CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.

(Incorporated in the Cayman Islands with members' limited liability)

(Stock code: 1940)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- The revenue for the year ended 31 December 2024 ("**Reporting Period**") amounted to approximately RMB1,313.61 million, representing a decrease of approximately 11.91% from approximately RMB1,491.15 million for the year ended 31 December 2023.

- The gross profit for the Reporting Period was approximately RMB315.25 million, representing a decrease of approximately 5.07% from approximately RMB332.10 million for the year ended 31 December 2023.

- The net profits for the Reporting Period amounted to approximately RMB130.05 million, representing an increase of approximately 1.54% from approximately RMB128.08 million for the year ended 31 December 2023.

- The basic and diluted earnings per Share attributable to equity shareholders of the Company for the Reporting Period were approximately RMB0.11 and RMB0.11, respectively. Basic and diluted earnings per Share attributable to equity shareholders of the Company for the year ended 31 December 2023 were approximately RMB0.11 and RMB0.11, respectively.

- As at 31 December 2024, the gearing ratio of the Group was 28.2% as compared to 35.5% as at 31 December 2023.

- The Board does not recommend the payment of a final dividend for the Reporting Period (2023: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024** **RMB**	2023 *RMB*
Revenue	*5*	**1,313,611,769**	1,491,153,988
Cost of revenue		**(998,364,935)**	(1,159,051,046)
Gross profit		**315,246,834**	332,102,942
Selling and marketing expenses		**(2,318,990)**	(1,893,235)
Administrative expenses		**(47,280,293)**	(54,391,469)
Credit loss allowance for trade receivables		**(3,078,422)**	(15,363,770)
Research and development expenses		**(66,252,240)**	(73,603,329)
Other income	*6*	**9,639,108**	5,380,401
Other losses, net	*7*	**(28,026,097)**	(17,751,284)
Operating profit		**177,929,900**	174,480,256
Finance costs, net	*8*	**(18,476,621)**	(21,715,449)
Profit before income tax	*9*	**159,453,279**	152,764,807
Income tax expense	*10*	**(29,406,635)**	(24,688,546)
Profit for the year attributable to owners of the Company		**130,046,644**	128,076,261
Other comprehensive income, net of tax			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		**427,312**	(479,050)
Total comprehensive income for the year		**130,473,956**	127,597,211
Total comprehensive income attributable to owners of the Company		**130,473,956**	127,597,211
Earnings per Share – Basic and diluted	*11*	**0.11**	0.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** *RMB*	2023 *RMB*
Non-current assets			
Property, plant and equipment	*13*	**1,510,162,921**	1,527,518,212
Right-of-use assets		**41,458,795**	43,587,482
Deferred tax assets		**4,161,589**	4,956,487
Rental deposit		**–**	173,994
Other assets		**48,051,100**	43,865,825
		1,603,834,405	1,620,102,000
Current assets			
Inventories		**6,510,260**	9,709,236
Trade receivables	*14*	**532,766,201**	543,918,046
Prepayments, deposits and other receivables		**20,626,434**	16,955,555
Financial assets at fair value through other comprehensive income (“**FVOCI**”)		**95,526,694**	79,658,832
Cash and cash equivalents		**183,884,753**	202,617,643
		839,314,342	852,859,312
Current liabilities			
Trade and other payables	*15*	**266,486,074**	371,046,210
Contract liabilities	*5*	**15,626,541**	6,225,082
Borrowings		**260,203,876**	287,000,000
Lease liabilities		**2,127,918**	2,128,151
Income tax payable		**2,234,098**	1,838,049
		546,678,507	668,237,492
Net current assets		**292,635,835**	184,621,820
Total assets less current liabilities		**1,896,470,240**	1,804,723,820

	Notes	**2024** ***RMB***	2023 *RMB*
Non-current liabilities			
Borrowings		**200,108,017**	246,000,000
Lease liabilities		**1,254,710**	2,659,874
Deferred tax liabilities		**51,203,287**	42,633,676
		252,566,014	291,293,550
NET ASSETS		**1,643,904,226**	1,513,430,270
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		**836,016**	836,016
Other reserves		**1,360,695,924**	1,345,135,711
Retained earnings		**282,372,286**	167,458,543
TOTAL EQUITY		**1,643,904,226**	1,513,430,270

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

China Gas Industry Investment Holdings Co. Ltd. (the "**Company**") was incorporated in the Cayman Islands on 4 August 2006 as an exempted company with limited liability. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of its subsidiaries is the People's Republic of China (the "**PRC**" or "**China**").

The Company is an investment holding company. The Company and its subsidiaries (together "**the Group**") is principally engaged in the production and supply of industrial gases in the PRC.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and Interpretations (collectively "**IFRS Accounting Standards**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income ("**FVOCI**") which is carried at fair value.

(c) Functional and presentation currency

The functional currency of the Company is United States dollars ("**USD**") and the subsidiaries established in the PRC considered Renminbi ("**RMB**") as their functional currency. The consolidated financial statements are presented in RMB as in the opinion of the directors of the Company, it presents more relevant information to the management who monitors the performance and financial position of the Group based on RMB.

3. ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

(a) New standards, interpretations and amendments adopted from 1 January 2024

The adoption of IFRS Accounting Standards which became effective for the financial year beginning on 1 January 2024

Amendments to IFRS 16	Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7	Statement of Cash Flow and IFRS 7, Financial Instruments: Disclosures, Supplier Finance Arrangements

The application of the amendments has had no significant impact on the consolidated financial statements.

(b) New or amended IFRS Accounting Standards that have been issued but are not yet effective

The following new or amended IFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 9 and IFRS 7	Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvement to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IFRS 19	Subsidiaries without Public Accountability[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective for annual periods beginning on or after a date to be determined

Other than IFRS 18 which would impact the presentation and disclosure of the Group's financial statements, the Directors do not anticipate that the application of the amendments and revision in the future will have a significant impact on the consolidated financial statements.

4. SEGMENT INFORMATION

The executive directors of the Company have been identified as the chief operating decision-maker of the Group who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The Group is primarily engaged in the production and supply of industrial gas in the PRC. Additionally, the Group is involved in the production and supply of liquefied natural gas ("**LNG**") and related gas transmission services. The Group also provides technical support and management services. The chief operating decision-maker assesses the performance of the business based on a measure of operating results and considers the business from the product perspective. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified three (2023: three) operating segments as follows:

– Supply of industrial gas

– LNG and gas transmission services

– Technical support and management services

(i) The Group's reportable segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segment:

	Year ended 31 December 2024				
	Supply of industrial gas (pipeline and liquefied)	**LNG and gas transmission services**	**Technical support and management services**	**Elimination**	**Group**
	RMB	***RMB***	***RMB***	***RMB***	***RMB***
Segment revenue	**1,112,662,660**	**213,195,599**	**14,764,420**	**(26,970,910)**	**1,313,611,769**
Gross profit	**299,147,627**	**6,798,135**	**9,301,072**	**–**	**315,246,834**

	Year ended 31 December 2023				
	Supply of industrial gas (pipeline and liquefied)	LNG and gas transmission services	Technical support and management services	Elimination	Group
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
Segment revenue	1,203,621,320	305,356,594	2,917,278	(20,741,204)	1,491,153,988
Gross profit	320,611,598	10,050,185	1,441,159	–	332,102,942

(ii) Geographic information

The Company is domiciled in the Cayman Islands while the Group operates its business in the PRC and all its revenue is derived in the PRC. Accordingly, no geographical information on the total revenues is presented.

(iii) Revenue from major customer

A customer (2023: one) which contributed more than 10% of the total revenue of the Group is as follows:

	2024	2023
	RMB	*RMB*
Customer A	**1,063,918,484**	1,084,929,182

5. REVENUE

All of the Group's revenue is derived from contracts with customers.

The Group is principally engaged in the production and supply of industrial gases, liquefied natural gas and related gas transmission services in the PRC. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 is disclosed as follows:

	2024	2023
	RMB	*RMB*
Supply of pipeline industrial gas	**961,497,921**	998,622,439
Supply of liquefied industrial gas	**113,164,698**	165,703,046
Supply of LNG and gas transmission services	**213,195,599**	305,356,594
Technical support and management services	**14,764,420**	2,917,278
Others	**10,989,131**	18,554,631
	1,313,611,769	1,491,153,988

Except for gas transmission services of RMB39,991,159 (2023: RMB27,238,028) as well as technical support and management services of RMB14,764,420 (2023: RMB2,917,278) which are recognised over time, all of the Group's revenue is recognised at a point in time.

Contract liabilities

The Group presents advances from customers as contract liabilities on the consolidated statement of financial position.

The Group has recognised the following contract liabilities:

	2024	2023
	RMB	*RMB*
Contract liabilities arising from:		
– Supply of liquefied industrial gas	**6,436,111**	3,542,269
– Supply of LNG	**8,652,679**	2,112,083
– Others	**537,751**	570,730
	15,626,541	6,225,082

Revenue recognised in relation to contract liabilities

The following table shows the amount of the revenue recognised for the years ended 31 December 2024 and 2023 relates to carried-forward contract liabilities at the beginning of each financial year.

	2024	2023
	RMB	*RMB*
Supply of liquefied industrial gas	**2,441,151**	4,068,197
Supply of LNG	**1,716,404**	3,506,820
Others	**521,753**	427,276
	4,679,308	8,002,293

6. OTHER INCOME

	2024	2023
	RMB	*RMB*
Government grants *(note)*	**5,995,730**	5,324,539
Insurance compensation	**2,536,305**	–
Others	**1,107,073**	55,862
	9,639,108	5,380,401

Note: Government grants are all income-related and there were no unfulfilled conditions or other contingencies attaching to these government grants.

7. OTHER LOSSES, NET

	2024	2023
	RMB	*RMB*
Net foreign exchange gains	**120,549**	1,917,896
Written off property, plant and equipment *(note 13)*	**(37,891,436)**	(19,309,391)
Gain on disposal of property, plant and equipment *(note 13)*	**9,854,029**	–
Others	**(109,239)**	(359,789)
	(28,026,097)	(17,751,284)

8. FINANCE COSTS, NET

	2024	2023
	RMB	*RMB*
Finance income:		
Interest income from bank deposits	**2,076,519**	3,932,470
Finance costs:		
Interest expense on bank borrowings	**(24,717,000)**	(29,002,175)
Discount interest	**–**	(542,923)
Interest expense on lease liabilities	**(186,140)**	(203,336)
Add: amount capitalised	**4,350,000**	4,100,515
Finance costs expensed	**(20,553,140)**	(25,647,919)
Finance costs, net	**(18,476,621)**	(21,715,449)

Finance costs have been capitalised on qualifying assets at average interest rates of 4.37% per annum for the year ended 31 December 2024 (2023: 4.86%).

9. EXPENSES BY NATURE

	2024	2023
	RMB	*RMB*
Auditor's remuneration	**3,000,257**	3,200,000
Consumption of utilities	**765,895,043**	803,384,731
Consumption of raw materials and low value consumables	**169,979,736**	173,404,120
Changes in inventories of finished goods	**849,506**	567,580
Amortisation of right-of-use assets	**2,128,687**	1,950,471
Depreciation of property, plant and equipment	**119,551,828**	130,372,407
Employee benefits expenses	**52,644,341**	55,370,540
Professional service fee	**3,343,272**	5,350,506
Credit loss allowance for trade receivables	**3,078,422**	15,363,770

10. INCOME TAX EXPENSE

The income tax expense of the Group is analysed as follows:

	2024	2023
	RMB	*RMB*
Current tax		
– PRC enterprise income tax	**20,042,126**	10,866,235
Deferred tax		
– Charged to profit or loss for the year	**9,364,509**	13,822,311
Income tax expense	**29,406,635**	24,688,546

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate of 25% in the PRC, being the tax rate applicable to the majority of consolidated entities as follows:

	2024	2023
	RMB	*RMB*
Profit before income tax expense	**159,453,279**	152,764,807
Tax thereon at domestic rates applicable to profit or loss in the jurisdictions concerned	**39,863,320**	38,191,202
Effect of different tax rates in other jurisdictions *(note (a))*	**1,398,354**	2,960,238
Tax effect of preferential income tax rates applicable to subsidiaries and branches *(note (b))*	**(17,131,700)**	(11,567,023)
Tax effect of expenses not deductible for tax purposes	**2,640,427**	472,344
Withholding tax on profits made in China *(note (c))*	**8,569,611**	15,474,690
Utilisation of previously unrecognised deductible temporary differences	**–**	(10,482,567)
Tax losses for which no deferred income tax assets were recognised	**4,678,453**	1,446,584
Super deduction for research and development *(note (d))*	**(10,578,751)**	(11,752,528)
Tax effect income not subject to tax *(note (e))*	**(33,079)**	(49,786)
Others	**–**	(4,608)
Income tax expense	**29,406,635**	24,688,546

Notes:

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and is not subject to income tax. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) PRC enterprise income tax

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Tangshan Tangsteel Gases Co., Ltd., a subsidiary of the Group, was approved as High and New Technology Enterprise in the PRC and was entitled to a preferential income tax rate of 15% in the years of 2019, 2020 and 2021. In 2022, Tangshan Tangsteel Gases Co., Ltd. renewed this qualification and will continue to enjoy this preferential tax rate of 15% in the years of 2022, 2023 and 2024. Luanxian Tangsteel Gases Co., Ltd., a subsidiary of the Group, was approved as High and New Technology Enterprise in the PRC in 2022, and is entitled to a preferential income tax rate of 15% in the years of 2022, 2023 and 2024.

(c) PRC withholding tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding income tax. The Company has recognised deferred tax liabilities for undistributed profits of its subsidiaries in the PRC.

(d) Super Deduction for research and development expenses

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC (the "**State Tax Bureau**") that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that period. According to regulations promulgated by the State Tax Bureau that was effective from 2018 to 2020, later extended to 2023, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that period. In March 2023, the State Tax Bureau issued a notice to announce that enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that period ("**Super Deduction**").

(e) Income not subject to tax

According to the relevant laws and regulations promulgated by the State Tax Bureau, the Group's subsidiaries in the PRC are entitled to deduct 10% of their revenue generated from supply of self-produced industrial hydrogen gas when determining their assessable profits during the period.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per Share are based on the following data.

	2024	2023
	RMB	*RMB*
Earnings		
Profit for the year attributable to owners of the Company	**130,046,644**	128,076,261

	2024	2023
	Number	*Number*
Number of Shares		
Weighted average number of ordinary shares	**1,200,000,000**	1,200,000,000

Note:

Diluted earnings per share were the same as the basic earnings per Share as the Group had no potential dilutive ordinary shares during the years ended 31 December 2024 and 2023.

12. DIVIDENDS

At a meeting of the Board held on 25 March 2025, the Directors did not recommend the payment of a final dividend for the Reporting Period (2023: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group had additions of property, plant and equipment of RMB164,685,571 (2023: RMB116,727,646). The Group wrote off property, plant and equipment with a carrying amount of RMB37,891,436 (2023: RMB19,309,391) during the year ended 31 December 2024. During the year ended 31 December 2024, the Group disposed of property, plant and equipment with a carrying amount of RMB24,597,598 (2023: Nil) for the proceeds of RMB34,451,627 (2023: Nil) resulting in a gain on disposal of RMB9,854,029 (2023: Nil). As at 31 December 2024, the Group is still in the process of applying for the building ownership certificate of certain buildings and the aggregated carrying amounts of these buildings amounted to RMB39,077,515 (2023: RMB40,831,317).

14. TRADE RECEIVABLES

	2024	2023
	RMB	*RMB*
Trade receivables	**559,343,393**	567,416,816
Less: allowance for impairment	**(26,577,192)**	(23,498,770)
	532,766,201	543,918,046

As at 31 December 2024 and 2023, fair values of the trade receivables of the Group approximated their carrying amounts.

Ageing analysis of trade receivables (net of allowance) based on the invoice date is as follows:

	2024	2023
	RMB	*RMB*
Up to 6 months	**419,184,161**	519,639,415
6 months to 1 year	**103,468,956**	3,253,126
1 to 2 years	**9,154,401**	2,833,423
Over 2 years	**958,683**	18,192,082
	532,766,201	543,918,046

The Group's trade receivables are generally collectible within 180 days (2023: 180 days) from the invoice date. No interest is charged on the trade receivables.

As at 31 December 2024 and 2023, the carrying amount of the Group's trade receivables are denominated in RMB.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which requires expected lifetime losses to be recognised from initial recognition. The expected loss rates are based on the payment profiles of related customers and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

15. TRADE AND OTHER PAYABLES

	2024	2023
	RMB	*RMB*
Trade payables	**133,656,822**	227,881,226
Payables for construction and equipment	**52,025,173**	43,323,575
Dividend payable	**50,671,500**	50,671,500
Payables for operating service fee	**10,054,109**	25,288,109
Other taxes payable	**3,759,179**	3,455,654
Salaries and bonus payable	**2,184,062**	4,103,594
Payables for professional service fee	**1,455,881**	5,904,579
Deposits	**8,254,812**	1,798,802
Interests payable	**–**	1,290,173
Others	**4,424,536**	7,328,998
	266,486,074	371,046,210

As at 31 December 2024, interest payable of RMB4,311,893 was reclassified to borrowings.

Ageing analysis of the trade payables based on invoice date is as follows:

	2024	2023
	RMB	*RMB*
Less than 1 year	**97,898,555**	198,543,206
1 to 2 years	**9,065,552**	19,974,792
2 to 3 years	**18,673,002**	6,271,121
Over 3 years	**8,019,713**	3,092,107
	133,656,822	227,881,226

As at 31 December 2024 and 2023, the carrying amount of the Group's trade payables were denominated in RMB.

During the year ended 31 December 2023, certain trade payables with amount of RMB125,916,462 were net off with certain trade receivables in accordance with the offset agreements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the production and supply of industrial gases in the PRC.

The Group's key products, industrial gases, are mainly used in the production of iron and steel. The Group's revenue is derived mainly from iron and steel production companies.

According to the preliminary accounting data released by National Bureau of Statistics of China (the "**Statistic Bureau**") on 17 January 2025, GDP of China in 2024 was approximately RMB134,908.4 billion, representing an increase of approximately 5.0% over the last year at a constant prices. In 2024, China's crude steel output was approximately 1,005 million tons in 2024, representing a 1.7% decrease compared to 2023, and the pig iron output was approximately 851 million tons, representing 2.3% decrease compared to 2023; the production of steel was approximately 1,399 million tons, representing an 1.1% increase compared to 2023.

Benefiting from the gradual release of production capacity in the coastal production bases of the Group's main customer, being HBIS Group Co., Ltd. (河鋼集團有限公司), the Group's pipeline industrial gas business increased as compared to last year. However, due to keen competition in the liquefied industrial gas market, the price of the product lean krypton xenon liquid oxygen in the market has dropped severely as compared to that of the previous year. Consequently, the Group's revenue for the year ended 31 December 2024 decreased to approximately RMB1,313.61 million, representing a 11.91% decrease from approximately RMB1,491.15 million for the year ended 31 December 2023.

Supply of Pipeline Industrial Gas

The Group's pipeline industrial gas is produced and transmitted to its customers via pipelines. The Group's production facilities are all located on, or in close proximity to, the production facilities of its pipeline industrial gas customers for the convenience of those customers being provided with industrial gas products. During the year ended 31 December 2024, the Group had two pipeline industrial gas production plants in operation, namely the TTG Laoting Branch（唐鋼氣體樂亭分公司）plant and the TTG new district plant (formerly known as the Zhongqi Investment (Tangshan) plant).

Supply of Liquefied Industrial Gas

To maximise the utilisation of its designed production capacity and increase its revenue, the Group also engages in the supply of liquefied industrial gas. The Group's liquefied industrial gas products include oxygen, nitrogen, argon and carbon dioxide. Among the oxygen and nitrogen in gas form and liquefied oxygen, nitrogen and argon generated in its air separations unit(s) ("**ASUs**"), liquefied oxygen, nitrogen and argon can be sold directly as liquid products, whereas oxygen and nitrogen in gas form generated by the ASUs can be further processed through the liquefier to obtain liquefied oxygen and nitrogen. After meeting all the demand for oxygen and nitrogen in gas form in the pipeline, the Group utilises the spare design capacity to produce and sell liquefied nitrogen, thereby maximising the use of the ASUs. Carbon dioxide is produced in a separate production line independent from the production of oxygen, nitrogen and argon.

Provision of Technical Support and Management Services

The Group provides technical support and management services. Such services include management of organisation and planning, equipment inspections, equipment maintenance, routine maintenance, safety, labour and personnel etc. in respect of the production and supply of the industrial gas products.

Supply of LNG and the Provision of Gas Transmission Services

The Group's LNG-related business includes the supply of LNG and the provision of gas transmission services. The supply of LNG refers to the production and sales of LNG products by the Group. The provision of gas transmission services refers to the Group's coke oven gas pressurisation and transmission services provided via pipelines which are independent from the pipelines used for its supply of pipeline industrial gas. The Group's Luanxian plant produces LNG and also provides gas transmission services, and has relevant equipment and machinery used for the Group's LNG supply business.

Revenue and gross profit from each segment for the years ended 31 December 2024 (the "**Reporting Period**") and 31 December 2023 are set out as follows:

	For the year ended 31 December 2024			For the year ended 31 December 2023		
	Revenue	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	RMB	***RMB***		*RMB*	*RMB*	
Supply of industrial gas (pipeline and liquefied)	**1,112,662,660**	**299,147,627**	**26.89%**	1,203,621,320	320,611,598	26.64%
LNG and gas transmission services	**213,195,599**	**6,798,135**	**3.19%**	305,356,594	10,050,185	3.29%
Technical support and management services	**14,764,420**	**9,301,072**	**63.00%**	2,917,278	1,441,159	49.40%
Elimination	**(26,970,910)**	**–**	**–**	(20,741,204)	–	–
The Group	**1,313,611,769**	**315,246,834**	**24.00%**	1,491,153,988	332,102,942	22.27%

OUTLOOK

Impact of external factors

While setting its GDP growth target at around 5% for 2024, China's GDP had achieved an annual growth of approximately 5.0% in 2024. The year 2024 was a challenging year for the steel industry, which was affected by the high raw fuel prices and the falling steel prices, resulting a significant decline in profitability.

In the current global economic environment, gas supply companies face multiple risks, particularly in their business of supplying gas to iron and steel plants in China. The two main risk factors are changes in the United States ("**US**") trade policy towards other countries and the impact of the US-China trade war. Firstly, the increase in tariffs by the US will have profound impact on global trade, which will not only affect the imported raw materials of iron and steel plants, but may also trigger adjustments to the entire supply chain. As our major customers, iron and steel plants may change their production plans and market demand due to the impact of trade policies, which may expose our gas demand to fluctuations, affecting sales forecast and inventory management. In summary, as policy uncertainty in the U.S. market increases, our market position will be challenged.

Secondly, the continued escalation of the US-China trade war has exacerbated the instability of the global trade environment. As bilateral trade relations become tense, iron and steel plants may face challenges such as reduced market demand and higher trade barriers, which not only affect their production operations, but may also lead to changes in their demand for gas supply. Iron and steel plants may consider alternative sources of supply in response to the trade war, which could further reduce our market share. To address such risks, we need to formulate flexible business strategies, enhance our market analysis capabilities and risk forecasting capabilities, build a diversified customer base and supply chain to reduce our reliance on a single market, and strengthen our communication and co-operation with iron and steel plants to better understand the changes in their demand. In addition, we should also consider expanding into other markets and identifying new business opportunities, so as to maintain our competitiveness in an uncertain trading environment and ensure stable business development.

Overall demand for industrial gases in 2025 will remain supported. Affected by changes in industry profits and the profit allocation in the product chain, the market supply pressure is prominent in steel industry, steel enterprises may be less active in production, and steel billets output may passively decline, which will drag down demand for industrial gases. However, as a high-end steel material, stainless steel will continue to grow in its traditional application in the future. The chemical industry and traditional petrochemical industry is still facing certain challenges, but with the transformation and upgrading of the industry, it will bring new opportunities for development of the industrial gas industry.

Opportunities brought by industry development prospect

China's industrial gas industry has developed rapidly under the influence of national policies, foreign investment, the development of high tech and so on. With the rapid development of the industry and the explosive surge in demand for emerging gas represented by electronic special gases, the industrial gas market in China is expected to continue growing.

As a leading industrial gas enterprise in Northern China, the Group has a clear advantage in the bulk industrial gas market. Meanwhile, the Group also keeps abreast of the industry development trends, actively develops special gas products, and expands the market share of electronic special gas products, so as to enhance its prospect for future development.

Opportunities brought by gas supply model development

The industrial gas supply model can be categorised into self-established equipment gas supply and outsourced gas supply. As compared to the self-established equipment gas supply model, the outsourced gas supply model has low operating cost and one-off financial cost with high gas supply stability and efficient resources utilisation. Therefore, the market share of outsourced gas supply has been growing steadily. It is expected that the outsourced gas supply model will gradually replace the self-established equipment gas supply model in the future.

The Group will leverage on its successful experience and technical advantages as an outsourced gas supplier to keep pace with the market trends of changes in gas supply models and explore external development opportunities.

Group's business development

The Group's business development is supported by customers with strong backgrounds. Based on the increasing demand for industrial gas products resulting from the expansion of customers' production capacity, the Group expects stable growth in its business in the future.

The increase in demand for industrial gas products will mainly be reflected by the following aspects:

1. The construction of the fourth blast furnace in the coastal base of HBIS Company Limited Tangshan Branch（河鋼股份有限公司唐山分公司）("**HBIS Company Tangshan Branch**")

   The fourth blast furnace is currently under construction, and the 60,000Nm^3/hr oxygen generating plant by TTG is in the final stage of construction.

2. The construction of cold-rolled production line in the coastal base of HBIS Company Tangshan Branch

   Hydrogen production units are being constructed by TTG to support the two cold-rolled production lines.

FINANCIAL REVIEW

The revenue of the Group for the Reporting Period amounted to approximately RMB1,313.61 million (2023: approximately RMB1,491.15 million), representing a decrease of approximately 11.91% as compared to 2023. The gross profit for the Reporting Period amounted to approximately RMB315.25 million (2023: approximately RMB332.10 million), representing a decrease of approximately 5.07% as compared to the year ended 31 December 2023, which was mainly due to the decrease in the selling price of lean krypton xenon liquid oxygen in 2024. For the Reporting Period, the Company recorded a profit attributable to owners of approximately RMB130.05 million (2023: approximately RMB128.08 million). The earnings per Share attributable to the Shareholders of the Company for the year ended 31 December 2024 amounted to approximately RMB0.11 (2023: earnings per Share of RMB0.11).

Revenue

The revenue of the Group for the Reporting Period decreased by approximately 11.91% from approximately RMB1,491.15 million for the year ended 31 December 2023 to approximately RMB1,313.61 million for the year ended 31 December 2024. During the Reporting Period, the revenue generated form the supply of pipeline industrial gas amounted to approximately RMB961.50 million, representing a decrease of approximately 3.72% as compared to approximately RMB998.62 million for the year ended 31 December 2023. The decrease was mainly due to the fact that Tangshan High-Strength gas plant had ceased production and switched to providing technical support and management service, resulting in a decrease in pipeline gas supply. The revenue generated from the supply of liquefied industrial gas for the Reporting Period amounted to approximately RMB113.16 million, representing a decrease of approximately 31.71% as compared to approximately RMB165.70 million for the same period in 2023, mainly due to the decrease in the price of liquid oxygen products. The revenue generated from the supply of LNG and gas transmission services for the Reporting Period amounted to approximately RMB213.20 million, representing a decrease of approximately 30.18% as compared to approximately RMB305.36 million for the same period in 2023, mainly due to the decrease in demand from specific customers. The revenue generated from technical support and management services for the Reporting Period was approximately RMB14.76 million, representing a substantial increase of approximately 405.48% as compared to approximately RMB2.92 million for the same period in 2023, mainly due to the months of services provided in 2024 were more than those in 2023. Other sales revenue for the Reporting Period was approximately RMB10.99 million, representing a decrease of approximately 40.75% as compared to approximately RMB18.55 million for the same period in 2023. The decrease in other sales revenue was primarily due to a decrease in sales of the automotive natural gas business.

Other income and other net losses

The other income of the Group for the Reporting Period increased by approximately 79.18% to approximately RMB9.64 million (2023: approximately RMB5.38 million). The increase in other income was mainly due to a one-off insurance compensation received by the Group for the Reporting Period as compared to nil in the previous year.

The other net losses of the Group for the Reporting Period were approximately RMB28.03 million (2023: approximately RMB17.75 million of other net losses), which was mainly due to the write-off of property, plant and equipment during the Reporting Period.

Selling and marketing expenses

The selling and marketing expenses of the Group for the Reporting Period increased by approximately 22.75% to approximately RMB2.32 million (2023: approximately RMB1.89 million), which was mainly attributable to the increase in employee benefits expenses.

Administrative expenses

The administrative expenses of the Group for the Reporting Period decreased by approximately 13.07% to approximately RMB47.28 million (2023: approximately RMB54.39 million). The decrease in administrative expenses was mainly due to lower depreciation due to the disposal of certain fixed assets in the second half of 2024, lower directors' remuneration expenses and lower legal and professional fees incurred during the Reporting Period as compared to the previous year.

Expected credit losses for trade receivables

During the Reporting Period, the expected credit losses for trade receivables in the consolidated statement of comprehensive income is RMB3.08 million (2023: RMB15.36 million).

During the Reporting Period, the expected credit losses for trade receivables in the consolidated statement of financial position were approximately RMB26.58 million (2023: RMB23.50 million), representing an increase of approximately 13.11% of RMB3.08 million as compared to the previous year, which was mainly due to an increase in the risk of default of counterparty and forward-looking factors threatening the macroeconomy.

Finance costs, net

The net finance costs of the Group for the Reporting Period decreased by approximately 14.92% to approximately RMB18.48 million (2023: approximately RMB21.72 million), mainly due to the decrease in interest expenses for financing as the weighted interest rate during 2024 decreased compared with 2023.

Income tax expense

The income tax expense of the Group for the Reporting Period increased by approximately 19.12% to approximately RMB29.41 million (2023: approximately RMB24.69 million), due to the fact that there were no accumulated losses that could be used.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had a total cash and bank balances of approximately RMB183.89 million as at 31 December 2024 (2023: approximately RMB202.62 million). As at 31 December 2024, bank and other borrowings of the Group amounted to approximately RMB463.69 million (31 December 2023: approximately RMB537.79 million), including bank borrowings of approximately RMB460.31 million (2023: approximately RMB533.00 million) and lease liabilities of approximately RMB3.38 million (2023: approximately RMB4.79 million). The bank borrowings bore interest rate at a Loan Prime Rate ranging from +3.95% to +4.9% and the People's Bank of China benchmark interest rate of 4.35%. The Group's gearing ratio (calculated as total debt divided by total equity) was approximately 28% as at 31 December 2024 (2023: 36%). Net debt, calculated as total borrowing as well as lease liabilities less cash and cash equivalents, was approximately RMB279.81 million as at 31 December 2024 (2023: approximately RMB335.17 million). The outstanding credit facilities of approximately RMB304.00 million as at 31 December 2024 can be utilised as additional liquidity of the Group.

The Group recorded total current assets of approximately RMB839.31 million as at 31 December 2024, representing a decrease of approximately 1.59% as compared to approximately RMB852.86 million as at 31 December 2023; and total current liabilities of approximately RMB546.68 million as at 31 December 2024, representing a decrease of approximately 18.19% as compared to approximately RMB668.24 million as at 31 December 2023.

The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 1.54 as at 31 December 2024 (2023: approximately 1.28).

Currently, the Group's operating and capital expenditures are mainly financed by cash generated from operation, internal liquidity and bank borrowings.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (for the year ended 31 December 2023: Nil).

Cognisant of the Group's dividend policy, the Board has considered the fact that:

- As at 31 December 2024, the Group had total capital commitments of approximately RMB55.68 million, mainly related to contracted commitments in respect of purchase of property, plant and equipment. With the imminent construction of the furnace of HBIS Company Tangshan Branch, the Group plans on committing more capital investments so as to meet the additional industrial gas demand from HBIS.

- The Group has continued to reduce its bank borrowings in order to minimise the expenditure on finance costs.

Having weighed the above, the above decision has been arrived with a prudent approach in not recommending the payment of a final dividend for the Reporting Period.

RISK MANAGEMENT

The Group's principal financial instruments include financial assets at fair value through other comprehensive income, trade and other receivables and bank balances and cash, trade and other payables, borrowings and lease liabilities. The main purpose of these financial instruments is to support the Group's industrial gas business. The Group also has various financial assets and financial liabilities arising from its business operations. The principal risks arising from its financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group intends to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on its business and financial condition. The Group will not obtain collateral from the counterparty. At the end of the Reporting Period, the provision for impairment loss of approximately RMB26.58 million (31 December 2023: approximately RMB23.50 million) was made for trade receivables as a portion of the trade receivables was considered to be subject to certain credit risk due to their ageing exceeding six months. The management of the Group had also evaluated all available forward-looking information, including but not limited to the expected industry growth rate and settlement, and concluded that there is no significant increase in credit risk. As at 31 December 2024, approximately 89% of the trade receivables of the Group were payable by the HBIS (31 December 2023: approximately 97%). The credit period granted to the Group's customers, including the HBIS Group, is usually no more than 180 days and the credit quality of these customers is assessed by taking into account their financial position, past experience, business relationship with the Group and other factors. In view of the sound history of receivables, the management of the Group believes that the fixed credit risk of the Group's unsettled trade receivables balance is insignificant, however, an impairment provision has been made for trade receivables in accordance with the principle of prudence. The Group aims to maintain its current assets at an appropriate level and is committed to a capital limit. This ensures that the Group can satisfy its short term and long term liquidity needs. The Group had been following its liquidity policy during the Reporting Period, which has been effective in managing liquidity risk. The cash flow generated from the Group's operation is expected to be able to satisfy the Group's needs for cash flow in the future.

Foreign currency risk

Other payables as well as cash and cash equivalents of the Group mainly generated from the business outside the PRC, are denominated in other currencies different from the function currency of its related business. The currencies that caused such exposure are primarily the US dollars and Hong Kong dollars. The Group did not use derivative financial instruments to hedge against its foreign exchange risk. The Group periodically reviews its foreign exchange risk and considers that there is no significant exposure to its foreign exchange risk.

Liquidity risk

Liquidity risk is the risk of lack of funds to pay liabilities as they fall due. This may arise from mismatches in the amount or timing with regard to the financial assets and liabilities. The Group manages its liquidity risk through regular monitoring the following objectives: maintaining the stable development of the Group's principal businesses, timely monitoring cash and bank position, projecting cash flows and evaluating the level of current assets to ensure the Group has liquidity.

Pledge of assets

As at 31 December 2024, the Group did not have any charge over its assets (2023: Nil).

TREASURY POLICIES

The bank balance and cash held by the Group were denominated in Hong Kong dollars, Renminbi and US. The Group currently does not have a foreign currency and interest rate hedging policy. However, the management of the Group monitors foreign currency and interest rate exposure from time to time and considers hedging significant foreign currency and interest rate exposure when necessary.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group disposed of property, plant and equipment with a carrying value of RMB24.60 million (2023: Nil) for proceeds of RMB34.45 million (2023: Nil). For details, please refer to note 13 to the consolidated financial statements.

Save as disclosed above, the Group had no significant investments held, material acquisitions and disposals of subsidiaries or associated companies, or investment projects for sale.

CAPITAL COMMITMENTS

As at 31 December 2024, the total capital commitments of the Group amounted to approximately RMB55.68 million (2023: approximately RMB172.63 million). They were mainly contracted commitments in respect of purchase of property, plant and equipment.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2024 (2023: Nil).

STAFF AND REMUNERATION POLICIES

The Group believes that talent is one of the key factors that led to its success. The Group has experienced management team members and employees to assist it in its business expansion. The Group plans to continue to attract and retain highly skilled personnel and further strengthen its corporate culture by continuing to invest in supporting employees in their career development. The Group also plans to provide its employees with trainings and professional development programmes and further align employees' interests with its own interest.

The Group places high emphasis on the training and development of its staff. The Group invests in continuing education and training programs for its management and other staff members to update their skills and knowledge periodically. The Group provides trainings for its staff members with respect to its operation, technical knowledge and work safety standards and environmental protection.

To attract and retain the suitable personnel who are beneficial to the development of the Group, the Group has adopted a share option scheme conditionally by the written resolutions of its then shareholders on 17 June 2020 (the "**Share Option Scheme**") and such scheme is effective for a period of 10 years commencing from 29 December 2020. Pursuant to the Share Option Scheme, share options may be granted to eligible employees of the Group as a long-term incentive. No share options were granted, cancelled or lapsed up to the date of this announcement.

The Group hired 324 employees in total as at 31 December 2024 (2023: 323 employees) with total staff costs of approximately RMB52.64 million for the year ended 31 December 2024 (2023: approximately RMB55.37 million). The Group offers competitive remuneration packages to its employees.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to the Reporting Period and up to the date of this announcement.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis of the Company's corporate governance practices.

The Company has complied with all applicable code provisions set out in the CG Code throughout the Reporting Period. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiry with the Directors, all Directors have confirmed that the required standards of the Model Code had been complied with throughout the Reporting Period.

SCOPE OF WORK OF BDO LIMITED

The financial figures contained in this announcement in respect of the Group's results for the year ended 31 December 2024 have been agreed by the Company's external auditor, BDO Limited, as to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by BDO Limited on this announcement.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed together with the Board and BDO Limited, the Group's external auditor, the audited consolidated financial statements of the Group for the Reporting Period. The Audit Committee is satisfied that the audited consolidated financial statements of the Group for the Reporting Period were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**AGM**") will be held on Friday, 20 June 2025.

For details of the AGM, please refer to the Notice of AGM which is expected to be published in late April 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed on the dates as set out below:

Latest time to lodge transfer documents for registration with the Company's registrar	At 4:30 p.m. on Monday, 16 June 2025
Closure of register of members of the Company	Tuesday, 17 June 2025 to Friday, 20 June 2025 (both days inclusive)

During the above closure period of the register of members of the Company, no transfer of Shares will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than the aforementioned latest time.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.cgiihldgs.com).

The annual report of the Company for the year ended 31 December 2024 will be despatched to the Shareholders and published on the aforesaid websites in late April 2025.

By order of the Board
China Gas Industry Investment Holdings Co. Ltd.
Song Changjiang
Chairman and Executive Director

Tangshan, 25 March 2025

As of the date of this announcement, the Board comprises: (1) Mr. SONG Changjiang (Chairman) and Mr. SUN Changhuan as the executive Directors; (2) Ms. NG Shuk Ming and Mr. ZHANG Wenli as the non-executive Directors; and (3) Mr. SIU Chi Hung, Mr. XIAO Huan Wei and Ms. LI Chun Elsy as the independent non-executive Directors.