Shares	Capacity	Number of Shares/ underlying Shares held (Note 2)	Percentage of relevant class of share capital (%) (Note 3)	Percentage of total share capital (%) (Note 4)
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	Domestic Shares	Beneficial owner	325,500,000(L)	93.00	69.75
Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投資運營(集團)有限公司)	Domestic Shares	Beneficial owner	24,500,000(L)	7.00	5.25
China Foreign Economic and Trade Trust Co., Ltd. (Note 1)	H Shares	Trustee	30,500,000(L)	26.14	6.54
Northeast Asia CrowdWit Investment Management (Jilin) Co., Ltd. (東北亞萬眾創投資管理(吉林)有限公司)	H Shares	Beneficial owner	17,090,000(L)	14.64	3.66

Notes:

1. China Foreign Economic and Trade Trust Co., Ltd. is the trustee of SCBCN — Foreign Economy and Trade Trust Co., Ltd-Fotic Wuxingbaichuan No. 37 Unitrust.
2. (L) denotes the relevant person's long position in such Shares.
3. Based on 350,000,000 Domestic Shares or 116,700,000 H Shares of the Company in issue as at 30 June 2024.
4. Based on the total issued share capital of the Company of 466,700,000 Shares as at 30 June 2024.



## OTHER INFORMATION

### CHANGE IN INFORMATION OF DIRECTORS AND SUPERVISORS

During the Reporting Period and up to the date of this interim report, save for Mr. Shi Mingjun resigned as non-executive director of Datang Changre Jilin Heating Company Limited\* (大唐長熱吉林熱力有限公司) on 19 July 2024, there is no change in information of Directors and Supervisors of the Company that are required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

### SIGNIFICANT LEGAL PROCEEDINGS

As at 30 June 2024, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

### STAFF AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 1,555 employees. The remuneration of the Group's employees comprised basic salary and performance bonus. Performance bonus is determined based on the Group's results performance and individual performance evaluation.

### REVIEW OF INTERIM RESULTS

The Company has established the audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The audit committee consists of three members, namely Mr. Poon Pok Man, Mr. Fu Yachen and Ms. Zhang Yan. Mr. Poon Pok Man, an independent non-executive Director, is the chairman of the audit committee. The audit committee and the independent auditor of the Company have reviewed the interim results of the Group for the six months ended 30 June 2024, and have agreed with the accounting treatment adopted by the Company.



# COMBINED STATEMENT OF FINANCIAL POSITION

(presented in RMB unless otherwise stated)

Item	Note VI	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>CURRENT ASSETS:</b>			
Monetary fund		560,426,033.28	1,117,641,609.91
Financial assets measured at fair value through profit or loss		—	—
Held-for-trading financial assets		—	—
Derivative financial assets		—	—
Bills receivable		5,453,605.08	—
Trade receivables	(I)	155,202,628.09	145,484,702.63
Trade receivables financing		—	—
Prepayments	(II)	176,197,178.23	560,281,310.77
Other receivables	(III)	14,208,356.11	19,880,079.38
Inventories		7,154,454.22	6,713,395.63
Contract assets	(IV)	53,511,233.67	65,115,247.85
Assets held for sale		—	—
Non-current assets due within one year		—	—
Other current assets	(V)	47,302,923.01	26,982,649.84
<b>TOTAL CURRENT ASSETS</b>		<b>1,019,456,411.69</b>	<b>1,942,098,996.01</b>
<b>NON-CURRENT ASSETS:</b>			
Available-for-sale financial assets		—	—
Investments held-to-maturity		—	—
Debt investments		—	—
Other debt investments		—	—
Long-term receivables		—	—
Long-term equity investments		—	—
Other equity instrument investments		—	—
Other non-current financial assets		—	—
Investment properties		—	—
Fixed assets		863,078,590.66	897,056,268.51
Construction-in-progress		15,582,466.99	15,297,566.99
Biological assets		—	—
Fuel and gas assets		—	—
Right-of-use assets		7,914,892.28	9,151,063.82
Intangible assets		16,475,533.50	14,605,254.11
Development costs		—	—
Goodwill		74,847,680.43	74,847,680.43
Long-term deferred expenditures		35,487.79	52,873.11
Deferred income tax assets		50,337,409.28	53,483,180.47
Other non-current assets		—	—
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,028,272,060.93</b>	<b>1,064,493,887.44</b>
<b>TOTAL ASSETS</b>		<b>2,047,728,472.62</b>	<b>3,006,592,883.45</b>



# COMBINED STATEMENT OF FINANCIAL POSITION

Item	Note VI	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>CURRENT LIABILITIES:</b>			
Short-term borrowings		35,000,000.00	—
Financial liabilities measured at fair value through profit or loss		—	—
Held-for-trading financial liabilities		—	—
Derivative financial liabilities		—	—
Bills payable		114,200,000.00	183,130,000.00
Trade payables	(VII)	114,718,171.48	197,585,314.62
Advances		—	—
Contract liabilities		467,567,054.76	1,381,513,668.23
Salaries payable		42,827,684.49	99,420,557.57
Tax payable		2,127,238.93	21,219,468.29
Other payables	(VIII)	15,188,832.35	16,090,642.48
Liabilities held for sale		—	—
Non-current liabilities due within one year	(IX)	2,689,296.64	2,733,983.62
Other current liabilities	(X)	11,924.99	13,028.63
<b>TOTAL CURRENT LIABILITIES</b>		<b>794,330,203.64</b>	<b>1,901,706,663.44</b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term borrowings		—	—
Bonds payable		—	—
Of which: Preference shares		—	—
Perpetual bonds		—	—
Lease liabilities		6,547,473.80	6,398,770.88
Long-term payables		2,584,506.04	2,584,506.04
Long-term salaries payable		31,338,188.24	31,338,188.24
Estimated liabilities		—	—
Deferred income		37,565,887.94	39,773,519.76
Deferred income tax liabilities		29,693,558.05	33,502,589.18
Other non-current liabilities		7,680,184.66	1,442,167.11
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>115,409,798.73</b>	<b>115,039,741.21</b>
<b>TOTAL LIABILITIES</b>		<b>909,740,002.37</b>	<b>2,016,746,404.65</b>



# COMBINED STATEMENT OF FINANCIAL POSITION

Item	Note VI	30 June 2024 (Unaudited)	31 December 2023 (Audited)
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	(XI)	466,700,000.00	466,700,000.00
Other equity instruments		—	—
Of which: Preference shares		—	—
Perpetual bonds		—	—
Capital reserve		—	—
Less: Treasury stock		—	—
Other comprehensive income		-2,786,642.82	-2,786,642.82
Special reserve		25,636,436.53	25,636,436.53
Surplus reserve		38,565,035.73	38,565,035.73
Undistributed profits		609,873,640.81	461,731,649.36
Total shareholders' equity attributable to the parent company		1,137,988,470.25	989,846,478.80
Minority interests		—	—
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,137,988,470.25</b>	<b>989,846,478.80</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>2,047,728,472.62</b>	<b>3,006,592,883.45</b>



# COMBINED INCOME STATEMENT

(presented in RMB unless otherwise stated)

Item	Note VI	January to June 2024 (Unaudited)	January to June 2023 (Audited)
<b>I. TOTAL OPERATING INCOME</b>	(XIII)	906,629,256.98	898,354,369.86
Less: Operating costs	(XIV)	686,590,830.07	672,736,557.40
Taxes and surcharges		877,236.48	739,177.86
Selling expenses		—	369,156.07
Administrative expenses	(XV)	43,227,227.39	42,474,968.32
Research and development expenses		804,993.79	758,975.06
Financial costs		-6,810,607.79	-9,911,247.71
Of which: Interest charges		1,720,984.50	5,271,142.44
Interest income		-8,763,445.66	-9,841,436.25
Add: Other income		2,804,174.07	9,223,898.86
Investment income		—	—
Of which: Investment income from associates and joint ventures		—	—
Gain on derecognition of financial assets measured at amortized cost		—	—
Net gain from hedging exposure		—	—
Gain on changes in fair value		—	—
Credit impairment loss		-5,689,057.85	-19,246,248.97
Impairment loss on assets		21,627,705.85	-5,447,266.77
Gain on disposal of assets		—	—
<b>II. OPERATING PROFIT</b>		200,682,399.11	175,717,165.98
Add: Non-operating income		28,051.37	106,713.81
Less: Non-operating expenses		93,296.59	112,691.12
<b>III. TOTAL PROFIT</b>		200,617,153.89	175,711,188.67
Less: Income tax expense	(XVI)	52,475,162.44	50,787,451.54
<b>IV. NET PROFIT</b>		148,141,991.45	124,923,737.13
Of which: Net profit realized by the acquiree of the business combination under common control before the combination			
(I) Classified by continuity of operation			
Net profit from continuing operation		148,141,991.45	124,923,737.13
Net profit from discontinued operation		—	—
(II) Classified by ownership			
Net profit attributable to owners of the parent company		148,141,991.45	124,923,737.13
Minority interests		—	—





# COMBINED INCOME STATEMENT

Item	Note VI	January to June 2024 (Unaudited)	January to June 2023 (Audited)
<b>V. OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		—	—
<b>Other comprehensive income attributable to owners of the parent company, net of tax</b>		—	—
(I) Other comprehensive income that may not be reclassified to profit or loss		—	—
1. Changes from re-measurement of defined benefit plans, net		—	—
2. Other comprehensive income that may not be transferred to profit or loss under the equity method		—	—
3. Changes in fair value of other equity instrument investments		—	—
4. Changes in fair value of the enterprise's own credit risk		—	—
5. Others		—	—
(II) Other comprehensive income that may be reclassified to profit or loss		—	—
1. Other comprehensive income that may be transferred to profit or loss under the equity method		—	—
2. Gain or loss from changes in fair value of available-for-sale financial assets		—	—
3. Profit or loss from held-to-maturity investments reclassified to available-for-sale financial assets		—	—
4. Changes in fair value of other debt investments		—	—
5. Amounts of financial assets reclassified to other comprehensive income		—	—
6. Credit impairment provision for other debt investments		—	—
7. Reserves for cash flow hedges		—	—
8. Differences from translation of financial statement denominated in foreign currency		—	—
9. Investment income from a package disposal of subsidiaries before loss of control		—	—
10. Conversion of other assets to investment property measured by fair value model		—	—
11. Others		—	—
<b>Other comprehensive income attributable to minority Shareholders, net of tax</b>		—	—
<b>VI. TOTAL COMPREHENSIVE INCOME</b>		148,141,991.45	124,923,737.13
1. Total comprehensive income attributable to owners of the parent company		148,141,991.45	124,923,737.13
2. Total comprehensive income attributable to minority Shareholders		—	—
<b>VII. EARNINGS PER SHARE:</b>	(XIX)		
(I) Basic earnings per Share		0.32	0.27
(II) Diluted earnings per Share		0.32	0.27



# COMBINED STATEMENT OF CASH FLOWS

(presented in RMB unless otherwise stated)

Item	Note VI	January to June 2024 (Unaudited)	January to June 2023 (Audited)
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		63,392,757.96	77,680,224.87
Tax rebates received		78,396.31	265,577.83
Cash received relating to other operating activities		13,032,129.33	32,506,067.84
Sub-total of cash inflows from operating activities		76,503,283.60	110,451,870.54
Cash paid for purchase of goods and receipt of services		371,934,167.02	236,614,244.45
Cash paid to and on behalf of employees		114,052,392.67	127,136,281.23
Payments of tax charges		66,264,846.28	87,387,284.04
Cash paid relating to other operating activities		19,771,341.33	40,811,130.10
Sub-total of cash outflows from operating activities		572,022,747.30	491,948,939.82
<b>Net cash flows from operating activities</b>		<b>-495,519,463.70</b>	<b>-381,497,069.28</b>
<b>II. Cash flows from investing activities:</b>			
Cash received from recovery of investments		—	—
Cash received from returns on investments		—	—
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets		—	118,705.07
Net cash received from disposal of subsidiaries and other operating entities		—	—
Cash received relating to other investing activities		—	—
Sub-total of cash inflows from investing activities		—	118,705.07
Cash paid to acquire fixed assets, intangible assets and other long-term assets		60,160,031.26	4,105,046.20
Cash paid to acquire investments		—	—
Net cash paid to acquire subsidiaries and other operating entities		—	—
Cash paid relating to other investing activities		—	—
Sub-total of cash outflows from investing activities		60,160,031.26	4,105,046.20
<b>Net cash flows from investing activities</b>		<b>-60,160,031.26</b>	<b>-3,986,341.13</b>



# COMBINED STATEMENT OF CASH FLOWS

Item	Note VI	January to June 2024 (Unaudited)	January to June 2023 (Audited)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Cash received from capital contributions		—	—
Of which: Cash received from capital contributions by minority Shareholders in subsidiaries		—	—
Cash received from borrowings		—	70,280,000.00
Cash received relating to other financing activities		—	—
<hr style="border-top: 1px dashed #00a09a;"/>			
Sub-total of cash inflows from financing activities		—	70,280,000.00
<hr/>			
Cash paid for repayment of debts		—	—
Cash paid for distribution of dividends, profits or interest payment		1,536,081.67	15,930,400.00
Of which: dividends and profits paid to minority Shareholders by subsidiaries		—	—
Other cash paid relating to financing activities		—	—
<hr style="border-top: 1px dashed #00a09a;"/>			
Sub-total of cash outflows from financing activities		1,536,081.67	15,930,400.00
<hr/>			
<b>Net cash flows from financing activities</b>		<b>-1,536,081.67</b>	<b>54,349,600.00</b>
<hr/>			
<b>IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			502,739.79
<hr/>			
<b>V. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>-557,215,576.63</b>	<b>-330,631,070.62</b>
<hr/>			
Add: Cash and cash equivalent balance at beginning of the period		1,111,041,609.91	1,030,236,102.05
<hr/>			
<b>VI. CASH AND CASH EQUIVALENT BALANCE AT END OF THE PERIOD</b>		<b>553,826,033.28</b>	<b>699,605,031.43</b>
<hr/>			



# COMBINED STATEMENT OF CHANGES IN EQUITY

(presented in RMB unless otherwise stated)

Item	January to June 2024(Unaudited)									
	Shareholders' equity attributable to the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	Total Shareholders' equity
<b>I. Closing balance of previous year</b>	466,700,000.00				-2,786,642.82	25,636,436.53	38,565,035.73	461,731,649.36		989,846,478.80
Add: Change in accounting policy										
Correction of accounting errors for prior period										
Business combination under common control										
Others										
<b>II. Opening balance of current year</b>	466,700,000.00				-2,786,642.82	25,636,436.53	38,565,035.73	461,731,649.36		989,846,478.80
<b>III. Changes during the period</b>								148,141,991.45		148,141,991.45
(I) Total comprehensive income								148,141,991.45		148,141,991.45
(II) Shareholders' contribution and capital reduction										
1. Ordinary Shares contribution by Shareholders										
2. Capital invested by other equity instrument holders										
3. Share payment included in shareholders' equity										
4. Others										
(III) Profit appropriation										
1. Appropriation to surplus reserve										
2. Distribution to shareholders										
3. Others										
(IV) Internal transfer of shareholders' equity										
1. Capital reserve transferred to share capital										
2. Surplus reserve transferred to share capital										
3. Surplus reserve make up for losses										
4. Changes of defined benefits plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special reserve										
1. Appropriation in the current period										
2. Utilized in the current period										
(VI) Others										
<b>IV. Closing balance of current period</b>	466,700,000.00				-2,786,642.82	25,636,436.53	38,565,035.73	609,873,640.81		1,137,988,470.25



# COMBINED STATEMENT OF CHANGES IN EQUITY

January to June 2023 (Audited)

Item	Shareholders' equity attributable to the parent company									Total Shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	
<b>I. Closing balance of previous year</b>	466,700,000.00				-1,786,642.82	25,643,923.18	29,831,863.56	391,512,294.20		911,901,438.12
Add: Change in accounting policy										
Correction of accounting errors for prior period										
Business combination under common control										
Others										
<b>II. Opening balance of current year</b>	466,700,000.00				-1,786,642.82	25,643,923.18	29,831,863.56	391,512,294.20		911,901,438.12
<b>III. Changes during the period</b>								82,920,737.13		82,920,737.13
(I) Total comprehensive income								124,923,737.13		124,923,737.13
(II) Shareholders' contribution and capital reduction										
1. Ordinary Shares contribution by Shareholders										
2. Capital invested by other equity instrument holders										
3. Share payment included in Shareholders' equity										
4. Others										
(III) Profit appropriation								-42,003,000.00		-42,003,000.00
1. Appropriation to surplus reserve								-42,003,000.00		-42,003,000.00
2. Distribution to shareholders										
3. Others										
(IV) Internal transfer of Shareholders' equity										
1. Capital reserve transferred to share capital										
2. Surplus reserve transferred to share capital										
3. Surplus reserve make up for losses										
4. Changes of defined benefits plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special reserve										
1. Appropriation in the current period										
2. Utilized in the current period										
(VI) Others										
<b>IV. Closing balance of current period</b>	466,700,000.00				-1,786,642.82	25,643,923.18	29,831,863.56	474,433,031.33		994,822,175.25



# NOTES TO FINANCIAL STATEMENTS

## I. GENERAL INFORMATION OF THE COMPANY

### (I) Company Overview

Jilin Province Chun Cheng Heating Company Limited (the “Company”), formerly known as “Jilin Province Changre New Energy Co., Ltd.\* (吉林省長熱新能源有限公司)” or “Jilin Province Chun Cheng Heating Limited Liability Company\* (吉林省春城熱力有限責任公司)”, is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”) on 23 October 2017. The registered office of the Company is located at Block 28 (Hongcheng Xiyu), Area B, Nanhu Road Community, 998 Nanhu Road, Nanguan District, Changchun, Jilin Province, the PRC.

The Company and its subsidiaries (collectively, the “Group”) engage in the following principal activities:

- Heat supply, including the provision and distribution of heat, pipeline connection fee and heat transmission; and
- Construction, maintenance and design services and others.

The controlling Shareholder of the Company is Chun Cheng Investment, a company established in the PRC and wholly owned by the State-owned Assets Supervision and Administration Commission of Changchun Municipal People’s Government (長春市人民政府國有資產監督管理委員會) (“SASAC Changchun”). The interim condensed consolidated financial information is presented in RMB, unless otherwise stated.



# NOTES TO FINANCIAL STATEMENTS

## I. GENERAL INFORMATION OF THE COMPANY (Continued)

### (II) Scope of Combined Financial Statements

As of 30 June 2024, subsidiaries that were consolidated into the combined financial statements of the Company are as follows:

#### Name of subsidiary

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Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)
Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)
Jilin Chuncheng Clean Energy Company Limited* (吉林省春城清潔能源有限責任公司)
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)
Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)

The number of entities that were consolidated into the scope of the combined financial statements has increased by 0 and decreased by 0 during the period as compared with the previous period.



# NOTES TO FINANCIAL STATEMENTS

## II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### (I) Basis of Preparation

The financial statements of the Company were prepared on the basis of going concern, based on transactions and matters that actually occurred, and in accordance with the Accounting Standards for Enterprises — Basic Standards published by the Ministry of Finance and specific accounting standards, guidance on application of accounting standards for enterprises, interpretations to accounting standards for enterprises and other relevant requirements (collectively, the “ASBEs”), and the disclosure requirements of the “Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reporting” issued by the China Securities Regulatory Commission, the Rules Governing the Listing of Securities issued by the Hong Kong Stock Exchange and the Companies Ordinance.

### (II) Going Concern

Pursuant to the Company’s assessment on the continuing operation ability of the Company within 12 months since the end of the Reporting Period, no matters or events that may raise any material doubts on the continuing operation ability of the Company were discovered, thus these financial statements were prepared on a going concern basis.

## III. DESCRIPTION ON SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### (I) Notes to Specific Accounting Policies and Accounting Estimates

The Company have formulated certain specific accounting policies and accounting estimates in accordance with its production and operation characteristics, which were mainly reflected in the valuation method for inventories, the method of provision for expected credit loss on trade receivables, the depreciation of fixed assets and amortization of intangible assets and the timing of revenue recognition.

### (II) Statement of Compliance with the ASBEs

The financial statements have been prepared by the Company in conformity with the requirements under the ASBEs; and have truthfully and completely reflected information such as financial position, operating results and cash flow, etc. of the Company during the Reporting Period.

### (III) Accounting Period

The accounting year is from 1 January to 31 December in Gregorian calendar year.

### (IV) Reporting Currency

The reporting currency of the Company is Renminbi (RMB).





# NOTES TO FINANCIAL STATEMENTS

## III. DESCRIPTION ON SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (V) Basis of Accounting and Valuation Principles

The Company uses the accrual basis of accounting. The Company generally uses historical cost for the measurement of accounting elements; for cases where other attributes such as replacement cost, net realizable value, present value or fair value are used for measurement in accordance with the standards, the Company will make special note on such circumstances.

### (VI) Trade Receivables

The Company separately determines the credit loss for single trade receivable with significant amount and has suffered credit impairment upon initial recognition.

If it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of single instrument, the Company makes reference to historical credit loss experience, combines with prevailing condition and the judgment on future economic condition, classifies the trade receivables into several portfolios based on the characteristics of credit risk, and calculates the expected credit losses on a collective basis. The basis for determining the portfolio is as follows:

Portfolio name	Basis for determining the portfolio	Provision method
Ageing analysis portfolio	Trade receivables other than "related party portfolio"	The Company makes reference to historical credit loss experience, combines with prevailing condition and expectation on future economic condition, by using default risk exposure and a lifetime credit loss rate to measure the expected credit loss.
Related party portfolio	Trade receivables from Shareholders and related parties	Makes reference to historical credit loss experience, combines with prevailing condition and expectation on future economic condition to measure the expected credit loss.



# NOTES TO FINANCIAL STATEMENTS

## III. DESCRIPTION ON SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (VII) Income

The main revenue streams of the Company are from the following businesses: heat supply and transmission service, construction and maintenance.

#### 1. General principles of revenue recognition

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.

The performance obligation refers to the commitment of the Company to transfer the goods or services that can be clearly distinguished to the customer in the contract.

Obtaining control of related commodities means being able to direct the use of the commodities and obtain almost all economic benefits from them.

The Company evaluates the contract on the contract commencement date, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point in time. If one of the following conditions is met, it is a performance obligation performed within a certain period of time. The Company recognizes revenue within a period of time according to the progress of the performance: (1) The customer simultaneously receives and consumes the economic benefits generated from the Company's performance as the Company performs; (2) The customer has the ability to control the goods under construction during the Company's performance; (3) The goods produced during the performance of the Company have irreplaceable uses, and the Company has the right to receiving payment for the accumulated portion of performance completed to date throughout the contract period. Otherwise, the Company recognizes revenue at the point in time when the customer obtains control of the relevant goods or services.

For the performance obligations performed within a certain period of time, the Company uses the input method to determine the appropriate performance progress based on the nature of the goods and services. The output method is to determine the performance progress based on the value of the commodities that have been transferred to the customer (the input method is to determine the performance progress based on the Company's investment to fulfil the performance obligation). When the performance progress cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, revenue is recognized according to the amount of costs incurred until the performance progress can be reasonably determined.



# NOTES TO FINANCIAL STATEMENTS

## III. DESCRIPTION ON SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (VII) Income (Continued)

#### 2. Detailed method for revenue recognition

##### (1) *Provision of heat supply services*

If the customer simultaneously receives and consumes the resources provided by the Company as the Company satisfies its performance obligations for heat supply services, it is a performance obligation satisfied within a certain period of time. Revenue from heat supply services is determined on the basis of the actual heating area and the heat supply price approved by relevant government departments, and is recognised by month over the heat supply period in proportion to the number of heating days as a percentage of the total number of heating days.

##### (2) *Pipeline connection fee*

The pipeline connection fee is a one-off fee charged by the Company to the customers for the connection of the primary pipeline network for residential customers and is non-refundable. The Company enters into contract with customers and agrees to a heat service period, and income from pipeline connection fee is recognised on a straight-line basis over the customer's beneficial period. The Company has determined the beneficial period to be 16 years.

##### (3) *Heat transmission services*

Revenue from the provision of heat transmission services, which utilises the heat transmission network of the Company to provide heat transmission services to other heat supply units, is recognised at the point in time when control of heat is transferred to the customer, which is generally when heat is transmitted to the customer.

##### (4) *Engineering construction and maintenance services*

If the customer is able to control the Company's asset during the performance as the Company satisfies its performance obligation for engineering construction and maintenance services, it is a performance obligation satisfied within a certain period of time, and the Company recognises the revenue based on the progress of performance, which is determined by the proportion of the actual costs incurred to the estimated total cost of accomplishing the construction services.

##### (5) *Design services*

The design services provided by the Company include design, consultancy and feasibility studies for heating projects. Due to the fact that the products produced in the course of the Company's performance are of irreplaceable use and the Company is entitled to receive payment for the accumulated portion of performance completed to date throughout the contract period, it is a performance obligation satisfied within a certain period of time. The Company recognizes the revenue based on the progress of performance, which is determined by the proportion of the actual costs incurred to the estimated total cost.



# NOTES TO FINANCIAL STATEMENTS

## III. DESCRIPTION ON SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### (VII) Income (Continued)

#### 2. Detailed method for revenue recognition (Continued)

##### (6) *Sale of goods*

Revenue from the sale of goods is recognized at the point in time when the control of the assets is transferred to the customer, generally on delivery of the goods.

## IV. DESCRIPTION ON ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND CORRECTION OF SIGNIFICANT ERRORS IN PREVIOUS PERIOD

### (I) Changes in Accounting Policies

There were no changes in significant accounting policies during the Reporting Period.

### (II) Changes in Accounting Estimates

There were no changes in significant accounting estimates during the Reporting Period.

### (III) Correction of Significant Errors in Previous Period

No correction of accounting errors in previous period was made by using the retrospective restatement method during the Reporting Period.



# NOTES TO FINANCIAL STATEMENTS

## V. TAXATION

### (I) Main Types of Taxes and Tax Rates

Tax type	Basis of taxation	Tax rate	Remark
Value-added tax ("VAT")	Domestic sales, provision of processing, repair and replacement services; provision of goods; provision of tangible personal property leasing services	13%	
	Provision of construction, real property leasing services; sale of real estate; transfer of land use rights	9%	
	Other taxable sales of services	6%	
City maintenance and construction tax	Simple taxation method	5% or 3%	
	Amount of turnover tax paid	7%	
Education surcharge	Amount of turnover tax payable	3%	
Local education surcharge	Amount of turnover tax payable	2%	
Enterprise income tax	Amount of income tax payable	25%, 20%, 15%	
Property tax	Based on 70% of the original value of property (or rental income)	1.2%	

### (II) Preferential Tax

#### 1. VAT

The Company, Changchun Yatai Heating Co., Ltd.\* (長春亞泰熱力有限責任公司) and Jilin Province Xixing Energy Limited\* (吉林省西興能源有限公司) were subject to the "Notice on the Renewal of Preferential Policies on VAT, Property Tax and Urban Land Use Tax for Heat Supply Enterprises" (Cai Shui [2019] No. 38) (《關於延續供熱企業增值稅房產稅城鎮土地使用稅優惠政策的通知》(財稅[2019]38號)) issued by the Ministry of Finance and the State Administration of Taxation, which stated that in order to support residents' heating needs, the policies on VAT, property tax and urban land use tax for heat supply enterprises in the "three north" regions (hereinafter referred to as heat supply enterprises) are as follows: I. Starting from 1 January 2019 to the end of the heating period in 2020, heat supply fee income generated by heat supply enterprises for heat supplied to individual residents (hereinafter referred to as residents) shall be exempted from VAT.

The preferential tax policies stipulated in the Announcement of the Ministry of Finance and the State Administration of Taxation on Extending the Effective Period of Some Preferential Tax Policies "Announcement on the Ministry of Finance and the State Administration of Taxation on the Renewal of Tax Policies for Heat Supply Enterprises" (Cai Shui [2023] No. 56) were extended to the end of the heat supply period in 2027.



# NOTES TO FINANCIAL STATEMENTS

## V. TAXATION (Continued)

### (III) Preferential Tax (Continued)

#### 2. Income tax

(1) *Jilin Province Heating Engineering Design and Research Company Limited\** (吉林省熱力工程設計研究有限責任公司)

According to Rule II of Article XXVIII of the “Enterprise Income Tax Law” (《企業所得稅法》), Article XCIII of the “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法實施條例》), the “Notice of the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation on Adjustment on Issuing the Administrative Measures for Determination of High and New Tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理辦法〉的通知》(國科發火[2016]32號)), the “Notice of the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on Adjustment on Printing and Issuing of the Guidelines for the Administration of the Recognition of High and New Tech Enterprises” (Guo Ke Fa Huo [2016] No. 195) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理工作指引〉的通知》(國科發火[2016]195號)), and the “Announcement of the State Administration of Taxation on Issues Relating to the Implementation of Preferential Income Tax Policies for High and New Tech Enterprises” (Announcement of the State Administration of Taxation No. 24 of 2017) (《國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告》(國家稅務總局公告2017年第24號)), High and New Tech Enterprises are subject to corporate income tax at a tax rate of 15%. Since Jilin Province Heating Engineering Design and Research Company Limited\* (吉林省熱力工程設計研究有限責任公司) has obtained a High and New Tech Enterprise Certificate on 29 November 2022, which is valid for three years, it is eligible for the preferential enterprise income tax policy for High and New Tech Enterprises. On 14 March 2022, the Ministry of Finance and the State Administration of Taxation jointly promulgated the Announcement on Further Implementation of Preferential Policies for Small and Micro Enterprises’ Income Tax (Announcement of Ministry of Finance and the State Administration of Taxation No. 13 of 2022) (《關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)), which provides that, for small and micro-profit enterprises, the portion of their annual taxable income exceeding RMB1 million but not exceeding RMB3 million shall be included in the taxable income at a reduced rate of 25% and the corporate income tax shall be paid at the tax rate of 20%, i.e. a consolidated income tax rate of 5%.



# NOTES TO FINANCIAL STATEMENTS

## V. TAXATION (Continued)

### (III) Preferential Tax (Continued)

#### 2. Income tax (Continued)

(2) *Jilin Province Changre Electrical Apparatus Company Limited\** (吉林省長熱電氣儀表有限公司)

According to Rule II of Article XXVIII of the “Enterprise Income Tax Law” (《企業所得稅法》), Article XCIII of the “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” (《中華人民共和國企業所得稅法實施條例》), the “Notice of the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation on Amendment on Issuing the Administrative Measures for Determination of High and New Tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理辦法〉的通知》(國科發火[2016]32號)), the “Circular of the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on Amendment on Issuing the Guidelines for the Administration of the Recognition of Hi-tech Enterprises” (Guo Ke Fa Huo [2016] No. 195) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理工作指引〉的通知》(國科發火[2016]195號)), and the “Announcement of the State Administration of Taxation on Issues Relating to the Implementation of Preferential Income Tax Policies for High and New Tech Enterprises” (Announcement of the State Administration of Taxation No. 24 of 2017) (《國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告》(國家稅務總局公告2017年第24號)), High and New Tech Enterprises are subject to corporate income tax at a tax rate of 15%. Jilin Province Changre Electrical Apparatus Company Limited\* (吉林省長熱電氣儀表有限公司) obtained a High and New Tech Enterprise Certificate on 29 November 2023, which is valid for three years. On 14 March 2022, the Ministry of Finance and the State Taxation Administration jointly issued the Notice on Further Implementation of Preferential Income Tax Policies for Micro and Small Enterprises (Notice of the Ministry of Finance and the State Taxation Administration [2022] No. 13) (《關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)), which provides for a reduction of 25% of the annual taxable income for small low-profit enterprise with annual taxable income exceeding RMB1 million but not exceeding RMB3 million, and subject to corporate income tax at a rate of 20%, i.e. a consolidated income tax rate of 5%.



# NOTES TO FINANCIAL STATEMENTS

## V. TAXATION (Continued)

### (II) Preferential Tax (Continued)

#### 2. Income tax (Continued)

**(3) Jilin Province Hengxin Electricity Co. Ltd.\* (吉林省恒信售電有限公司)**

On 14 March 2022, the Ministry of Finance and the State Taxation Administration jointly issued the Notice on Further Implementation of Preferential Income Tax Policies for Micro and Small Enterprises (Notice of the Ministry of Finance and the State Taxation Administration [2022] No. 13) [《關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)], which provides for a reduction of 25% of the annual taxable income for small low-profit enterprise with annual taxable income exceeding RMB1 million but not exceeding RMB3 million, and subject to corporate income tax at a rate of 20%, i.e. a consolidated income tax rate of 5%.

**(4) Jilin Chuncheng Clean Energy Company Limited\* (吉林省春城清潔能源有限責任公司)**

On 14 March 2022, the Ministry of Finance and the State Taxation Administration jointly issued the Notice on Further Implementation of Preferential Income Tax Policies for Micro and Small Enterprises (Notice of the Ministry of Finance and the State Taxation Administration [2022] No. 13) [《關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)], which provides for a reduction of 25% of the annual taxable income for small low-profit enterprise with annual taxable income exceeding RMB1 million but not exceeding RMB3 million, and subject to corporate income tax at a rate of 20%, i.e. a consolidated income tax rate of 5%.

### (III) Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made as the Company did not have any income that is subject to Hong Kong profits tax for the period between January to June 2024.





# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS

(The following amounts are denominated in RMB unless otherwise stated)

### (I) Trade Receivables

#### 1. Disclosure of trade receivables based on ageing

Ageing	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year	<b>106,989,873.54</b>	108,515,193.83
1 to 2 years	<b>48,640,845.45</b>	25,904,931.63
2 to 3 years	<b>19,891,373.49</b>	26,135,489.12
3 to 4 years	<b>12,377,465.39</b>	10,775,292.73
4 to 5 years	<b>3,051,368.24</b>	9,625,560.60
Over 5 years	<b>16,321,045.86</b>	14,581,959.35
Sub-total	<b>207,271,971.97</b>	195,538,427.26
Less: Provision for bad debts	<b>52,069,343.88</b>	50,053,724.63
Total	<b>155,202,628.09</b>	145,484,702.63



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (I) Trade Receivables (Continued)

#### 2. Disclosure based on classification of provision method for bad debts

Category	30 June 2024 (Unaudited)				
	Carrying balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subject to provision for ECL on individual basis					
Trade receivables subject to provision for ECL on portfolio basis	207,271,971.97	100.00	52,069,343.88	25.12	155,202,628.09
Of which: Ageing analysis portfolio –					
Heat supply business	62,539,465.30	30.17	15,173,399.26	24.26	47,366,066.04
Ageing analysis portfolio –					
Basic heating fee	40,444,245.31	19.51	8,153,873.67	20.16	32,290,371.64
Ageing analysis portfolio –					
Engineering business	70,220,125.88	33.88	24,180,150.09	34.43	46,039,975.79
Related party portfolio	34,068,135.48	16.44	4,561,920.86	13.39	29,506,214.62
Total	207,271,971.97	100.00	52,069,343.88	25.12	155,202,628.09

Category	31 December 2023 (Audited)				
	Carrying balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subject to provision for ECL on individual basis					
Trade receivables subject to provision for ECL on portfolio basis	195,538,427.26	100.00	50,053,724.63	25.60	145,484,702.63
Of which: Ageing analysis portfolio –					
Heat supply business	58,036,201.75	29.68	9,365,069.82	16.14	48,671,131.93
Ageing analysis portfolio –					
Basic heating fee	31,308,281.76	16.01	6,356,708.01	20.30	24,951,573.75
Ageing analysis portfolio –					
Engineering business	74,516,321.57	38.11	31,527,256.09	42.31	42,989,065.48
Related party portfolio	31,677,622.18	16.20	2,804,690.71	8.85	28,872,931.47
Total	195,538,427.26	100.00	50,053,724.63	25.60	145,484,702.63



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (II) Trade Receivables (Continued)

#### 3. Trade receivables subject to provision for ECL on portfolio basis

##### (1) Ageing analysis portfolio — Heat supply business

Ageing	30 June 2024 (Unaudited)		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	32,625,531.80	2,831,896.16	8.68
1 to 2 years	17,569,667.32	5,130,342.86	29.20
2 to 3 years	5,711,251.12	2,207,398.56	38.65
3 to 4 years	2,696,174.55	1,240,779.53	46.02
4 to 5 years	434,320.18	260,461.82	59.97
Over 5 years	3,502,520.33	3,502,520.33	100.00
Total	62,539,465.30	15,173,399.26	24.26

##### (2) Ageing analysis portfolio — Basic heating fee

Ageing	30 June 2024 (Unaudited)		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	9,320,893.59	634,752.85	6.81
1 to 2 years	18,422,695.56	1,956,490.27	10.62
2 to 3 years	6,381,009.41	956,513.30	14.99
3 to 4 years	2,040,921.31	583,499.40	28.59
4 to 5 years	560,901.45	304,793.86	54.34
Over 5 years	3,717,823.99	3,717,823.99	100.00
Total	40,444,245.31	8,153,873.67	20.16



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (I) Trade Receivables (Continued)

#### 3. Trade receivables subject to provision for ECL on portfolio basis (Continued)

##### (3) Ageing analysis portfolio — Engineering business

Ageing	30 June 2024 (Unaudited)		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	34,464,799.91	3,536,088.47	10.26
1 to 2 years	9,858,995.33	2,576,155.48	26.13
2 to 3 years	7,799,112.96	3,362,977.51	43.12
3 to 4 years	7,640,369.53	4,675,142.12	61.19
4 to 5 years	2,056,146.61	1,629,084.97	79.23
Over 5 years	8,400,701.54	8,400,701.54	100.00
Total	70,220,125.88	24,180,150.09	34.43

### (II) Prepayments

Ageing	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	173,545,158.38	98.50	558,451,271.88	99.67
1 to 2 years	915,194.25	0.52	118,838.87	0.02
2 to 3 years	25,625.58	0.01	157,775.00	0.03
Over 3 years	1,711,200.02	0.97	1,553,425.02	0.28
Total	176,197,178.23	100.00	560,281,310.77	100.00

### (III) Other Receivables

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Interest receivables		
Dividend receivables		
Other receivables	14,208,356.11	19,880,079.38
Total	14,208,356.11	19,880,079.38



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (III) Other Receivables (Continued)

#### 1. Disclosure based on ageing

Ageing	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year	13,190,622.46	16,231,601.58
1 to 2 years	10,898,113.72	13,876,570.19
2 to 3 years	4,114,150.92	4,186,730.11
3 to 4 years	4,184,730.11	50,000.00
4 to 5 years	50,000.00	38,217.92
Over 5 years	1,538,769.66	1,591,551.74
Sub-total	33,976,386.87	35,974,671.54
Less: Provision for bad debts	19,768,030.76	16,094,592.16
Total	14,208,356.11	19,880,079.38

#### 2. Classification by nature of the amount

Nature of the amount	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Guarantee	167,000.00	167,000.00
Petty cash	1,385,901.29	527,579.33
Current account payment	30,664,099.51	30,664,099.31
Others	1,759,386.07	4,615,992.90
Total	33,976,386.87	35,974,671.54

#### 3. Disclosure based on three stages of financial asset impairment

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Carrying balance	Provision for bad debts	Carrying amount	Carrying balance	Provision for bad debts	Carrying amount
Stage one	24,826,370.83	10,618,014.72	14,208,356.11	26,824,655.50	6,944,576.12	19,880,079.38
Stage two						
Stage three	9,150,016.04	9,150,016.04	—	9,150,016.04	9,150,016.04	—
Total	33,976,386.87	19,768,030.76	14,208,356.11	35,974,671.54	16,094,592.16	19,880,079.38



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (III) Other Receivables (Continued)

#### 4. Particulars of provision for bad debts of other receivables

Provision for bad debts	30 June 2024 (Unaudited)			Total
	Stage one Next 12-months ECL	Stage two Lifetime ECL (not credit impaired)	Stage three Lifetime ECL (credit impaired)	
Opening balance	6,944,576.12		9,150,016.04	16,094,592.16
Opening balance during the current period which:				
– transferred to stage two				
– transferred to stage three				
– reversed to stage two				
– reversed to stage one				
Provision in the current period	3,673,438.60			3,673,438.60
Reversal in the current period				
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	10,618,014.72		9,150,016.04	19,768,030.76
		31 December 2023 (Audited)		
	Stage one Next 12-months ECL	Stage two Lifetime ECL (not credit impaired)	Stage three Lifetime ECL (credit impaired)	Total
Opening balance	3,287,911.85		1,204,863.20	4,492,775.05
Opening balance during the current period which:				
– transferred to stage two	-701,557.00		701,557.00	
– transferred to stage three	-701,557.00		701,557.00	
– reversed to stage two				
– reversed to stage one				
Provision in the current period	4,537,995.08		7,243,595.84	11,781,590.92
Reversal in the current period	-179,773.81			-179,773.81
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	6,944,576.12		9,150,016.04	16,094,592.16



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (IV) Contract Assets

#### 1. Particulars of contract assets

Item	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Carrying balance	Impairment provision	Carrying amount	Carrying balance	Impairment provision	Carrying amount
Amounts completed and settled	<b>78,879,049.38</b>	<b>32,517,645.83</b>	<b>46,361,403.55</b>	113,514,374.22	52,143,556.18	61,370,818.04
Quality guarantee deposit	<b>10,936,961.49</b>	<b>3,787,131.37</b>	<b>7,149,830.12</b>	9,533,356.68	5,788,926.87	3,744,429.81
Total	<b>89,816,010.87</b>	<b>36,304,777.20</b>	<b>53,511,233.67</b>	123,047,730.90	57,932,483.05	65,115,247.85

#### 2. Particulars of impairment provision for contract assets during the current period

Item	31 December 2023 (Audited)	Movement during the current period			30 June 2024 (Unaudited)
		Provision	Reversal	Charge-off or write-off	
Quality guarantee deposit	5,788,926.87	<b>-2,001,795.50</b>			<b>3,787,131.37</b>
Amounts completed but unsettled	52,143,556.18	<b>-19,625,910.35</b>			<b>32,517,645.83</b>
Total	57,932,483.05	<b>-21,627,705.85</b>			<b>36,304,777.20</b>

### (V) Other Current Assets

Item	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Input tax to be deducted	<b>35,501,885.04</b>	13,486,610.48
Prepaid tax	<b>11,801,037.97</b>	13,496,039.36
Total	<b>47,302,923.01</b>	26,982,649.84



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (VI) Changes in Investment Properties, Fixed Assets, Intangible Assets and Other Long-term Assets

During the six months ended 30 June 2024, the Company did not dispose investment properties, fixed assets, intangible assets and other long-term assets.

During the six months ended 30 June 2024, the Company spent approximately RMB60,160.0 thousand (six months ended 30 June 2023: RMB4,105.0 thousand), mainly on construction in progress, machinery and equipment and transportation equipment, and production capacity enhancement.

### (VII) Trade Payables

Ageing	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Within 1 year (including the first year)	22,012,281.21	129,093,997.38
1 to 2 years (including the second year)	40,286,229.32	59,486,726.00
2 to 3 years (including the third year)	46,778,511.63	2,262,399.64
Over 3 years	5,641,149.32	6,742,191.60
Total	114,718,171.48	197,585,314.62





# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (VIII) Other Payables

Other payables based on nature of the payments

<b>Nature of the amount</b>	<b>30 June 2024 (Unaudited)</b>	31 December 2023 (Audited)
Quality guarantee deposit	15,996.00	15,996.00
Deposit and guarantee	1,380,200.79	1,385,200.79
Current account payment	6,804,814.58	7,773,093.63
Insurance	824,088.24	263,366.72
Utility	2,510,740.80	6,349,939.44
Others	3,652,991.94	303,045.90
Total	15,188,832.35	16,090,642.48

### (IX) Non-current Liabilities Due within One Year

<b>Item</b>	<b>30 June 2024 (Unaudited)</b>	31 December 2023 (Audited)
Lease liabilities due within one year	2,689,296.64	2,733,983.62
Total	2,689,296.64	2,733,983.62

### (X) Other Current Liabilities

<b>Item</b>	<b>30 June 2024 (Unaudited)</b>	31 December 2023 (Audited)
Tax to be charged-off	11,924.99	13,028.63
Total	11,924.99	13,028.63



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (XI) Share Capital

Name of investor	31 December 2023 (Audited)		Increase during the current period	Decrease during the current period	30 June 2024 (Unaudited)	
	Amount of investment	Shareholding percentage (%)			Amount of investment	Shareholding percentage (%)
Chuncheng Investment	325,500,000.00	69.75			325,500,000.00	69.75
Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投資運營(集團)有限公司)	24,500,000.00	5.25			24,500,000.00	5.25
Overseas public Shareholders (H Shares Listing in Hong Kong)	116,700,000.00	25.00			116,700,000.00	25.00
Total	466,700,000.00	100.00			466,700,000.00	100.00

### (XII) Assets with Restricted Ownership and Right to Use

Item	Balance	Reason(s) for restriction
Monetary fund	6,600,000.00	Performance deposit
Total	6,600,000.00	

### (XIII) Revenue and Segment Information

#### 1. Basis of identifying reportable segments and the accounting policies

The Company identified two operating segments, namely the heat supply segment and the construction, maintenance and design services segment, based on the internal organizational structure, management requirements and internal reporting system. Each reportable segment of the Company offers different products or services. As each segment requires different technologies or market strategies, the Company's management manages the operating activities of each reportable segment separately, and regularly evaluates the operating results of these reportable segments to determine the allocation of resources and to evaluate their performance.

Inter-segment transfer prices are determined on the basis of actual transaction prices, and expenses indirectly attributable to each segment are allocated between segments in proportion to its revenue. Assets are allocated based on the operations of the segment and the location of the assets. Segment liabilities include liabilities arising from the operating activities of a segment that are attributable to that segment. If expenses that are related to liabilities jointly assumed by multiple operating segments were allocated to those operating segments, the jointly assumed liabilities are also allocated to those operating segments.



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (XIII) Revenue and Segment Information (Continued)

#### 2. Financial information of the reportable segments

##### (1) Segment assets, liabilities and revenue

Item	Heat supply	Construction, maintenance and design services	Total
<b>30 June 2024 (Unaudited)</b>			
Reportable segment assets	1,883,938,131.03	163,790,341.59	2,047,728,472.62
Reportable segment liabilities	810,652,046.47	99,087,955.90	909,740,002.37
<b>January to June 2024 (Unaudited)</b>			
Segment revenue			
Revenue from external customers	903,853,284.33	11,223,057.67	915,076,342.00
Intersegment revenue	3,577,248.31	4,869,836.71	8,447,085.02
Reportable segment revenue	900,323,867.50	6,305,389.48	906,629,256.98
Reportable segment gross profit	219,994,005.81	44,421.10	220,038,426.91
Item	Heat supply	Construction, maintenance and design services	Total
<b>30 June 2023 (Audited)</b>			
Reportable segment assets	1,984,435,292.88	201,926,592.62	2,186,361,885.50
Reportable segment liabilities	1,058,092,964.51	133,446,745.74	1,191,539,710.25
<b>January to June 2023 (Audited)</b>			
Segment revenue			
Revenue from external customers	882,464,234.07	28,020,363.19	910,484,597.26
Intersegment revenue	3,120,769.23	9,009,458.17	12,130,227.40
Reportable segment revenue	879,343,464.84	19,010,905.02	898,354,369.86
Reportable segment gross profit	217,935,602.22	7,682,210.24	225,617,812.46



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (XIII) Revenue and Segment Information (Continued)

#### 3. Revenue and other business income

Item	January to June 2024 (Unaudited)	January to June 2023 (Audited)
<b>Revenue from contracts with customers</b>		
Provision and distribution of heat	<b>859,996,290.50</b>	836,010,649.80
Pipeline connection fee	<b>33,624,881.16</b>	34,801,891.60
Heat transmission	<b>6,702,695.84</b>	8,530,923.44
Engineering construction	<b>1,895,403.15</b>	9,329,477.97
Engineering maintenance	<b>2,541,378.58</b>	—
Design services	<b>1,676,775.53</b>	3,928,780.06
Others	<b>191,832.22</b>	5,752,646.99
Total	<b>906,629,256.98</b>	898,354,369.86

### (XIV) Operating Costs

Item	January to June 2024 (Unaudited)	January to June 2023 (Audited)
Heat supply	<b>680,329,861.69</b>	661,407,862.62
Of which:		
Heat procurement cost	<b>419,778,228.40</b>	416,316,103.43
Coal	<b>20,771,100.97</b>	26,077,478.86
Maintenance and repair	<b>6,863,573.57</b>	11,650,831.24
Labor	<b>76,641,143.92</b>	67,732,919.66
Depreciation and amortization	<b>64,121,704.22</b>	64,787,459.25
Utility	<b>44,786,282.25</b>	39,828,344.14
Input VAT transferred out	<b>28,791,121.35</b>	28,219,179.79
Others	<b>18,576,707.01</b>	6,795,546.25
Construction, maintenance and design services	<b>6,260,968.38</b>	11,328,694.78
Others	—	
Total	<b>686,590,830.07</b>	672,736,557.40



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (XV) Administrative Expenses

For the six months ended 30 June 2024, the administrative expenses incurred amounted to RMB43,227,227.39 (for the six months ended 30 June 2023, administrative expenses incurred amounted to RMB42,474,968.32), which mainly represent labor costs, depreciation and amortization expenses, etc.

### (XVI) Income tax expense

#### 1. List of income tax expense

Item	January to June 2024 (Unaudited)	January to June 2023 (Audited)
Income tax expense for the current period	<b>53,138,389.25</b>	59,820,452.13
Deferred income tax expense	<b>-663,226.81</b>	-9,033,000.59
Total	<b>52,475,162.44</b>	50,787,451.54

#### 2. Reconciliation between accounting profit and income tax expense

Item	January to June 2024 (Unaudited)	January to June 2023 (Audited)
Total profit	<b>200,617,153.89</b>	175,711,188.67
Income tax expense calculated at statutory/applicable tax rates	<b>50,627,786.98</b>	43,796,009.13
Effect of different tax rates applicable to subsidiaries	<b>-43,562.13</b>	44,768.89
Effect of adjustments to income tax on prior periods	<b>362,813.63</b>	4,820,065.12
Effect of non-taxable income		
Effect of non-deductible costs, expenses and losses		
Effect of deductible loss on utilisation of deferred income tax assets that were not recognised in the previous period	<b>307,032.59</b>	
Effect of deductible temporary difference or deductible loss on deferred income tax assets that were not recognised in the current period	<b>507,108.74</b>	2,287,435.16
Others	<b>713,982.63</b>	-160,826.76
Income tax expense	<b>52,475,162.44</b>	50,787,451.54



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (XVII) Profit before Interest, Tax, Depreciation and Amortization

Item	January to June 2024 (Unaudited)
Net profit	148,141,991.45
Income tax expense	52,475,162.44
Depreciation of fixed assets provided for	66,888,092.64
Amortization of intangible assets provided for	668,972.13
Amortization of long-term deferred expenditures provided for	17,385.32
Interest and investment income	8,763,445.66
Interest income from financial institution	—
Interest charges	1,720,984.50
Interest expenses to financial institution	—
Profit before interest, tax, depreciation and amortization	261,149,142.82

### (XVIII) Dividend

#### 1. Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMBNil).

#### 2. Dividends payable to Shareholders for the previous financial year, approved during the interim period

A final dividend of RMB0.09 per Share (tax inclusive) for the financial year ended 31 December 2023 (totaling RMB42,003,000.00) was approved at the 2023 annual general meeting. As at 30 June 2024, the aforesaid final dividend has not yet been distributed to the Shareholders.



# NOTES TO FINANCIAL STATEMENTS

## VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS (Continued)

### (XIX) Earnings per Share

Item	January to June 2024 (Unaudited)	January to June 2023 (Audited)
Net profit attributable to the parent company	<b>148,141,991.45</b>	124,923,737.13
Weighted average number of ordinary Shares in issue during the period	<b>466,700,000.00</b>	466,700,000.00
Earnings per Share	<b>0.32</b>	0.27

Note: Diluted earnings per Share were the same as basic earnings per Share as there were no dilutive potential ordinary Shares in issue for the six months ended 30 June 2023 and 2024.

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (I) Related Party Transactions

The transaction prices of the Company's transactions with related parties are mutually agreed prices, which are consistent with those with non-related parties.

1. For the subsidiaries which are controlled by the Company and consolidated into the combined financial statements, the transactions amongst themselves and those between the parent company and them have been eliminated.



# NOTES TO FINANCIAL STATEMENTS

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (II) Related Party Transactions (Continued)

#### 2. Continuing related party transactions and related party transactions

##### (1) Particulars of goods and services transactions

Related party	January to June 2024 (Unaudited)	January to June 2023 (Audited)
Sale of goods		
Jilin Thermal Power Group Co., Ltd.* (吉林省熱力集團有限公司)	777,452.83	—
Changchun Longtai Heating Property Co., Ltd.* (長春龍泰供熱物業有限責任公司)	16,247,052.49	1,753,885.05
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	2,438,734.18	2,509,339.61
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	—	128,217.95
Changchun Urban Construction Investment (Group) Co., Ltd.* (長春城投建設投資(集團)有 限公司)	187,891.24	—
Changchun Urban Investment Smart Urban Construction Technology Co., Ltd.* (長春城投智慧城建科技有限公司)	70.75	—
Sub-total of related natural person	5,175.09	22,098.56
Procurement of goods		
Changchun Thermal Power Branch of Jilin Electric Power Co., Ltd.* (吉林電力股份有限公司長春熱電分公司)	87,683,178.16	80,799,607.73
Datang Changre Jilin Heating Co., Ltd.* (大唐長熱吉林熱力有限公司)	14,088,599.13	15,077,107.08
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	36,315,583.47	64,831,844.62
Jilin Province New Model Pipes Co., Ltd.* (吉林省新型管業有限責任公司)	102,232.31	2,734,789.35





# NOTES TO FINANCIAL STATEMENTS

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (II) Related Party Transactions (Continued)

#### 2. Continuing related party transactions and related party transactions (Continued)

##### (1) Particulars of goods and services transactions (Continued)

The transactions with companies under common control as set out in (1) above are transactions under the Continuing Connected Transaction — Products and Services Framework Agreement and constitute continuing connected transactions under Chapter 14A of the Listing Rules.

#### 3. Amounts due from/to related party

##### (1) Amounts due from related parties to the Company

Item	Related party	30 June 2024 (Unaudited)		31 December 2023 (Audited)	
		Carrying balance	Provision for bad debts	Carrying balance	Provision for bad debts
Trade receivables					
	Jilin Province Heating Group Tonghua Public Utilities Co., Ltd.* (吉林省熱力集團通化市公用事業有限公司)	367,151.38	47,291.21	509,151.62	38,104.98
	Jilin Province Heating Group Co., Ltd.* (吉林省熱力集團有限公司)	1,367,280.50	216,635.31	663,852.10	124,603.91
	Jilin Heating Tumen Utility Co., Ltd.* (吉熱集團圖們市公用事業有限公司)				
	Inner Mongolia Chuncheng Heating Service Co., Ltd.* (內蒙古春城熱力服務有限公司)			23,864.80	5,616.60
	Changchun Longtai Heating Property Co., Ltd.* (長春龍泰供熱物業有限責任公司)	700,000.00	700,000.00	700,000.00	633,257.76
	Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	30,095,493.27	3,392,746.89	27,665,497.71	1,838,523.65
	Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	648,714.58	113,985.17	1,207,560.20	108,088.06
	Changchun Investment and Construction (Group) Co., Ltd.* (長春城投建設投資(集團)有限公司)	655,295.75	67,233.34	655,295.75	40,786.16
	Changchun Chengtuo Heating Co., Ltd.* (長春城投供熱有限公司)	234,200.00	24,028.92	252,400.00	15,709.59
Prepayments					
	Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	139,421,130.00		57,264,909.00	
	Changchun Thermal Power Branch of Jilin Electric Power Co., Ltd.* (吉林電力股份有限公司長春熱電分公司)			143,698,572.08	
Other receivables					
	Jilin Province Heating Group Tonghua Public Utilities Co., Ltd.* (吉林省熱力集團通化市公用事業有限公司)	385.23	160.45	385.23	48.76
	Jilin Province Heating Group Jilin Public Utilities Co., Ltd.* (吉林省熱力集團吉林市公用事業有限公司)	15,000.00	15,000.00	15,000.00	15,000.00
Contract assets					
	Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	4,807,556.94	1,107,120.08	4,566,041.96	1,910,789.87
	Changchun Investment and Construction (Group) Co., Ltd.* (長春城投建設投資(集團)有限公司)	2,898,436.44	1,484,372.67	2,898,436.44	1,861,933.88



# NOTES TO FINANCIAL STATEMENTS

## VII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

### (I) Related Party Transactions (Continued)

#### 3. Amounts due from/to related party (Continued)

##### (2) Amounts due to related parties from the Company

Item	Related party	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Trade payables			
	Jilin Province New Model Pipes Co., Ltd.* (吉林省新型管業有限責任公司)	6,889,478.53	19,069,082.90
	Changchun Construction Group Company Limited* (長春建工集團有限公司)	247,867.65	
	Datang Changre Jilin Heating Co., Ltd.* (大唐長熱吉林熱力有限公司)		509,323.83
Other payables			
	Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	4,905,228.57	4,905,228.57
	Jilin Changre Property Co., Ltd.* (吉林省長熱物業有限公司)		91,909.80
	Changchun Construction Group Company Limited* (長春建工集團有限公司)	2,096.00	
Contract liabilities			
	Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)		2,462,589.02
	Changchun Longtai Heating Property Co., Ltd.* (長春龍泰供熱物業有限責任公司)		23,254,609.84

## VIII. SHARE-BASED PAYMENT

There was no share-based payment during the Reporting Period.



# NOTES TO FINANCIAL STATEMENTS

## IX. DESCRIPTION ON CONTINGENCIES

### (I) Contingent Liabilities

As at 30 June 2024, the Company did not have any discloseable material contingent liabilities.

### (II) Contingent Assets

As at 30 June 2024, the Company has no contingent assets that need to be accounted for.

**Jilin Province Chuncheng Heating Company Limited**

28 August 2024



## DEFINITIONS

“ASBEs”	the Accounting Standards for Business Enterprises — Basic Standards (《企業會計準則—基本準則》) issued by the Ministry of Finance and the specific accounting standards for business enterprises, the practice note for the ASBEs, the interpretation of ASBEs and other relevant requirements
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China which, for the purposes of this report, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Chuncheng Investment”	Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司), previously known as Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司), the controlling Shareholder of the Company
“Company” or “We”	Jilin Province Chuncheng Heating Company Limited* (吉林省春城熱力股份有限公司) (stock code: 1853), a company incorporated in the PRC on 23 October 2017 and is a joint stock limited liability company
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report contained in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic ordinary share(s) in the Company’s registered capital with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and held by PRC nationals or PRC incorporated entities, and are not listed or traded on any stock exchange
“Group”	the Company and its subsidiaries
“H Share(s) ”	the issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“heat service area”	gross floor areas covered by our heat supply, including both the heat service area which we fully and partially charge for heat fees
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



## DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Listing”	the listing of the H Shares of the Company on the Main Board of the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Reporting Period”	the period from 1 January 2024 to 30 June 2024
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 per share
“Shareholder(s)”	the shareholder(s) of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“%”	percent
“*”	for identification purpose only