



Zhonghua Gas Holdings Limited

中華燃氣控股有限公司

(Incorporated in the Cayman Islands with limited liability)
08246.HK

2023

THIRD QUARTERLY
REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, for which the directors (the “Directors”) of Zhonghua Gas Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading; or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Corporate Information

Board of Directors

Executive Directors

Mr. Hu Yishi (*Executive Chairman*)
Mr. Chan Wing Yuen, Hubert (*Chief Executive Officer*)
Ms. Lin Min, Mindy
Ms. Kwong Wai Man, Karina (*Chief Financial Officer*)

Independent non-executive Directors

Ms. Ma Lee
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Company Secretary

Mr. Wong Lok Man

Compliance Officer

Mr. Chan Wing Yuen, Hubert

Board Committees

Audit Committee

Ms. Ma Lee (*Chairlady*)
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Remuneration Committee

Ms. Ma Lee (*Chairlady*)
Ms. Lin Min, Mindy
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Nomination Committee

Ms. Ma Lee (*Chairlady*)
Ms. Lin Min, Mindy
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Authorised Representatives

Mr. Chan Wing Yuen, Hubert
Ms. Kwong Wai Man, Karina

Registered Office

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Principal Place of Business in Hong Kong

23/F,
Chinachem Century Tower,
178 Gloucester Road,
Wan Chai,
Hong Kong

Share Registrar and Transfer Office in Cayman Islands

Conyers Trust Company (Cayman) Limited

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Hong Kong Share Registrar

Boardroom Share Registrars (HK) Limited

Room 2103B, 21/F,
148 Electric Road,
North Point,
Hong Kong

Legal Advisers to the Company

Angela Ho & Associates
Conyers Dill & Pearman

Auditor

RSM Hong Kong

29/F,
Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

Principal Bankers

The Hong Kong & Shanghai Banking Corporation Limited
Huaxia Bank
Shanghai Pudong Development Bank
Bank of China Limited

Company Website

<http://www.8246hk.com>

GEM Stock Code

8246

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2023 (the “Current Period”), together with the unaudited comparative figures for the nine months ended 30 September 2022 (the “Corresponding Period”) as follows:

Financial Highlights

	For the three months ended					For the nine months ended				
	30.9.2023		30.9.2022		Increase/(decrease)	30.9.2023		30.9.2022		Increase/(decrease)
	RMB'000	HK\$'000*	RMB'000	HK\$'000*		RMB'000	HK\$'000*	RMB'000	HK\$'000*	
Revenue	3,435	3,743	5,024	5,555	(31.6%)	130,811	142,558	118,804	131,362	10.1%
Gross loss [†]	(1,692)	(1,844)	(2,000)	(2,211)	(15.4%)	(5,076)	(5,532)	(6,348)	(7,020)	(20.1%)
Profit/(loss) and total comprehensive income for the period	(16,151)	(17,601)	(14,188)	(15,698)	13.8%	25,098	27,352	(41,338)	(45,707)	(160.7%)
Profit/(loss) and total comprehensive income attributable to owners of the Company	(14,939)	(16,281)	(13,223)	(14,621)	13.0%	19,709	21,479	(38,802)	(42,903)	(150.8%)
Profit/(loss) before tax	(16,151)	(17,601)	(14,171)	(15,669)	14.0%	25,168	27,428	(41,314)	(45,681)	(160.9%)
Profit/(loss) before tax and depreciation	(12,935)	(14,097)	(10,547)	(11,662)	22.6%	34,997	36,140	(30,394)	(33,607)	(215.1%)
Earnings/(loss) per share										
Basic and diluted	RMB(0.004)	HK\$(0.004)	RMB(0.004)	HK\$(0.004)	0.0%	RMB0.005	HK\$0.006	RMB(0.011)	HK\$(0.012)	(145.5%)
Dividend	Nil	Nil	Nil	Nil	N/A	Nil	Nil	Nil	Nil	N/A

Key Financial Indicators	For the three months ended		For the nine months ended		
	30.9.2023	30.9.2022	30.9.2023	30.9.2022	
Gross loss margin [†]		(49.3%)	(39.8%)	(3.9%)	(5.3%)
Net profit/(loss) margin [†]		(470.2%)	(262.4%)	19.2%	(34.8%)

Notes:

- The calculation of gross loss is based on revenue minus cost of sales.
- The calculation of gross loss margin is based on gross loss divided by revenue.
- The calculation of net profit/(loss) margin is based on profit/(loss) for the period divided by revenue.

* Converted to HK\$ at exchange rate of RMB1 = HK\$1.0898 on 30 September 2023 for reference.

† Converted to HK\$ at exchange rate of RMB1 = HK\$1.1057 on 30 September 2022 for reference.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and nine months ended 30 September 2023

	Notes	Three months ended		Nine months ended	
		30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)
Revenue	3	3,435	5,024	130,811	118,804
Cost of sales		(5,127)	(7,024)	(135,887)	(125,153)
Gross loss		(1,692)	(2,000)	(5,076)	(6,349)
Other income	3	572	176	6,119	5,899
Other losses	4	(4,558)	(2,855)	(8,314)	(9,784)
Reversal of allowance/(allowance of impairment) on trade receivables	5	(2,987)	(3,381)	52,523	(14,419)
Administrative expenses		(7,361)	(6,059)	(19,869)	(16,478)
Profit/(loss) from operations		(16,026)	(14,119)	25,383	(41,131)
Finance costs	6	(125)	(52)	(215)	(183)
Profit/(loss) before tax		(16,151)	(14,171)	25,168	(41,314)
Income tax expense	7	—	(17)	(70)	(24)
Profit/(loss) and total comprehensive income for the period	8	(16,151)	(14,188)	25,098	(41,338)
Attributable to:					
Owners of the Company		(14,939)	(13,223)	19,709	(38,802)
Non-controlling interests		(1,212)	(965)	5,389	(2,536)
		(16,151)	(14,188)	25,098	(41,338)
Earnings/(loss) per share attributable to owners of the Company					
Basic and diluted	9	RMB(0.004)	RMB(0.004)	RMB0.005	RMB(0.011)

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2023

Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	3,724	57,075	21,540	32,704	115,043	29,649	144,692
Total comprehensive income for the period	—	—	—	(38,802)	(38,802)	(2,536)	(41,338)
Capital contribution from non-controlling interest of a subsidiary	—	—	—	—	—	2,000	2,000
Changes in equity for the period	—	—	—	(38,802)	(38,802)	(536)	(39,338)
At 30 September 2022 (unaudited)	3,724	57,075	21,540	(6,098)	76,241	29,113	105,354
At 1 January 2023 (audited)	3,724	57,075	21,540	27,450	109,789	33,164	142,953
Total comprehensive income for the period	—	—	—	19,709	19,709	5,389	25,098
Changes in equity for the period	—	—	—	19,709	19,709	5,389	25,098
At 30 September 2023 (unaudited)	3,724	57,075	21,540	47,159	129,498	38,553	168,051

Notes to the Condensed Consolidated Financial Statements

For the nine months ended 30 September 2023

1. GENERAL INFORMATION

Zhonghua Gas Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands on 8 September 2011 and its shares are listed on GEM of The Stock Exchange. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is 23/F, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) is principally engaged in:

- (i) the provision of diverse integrated energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, supply of liquefied natural gas (“LNG”), couple with sales of LNG (“Energy Business”); and
- (ii) the leasing of investment properties located in Shanghai, China (“Property Investments”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2022 except in relation to the new and revised standards, amendments and interpretations (“new and revised IFRSs”) issued by the IASB that are adopted for the first time for the Current Period’s financial statements. The adoption of these new and revised IFRSs does not have material impact on the consolidated financial statements and does not result in substantial changes to the Group’s accounting policies.

The Group has not early adopted any new IFRSs that have been issued but are not yet effective.

The unaudited condensed consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Group.

3. REVENUE AND OTHER INCOME

	Three months ended		Nine months ended	
	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)
Revenue from contracts with customers within the scope of IFRS 15				
Energy Business				
— Sales of LNG	3,141	4,675	129,948	117,965
— Management fee income	252	246	735	492
	3,393	4,921	130,683	118,457
Revenue from other sources				
— Rental income from property investments	42	103	128	347
	3,435	5,024	130,811	118,804
Other income				
Rental and operation management service income	—	—	5,425	5,425
Government subsidies (note)	—	111	—	367
Interest income on bank deposits	570	64	684	80
Others	2	1	10	27
	572	176	6,119	5,899

Notes: Included in the government subsidies during the nine months ended 30 September 2022 consist of:

- (a) a sum of RMB28,000 from the PRC's local government for employment support and encouragement of its Energy Business. There were no specific conditions attached to the incentives and, therefore the Group recognised the incentives upon receipt.
- (b) a sum of RMB327,000 which relates to Employment Support Scheme from the Government of Hong Kong Special Administrative Region.

4. OTHER LOSSES

	Three months ended		Nine months ended	
	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)
Foreign exchange (losses)/gains	308	(2,596)	(1,763)	(4,282)
Loss on disposal of property, plant and equipment	—	(44)	—	(44)
Fair value losses of convertible bonds (note 11)	(4,866)	(215)	(6,551)	(5,458)
	(4,558)	(2,855)	(8,314)	(9,784)

5. REVERSAL OF ALLOWANCE/(ALLOWANCE OF IMPAIRMENT) ON TRADE RECEIVABLES

	Three months ended		Nine months ended	
	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)
Reversal of allowance/(allowance of impairment) on trade receivables	(2,987)	(3,381)	52,523	(14,419)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the Current Period are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022.

The following table provides information about the Group's exposure to credit risk and expected credit losses ("ECL") for trade receivables based on invoice dates as at 30 September 2023:

	2023		
	Gross carrying amount RMB'000	Expected loss rate %	Total allowance for impairment RMB'000
0–60 days	64,933	5.17%	3,359
61–180 days	5,850	10.27%	601
181–270 days	123,451	12.11%	14,944
271 days–1 year	—	N/A	—
Over 1 year but within 2 years	1,270	66.69%	847
Over 2 years	220,682	100%	220,682
	416,186		240,433

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables based on invoice dates as at 31 December 2022:

	2022		
	Gross carrying amount RMB'000	Expected loss rate %	Total allowance for impairment RMB'000
0–60 days	89,901	8.90%	8,002
61–180 days	—	N/A	—
181–270 days	13,853	19.48%	2,698
271 days–1 year	—	N/A	—
Over 1 year but within 2 years	53,181	80.20%	42,652
Over 2 years	239,604	100%	239,604
	396,539		292,956

6. FINANCE COSTS

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expenses on bank borrowing	103	—	131	—
Interest expenses on lease liabilities	22	52	84	183
	125	52	215	183

7. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
Provision for the period				
— the PRC	—	(15)	(66)	(15)
Under-provision				
in prior periods	—	(2)	(4)	(9)
	—	(17)	(70)	(24)

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the nine months ended 30 September 2023 and 2022.

PRC Corporate Income Tax has been provided at a rate 25% for the nine months ended 30 September 2023 and 2022, except for subsidiaries eligible to be a "Small and Low-profit Enterprise" under PRC Corporate Income Tax Law to enjoy a beneficial rate of 20%.

Tax charged on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Directors' and chief executive's emoluments	1,349	1,276	3,959	3,459
Salaries and other allowances	1,803	1,773	5,584	4,999
Retirement benefit scheme contributions	254	358	795	974
Auditors' remuneration	20	—	277	218
Depreciation of property, plant and equipment:				
— recognised in cost of sales	2,583	2,583	7,749	7,749
— recognised in administrative expenses	279	324	819	1,008
Depreciation of right-of-use assets	354	717	1,261	2,163

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following:

	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

Profit/(loss) attributable to owners of the Company

Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	(14,939)	(13,223)	19,709	(38,802)
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	Three months ended		Nine months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	'000	'000	'000	'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share	3,666,936	3,666,936	3,666,936	3,666,936
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The computation of diluted earnings/(loss) per share for the nine months ended 30 September 2023 and 2022 did not assume the exercise of the Company's outstanding share options and convertible bonds as these are anti-dilutive.

10. DIVIDENDS

The Board does not recommend any payment of dividend in respect of the nine months ended 30 September 2023 and 2022.

11. CONVERTIBLE BONDS

On 16 November 2020, the Group issued convertible bonds with a principal amount of HK\$97,800,000, bearing interest at a coupon rate of 8% per annum payable semi-annually, at a consideration of HK\$97,800,000 to New York Limited, a company wholly owned by Kai Yuan Holdings Limited listed on the Main Board of the Stock Exchange (the "Subscriber"), of which Mr. Hu Yishi (the Executive Director of the Company) as a substantial shareholder having no control or significant influence and Ms. Lin Min, Mindy (the Executive Director of the Company and the spouse of Mr. Hu Yishi) as also deemed to be a substantial shareholder having no control or significant influence. The Subscriber has the option to convert the convertible bonds into ordinary shares of the Company on or after 16 November 2020 up to and including 16 November 2023 at an initial conversion price of HK\$0.27 per share, subject to adjustments from certain terms and conditions. Any convertible bonds not converted will be redeemed on 16 November 2023 at 100% of the principal amount.

The convertible bonds was designated and initially recognised as financial liabilities at fair value through profit or loss, and the valuations of which were performed by Avista Valuation Advisory Limited, an independent qualified professional valuer engaged by the Group to assist on the fair value determination as at 30 September 2023 and 30 September 2022 using Binomial model.

The movement of the convertible bonds is as follows:

	RMB'000
At 1 January 2023 (audited)	85,096
Payment of interest	(3,451)
Fair value losses (note 4)	6,551
Exchange difference	2,173
At 30 September 2023 (unaudited)	90,369
	RMB'000
At 1 January 2022 (audited)	78,796
Payment of interest	(3,299)
Fair value losses (note 4)	5,458
Exchange difference	8,554
At 30 September 2022 (unaudited)	89,509

12. RESERVES

Movement in the reserves of the Group for both periods are set out in the condensed consolidated statement of changes in equity on page 5.

13. RELATED PARTY TRANSACTIONS

The remuneration of key management members of the Group for both periods are as follows:

	Three months ended		Nine months ended	
	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)	30.9.2023 RMB'000 (unaudited)	30.9.2022 RMB'000 (unaudited)
Directors' fee	186	176	544	508
Salaries and other allowances	989	932	2,899	2,469
Retirement benefit scheme contributions	38	35	112	101
	1,213	1,143	3,555	3,078

14. CONTINGENT LIABILITIES

As at 30 September 2023 and 31 December 2022, the Group did not have any material contingent liabilities. Except for the following disclosed.

During the periods from 23 September 2022 to 11 April 2023, four suppliers of the Group initiated claims against the Group's subsidiary in the PRC. Pursuant to the claims, the suppliers are seeking settlement of approximately RMB6,972,000 together with interest of approximately RMB532,000 for construction works completed in 2018 and 2019.

As at 30 September 2023, the Group has recorded in the condensed consolidated statement of financial position an amount of approximately RMB6,779,000 as amount due to the suppliers. In the opinion of the directors of the Company, the possibility of any outflow of resources in settling the additional claims for sum of approximately RMB725,000 was not probable and therefore the ultimate liability under these claims would not have a material adverse impact on the financial position or results of the Group.

Up to the date of this report, the litigation is still in process.

Management Discussion and Analysis

BUSINESS REVIEW

For the Current Period, the Group's total revenue amounted to approximately RMB130.8 million, increased approximately 10.1% from approximately RMB118.8 million for the Corresponding Period.

The Energy Business continued to contribute over 99% to the Group's total revenue. A net profit after tax of approximately RMB25.1 million was recorded for the Current Period as compared to a net loss after tax of approximately RMB41.3 million recorded in the Corresponding Period, mainly due to reversal of allowance of impairment on trade receivables of approximately RMB52.5 million for the Current Period (Corresponding Period: allowance of impairment on trade receivable of approximately RMB14.4 million), as certain amount of long outstanding trade receivables were collected during the Current Period.

Profit and total comprehensive income attributable to owners of the Company for the Current Period amounted to approximately RMB19.7 million compared to loss and total comprehensive income attributable to owners of the Company of approximately RMB38.8 million recorded for the Corresponding Period.

Energy Business

The Group is principally engaged in the provision of diverse integrated energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, supply of LNG, coupled with sales of LNG.

During the Current Period, the Energy Business generated revenue primarily from LNG supply and the management of customers' LNG supply station. The LNG supply business remained highly price competitive narrowing the margins, the Group worked hard to increase its margin. Also, the construction related and consultancy services of the Energy Business did not show sign of improvement and the coal-to-natural gas conversion in Tianjin is also becoming saturated and the Group expects the number of new projects to continue to decrease in the future.

Starting in the first quarter of 2023, the government of China has lifted the travel restrictions, therefore communications with the Group's existing and potential business partners has immediately been activated and progressively return to the normal track. The Group's strategic cooperation with a wholly-owned subsidiary of a top Fortune Global 500 company, namely Jiangsu Shagang Group Co., Ltd. signed in September 2021 commenced operation in April 2022 through the supply of LNG to the partner and the management of its LNG supply station.

The Group continues to maintain strategic partnerships with a number of other significant partners with a view to explore new business opportunities with potential customers.

New Energy Business is renamed to Energy Business to in line with the definition of different types of energy source in the market.

Property Investments

The Group owns two office premises on Beijing West Road, Jing An District, Shanghai, the PRC. In November 2022, one of the properties was redesignated for self-use and transferred from investment property to property, plant and equipment. The other one was held for investment purpose and it generated rental income. The investment properties were expected to bring stable long-term rental income to the Group.

FINANCIAL REVIEW

Revenue

For the Current Period, revenue of the Group amounted to approximately RMB130.8 million, representing an increase of 10.1% from approximately RMB118.8 million for the Corresponding Period. The increase was mainly attributable to the sales of LNG to new customers in Tianjin and Shanghai commenced from January 2023 and April 2022 respectively.

Cost of Sales

The cost of sales for Energy Business amounted to approximately RMB135.9 million (Corresponding Period: approximately RMB125.2 million). The increase was mainly attributable to the increase in cost in LNG supply during the Current Period.

Gross Loss Margin

Gross loss represents revenue less cost of sales. Gross loss margin of the Energy Business segment decreased from 5.7% for the Corresponding Period to 4.0% for the Current Period. The intense price competition and price fluctuation of LNG led to a thin margin which could not cover the fixed direct cost for both periods.

The gross profit margin of the Property Investments segment was 100% (Corresponding Period: 100%).

Other Losses

Other losses of approximately RMB8.3 million were recorded in the Current Period as compared to other losses of approximately RMB9.8 million in the Corresponding Period, mainly due to the fair value losses of Convertible Bonds of approximately RMB6.5 million recognised in the Current Period (Corresponding Period: approximately RMB5.5 million) and the foreign exchange losses of approximately RMB1.8 million recognised in the Current Period (Corresponding Period: approximately RMB4.3 million).

Administrative Expenses

Administrative expenses increased by 20.6% from approximately RMB16.5 million for the Corresponding Period to approximately RMB19.9 million for the Current Period. The increase was mainly due to increase in travelling expenses.

Income Tax Expense

Income tax expense was recorded approximately RMB0.1 million for the Current Period (Corresponding Period: approximately RMB0.1 million). It was derived from PRC income tax for the Current Period.

Profit/(loss) and Total Comprehensive Income Attributable to Non-controlling Interests

Profit and total comprehensive income attributable to non-controlling interests was recorded approximately RMB5.4 million for the Current Period (Corresponding Period: loss and total comprehensive income attributable to non-controlling interests: approximately RMB2.5 million). This was mainly attributable to a reversal of allowance of impairment on trade receivable for the Current Period.

Profit/(loss) and Total Comprehensive Income Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company was recorded approximately RMB19.7 million for the Current Period (Corresponding Period: loss and total comprehensive income attributable to owners of the Company approximately RMB38.8 million). This was mainly attributable to a reversal of allowance of impairment on trade receivable for the Current Period.

Basic and diluted earnings per share for the Current Period were both RMB0.005, as compared to basic and diluted loss per share of RMB0.011 for the Corresponding Period.

PROSPECTS

Green energy LNG is the energy alternative of the future and as such, the potential for domestic growth in China remains significant. It is national policy of using natural gas to displace oil and coal is consistent with the two long-term carbon goals of peaking carbon emissions by 2030 and carbon neutrality by 2060. China's real GDP growth is forecast to improve from 3% in 2022 to 4.5% in 2023, renewable power generation will continue to surge.

In June 2023, China imported 6.3 MMT of LNG, up 8% month over month, 32% year over year and approaching the record for June in 2021. LNG imports in July went on to break the monthly record, marking the first time in 2023 when monthly imports exceeded the highs set in 2021. China's demand for gas and LNG is expected to grow in 2023 but still under significant pressure due to the weakness in the domestic real estate market and the exports demand from the international market.

The appetite for more natural gas and LNG is partly due to the government's drive to reduce coal use, not only in combating pollution but also for meeting its Paris climate conference commitments. On the opening session of the 20th National Congress of the Communist Party of China, the government delivered report on emphasis of respecting, adapting to and protecting nature is essential for building China into a modern socialist country in all respects. Among the major points that the government highlighted to promote harmony between humans and nature are accelerating the transition to a model of green development and working actively and prudently toward the country's climate targets. China aims to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060. China will implement a comprehensive conservation strategy, boost green and low-carbon industries, encourage green consumption and promote green and low-carbon ways of production and life. It is projected that the gas and LNG share in China's energy mix will increase from the current 7% to 12% or more by 2040.

China is speeding up construction of infrastructure for gas and LNG transportation. China plans to expand LNG terminals along its eastern coast, forming five major regional gas reserve groups designed to reach a capacity of 20 bcm by 2020. All these measures are in anticipation of China consuming up to 400 bcm of gas per year by the end of the decade. At the same time, China is planning for 34 coastal LNG receiving terminals, with an annual imported capacity of 247 million tonnes by 2035, triple the current capacity.

The government is pursuing an active go-out strategy for security of the gas and LNG supply. While expanding domestic pipeline and storage infrastructure, China has also enhanced pipeline delivery capacities from Central Asia, Burma and Russia. In terms of LNG import, China has signed long-term contracts with countries such as Australia, Qatar, Malaysia, Indonesia and Russia.

China's government has initiated policies to promote LNG bunkering along its waterways. In 2022, Shanghai Port became China's first port to provide this capability. Therefore, the Group will increase its eyeballs at Shanghai and its neighboring cities to capture the recovery growth.

At present, the Group's priority remains to recover, develop and expand the scope of its Energy Business and to expand its emerging network and geographical footprint as China recovers from the epidemic. While putting efforts into the LNG business, the Group will develop pipeline gas trading in northern China leveraging the sound relationships with the upstream and downstream natural gas suppliers to provide safer, greener and more efficient natural gas resource to the terminal customers, and it will also seek opportunities to enter other overseas markets to expand its market presence.

The Group will continue to expand its business through forming new joint ventures and mergers and acquisitions, including but not limited to ensuring stable LNG supply and LNG supply station management services.

FUNDRAISINGS THROUGH ISSUANCE OF CONVERTIBLE BONDS

On 16 November 2020, 3-year Convertible Bonds were issued by the Company to the Subscriber under the general mandate pursuant to the Subscription Agreement dated 2 November 2020 entered into between the Company and the Subscriber. The Convertible Bonds can be converted into shares of the Company at an initial conversion price of HK\$0.27 per conversion share (subject to adjustment), during the conversion period of 3 years from 16 November 2020. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the Convertible Bonds are convertible into 362,222,222 new shares of the Company at an initial conversion price of HK\$0.27 per conversion share (subject to adjustment), representing approximately 10% of the existing issued share capital of the Company on 16 November 2020.

The Board considers that the Subscription (as defined in the announcement of the Company dated 2 November 2020) represents an opportunity to strengthen the financial position of the Group while broadening the investor base and capital base of the Group potentially. The Directors are of the view that the Subscription is fair and reasonable and is in the interests of the Company and the shareholders of the Company as a whole.

As at 30 September 2023, no Convertible Bonds have been converted into new conversion shares of the Company.

For further details, please refer to the announcements of the Company dated 2 November 2020 and 16 November 2020 published on the websites of the Company and the Stock Exchange.

USE OF PROCEEDS

On 16 November 2020, the Company has issued the Convertible Bonds to New York Limited under general mandate. The net proceeds from the issue of the Convertible Bonds are approximately HK\$97.5 million (equivalent to approximately RMB82.7 million). The Company intends to use the net proceeds as to 50% for general working capital of the Group and as to 50% for enhancement of the existing business of the Group. The net proceeds are expected to be fully applied by 2023.

As at 30 September 2023, the Company has utilized approximately HK\$45.1 million (equivalent to approximately RMB41.4 million) for general working capital of the Group and approximately HK\$14.2 million (equivalent to approximately RMB13.0 million) for enhancement of the existing business of the Group.

The intended and actual use of proceeds from the issuance of Convertible Bonds up to 30 September 2023 is set out as follows:

Net proceeds raised	Proposed use of proceeds	Utilised proceeds up to 30 September 2023	Unutilised proceeds up to 30 September 2023	Expected timeline for use of unutilised proceeds
approximately HK\$97.5 million (equivalent to approximately RMB82.7 million)	(i) general working capital of the Group (50%)	approximately RMB41.4 million	Nil	By 2023
	(ii) enhancement of the existing business of the Group (50%)	approximately RMB13.0 million	approximately RMB28.3 million	By 2023

CAPITAL STRUCTURE

During the Current Period, no shares was issued and allotted pursuant to the exercise of share options. As at 30 September 2023, the Company had an aggregate of 3,666,936,000 shares of HK\$0.00125 each in issue.

DIVIDENDS

The Board does not recommend any payment of dividend for both periods.

FOREIGN CURRENCY EXPOSURE

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB, with some denominated in Hong Kong dollars. Some of the Group's cash and bank deposits were denominated in RMB, while others were denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollars against RMB as the functional currency may have a financial impact to the Group. The Group managed its foreign exchange risks by performing regular review and monitoring of the foreign exchange exposure. The Group would consider employing foreign exchange hedging arrangements when appropriate and necessary. During the Current Period, the Group did not use any financial instruments for hedging purpose (Corresponding Period: Nil).

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 14 of the condensed consolidated financial statements.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Current Period.

There is no plans for material investments or capital assets as at the date of this report.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme is valid and effective for a period of 10 years commencing on 12 December 2011 (the "Old Share Option Scheme") and may continue to be exercisable in accordance with their terms of issue. The Board may grant options to Directors and eligible employees and consultants of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options. Options granted must be taken up within 28 days from the date of grant, upon payment of HK\$1.00. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion. The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of option granted pursuant to the Scheme. The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as "refreshed" must not exceed 10% of the shares in issue as at the date of approval of the limit. The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time.

During the year 2017, the Company granted 343,536,000 share options to the Company's Directors, employees and consultants at the exercise price of HK\$0.289 per option under the Old Share Option Scheme. As at 30 September 2023, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 212,480,000 (30 September 2022: 212,480,000), representing 5.8% (30 September 2022: 5.8%) of the shares of the Company in issue at that date.

On the extraordinary general meeting of the Company held on 14 September 2023 (the "Adoption Date"), an ordinary resolution was passed by the Shareholders that to approve and adopt a new share option scheme (the "New Share Option Scheme").

The New Share Option Scheme is valid and effective for a period of 10 years commencing on 14 September 2023 and may continue to be exercisable in accordance with their terms of issue. The Board may grant options to Directors, employees and service providers of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options. Options granted must be taken up within 21

days from the date of grant, upon payment of HK\$1.00. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion. The maximum number of shares of the Company which may be issued in respect of all share options and awards which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of shares as equals to 10% of the issued share capital of the Company as at the Adoption Date (the "Scheme Mandate Limit"). The Company may seek approval of the shareholders in general meeting to refresh the Scheme Mandate Limit under the New Share Option Scheme after 3 years from the Adoption Date (or the date of Shareholders' approval for the last refreshment), provided that the limit so refreshed must not exceed 10% of the relevant class of shares in issue as at the date of passing the relevant resolution.

As of the date of this report, there is no share option has been granted under the New Share Option Scheme.

Details of the movements of share options granted, exercised or cancelled/forfeited during the Current Period and outstanding as at 30 September 2023 are as follows:

	Number of share options					Exercise period	Closing price immediately	
	At 1 January 2023	Granted during the period	Exercised during the period	Cancelled/ forfeited during the period	Outstanding as at 30 September 2023		Exercise price HK\$	before the date of grant HK\$
Directors								
Mr. Hu Yishi	2,880,000	—	—	—	2,880,000	9 June 2018 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	2,880,000	9 June 2019 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	2,880,000	9 June 2020 to 9 June 2024	0.289	0.28
Mr. Chan Wing Yuen, Hubert	11,448,000	—	—	—	11,448,000	9 June 2018 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	11,448,000	9 June 2019 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	11,448,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Lin Min, Mindy	2,880,000	—	—	—	2,880,000	9 June 2018 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	2,880,000	9 June 2019 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	2,880,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Kwong Wai Man, Karina	11,448,000	—	—	—	11,448,000	9 June 2018 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	11,448,000	9 June 2019 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	11,448,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Ma Lee	1,144,000	—	—	—	1,144,000	9 June 2018 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	1,144,000	9 June 2019 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	1,144,000	9 June 2020 to 9 June 2024	0.289	0.28
Mr. Lau Kwok Kee	1,144,000	—	—	—	1,144,000	9 June 2018 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	1,144,000	9 June 2019 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	1,144,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Directors	92,832,000	—	—	—	92,832,000			
Employees	22,776,000	—	—	—	22,776,000	9 June 2018 to 9 June 2024	0.289	0.28
	27,776,000	—	—	—	27,776,000	9 June 2019 to 9 June 2024	0.289	0.28
	39,216,000	—	—	—	39,216,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Employees	89,768,000	—	—	—	89,768,000			
Consultants	1,664,000	—	—	—	1,664,000	9 June 2019 to 9 June 2024	0.289	0.28
	28,216,000	—	—	—	28,216,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Consultants	29,880,000	—	—	—	29,880,000			
Total All Categories	212,480,000	—	—	—	212,480,000			
Exercisable at the end of the period					212,480,000			

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 30 September 2023, the interests and short positions of the Directors and chief executives of the Company in the ordinary shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in ordinary shares of HK\$0.00125 each of the Company

Name of Director	Notes	Nature of Interest	Number of shares	Percentage of the Company's issued share capital
Mr. Hu Yishi	1, 3	Interest of controlled corporation	547,184,000	14.92%
Ms. Lin Min, Mindy	2, 3	Interest of controlled corporation and beneficial owner	493,456,000	13.46%
Mr. Chan Wing Yuen, Hubert		Beneficial owner	22,400,000	0.61%
Ms. Kwong Wai Man, Karina		Beneficial owner	22,400,000	0.61%
Ms. Ma Lee		Beneficial owner	2,240,000	0.06%

Notes:

- Mr. Hu Yishi ("Mr. Hu") is deemed to be interested in 448,000,000 shares held by Smart Lane Global Limited, a subsidiary of Yuan Rong Century Investment Holdings Limited ("Yuan Rong"), where the entire issued share capital of which is held by Mr. Hu. Mr. Hu is also deemed to be interested in 99,184,000 Shares held by Front Riches Investments Limited, a company which is 100% controlled by Mr. Hu.
- Ms. Lin Min, Mindy ("Ms. Lin") is deemed to be interested in 448,000,000 shares held by Uprise Global Investments Limited and in 23,056,000 shares held by Gainup Limited respectively, both companies were 100% controlled by Ms. Lin. Ms. Lin is also interested in 22,400,000 shares which beneficially owned by herself.
- On 11 April 2023, Ms. Lin Min, Mindy, Smart Lane Global Limited, Front Riches Investments Limited, Uprise Global Investments Limited, and Gainup Limited (collectively, the "Sellers") have collectively entered into a sale and purchase agreement (the "SPA") with Mr. Wang Xiangming (the "Purchaser"), pursuant to which the Sellers agreed to sell a total of approximately 28.38% of the total issued Shares, equivalent to an aggregate of 1,040,640,000 Shares. Pursuant to the terms and conditions of the SPA, this transaction shall be completed on the 60th day from the date of the SPA (if such day is not a business day as defined in the SPA (the "Business Day"), then the next following Business Day shall be deemed the 60th day), or such other date to be mutually agreed by the Sellers and the Purchaser (the "Completion Date"). Upon completion of the transaction contemplated in the SPA, the Purchaser shall be interested in an aggregate of 1,040,640,000 Shares of the Company, representing 28.38% of the issued Shares. Ms. Lin Min, Mindy, Smart Lane Global Limited, Front Riches Investments Limited, Uprise Global Investments Limited, and Gainup Limited will no longer hold any Shares of the Company. On 9 June 2023, the Sellers and Purchaser mutually agreed to extend the Completion Date to 31 August 2023, or such other date to be mutually agreed by the Sellers and Purchaser in writing. On 31 August 2023, the Sellers and Purchaser mutually agreed to further extend the Completion Date to 30 November 2023, or such other date to be mutually agreed by the Sellers and Purchaser.

For further details, please refer to the announcements of the Company dated 11 April 2023, 9 June 2023 and 31 August 2023 published on the websites of the Company and the Stock Exchange.

Long position in the underlying shares of equity derivatives of the Company

Name of Director	Nature of Interest	Number of underlying shares (Note)
Mr. Hu Yishi	Beneficial owner	8,640,000
Mr. Chan Wing Yuen, Hubert	Beneficial owner	34,344,000
Ms. Lin Min, Mindy	Beneficial owner	8,640,000
Ms. Kwong Wai Man, Karina	Beneficial owner	34,344,000
Ms. Ma Lee	Beneficial owner	3,432,000
Mr. Lau Kwok Kee	Beneficial owner	3,432,000

Note: The outstanding share options 92,832,000 were granted by the Company to Directors on 9 June 2017 at the exercise price of HK\$0.289 per option. The details of outstanding share options are shown under the section "Share Option Scheme" of this report.

Saved as disclosed above, as at 30 September 2023, none of the Directors or chief executives of the Company or their respective associates had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the Current Period, the Directors were not aware of any business or interest of the Directors and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group or any other conflict of interest which any such person has or may have with the Group.

DEED OF NON-COMPETITION

The deed of non-competition was no longer applied for both of the Current Period and the Corresponding Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2023, so far as is known to the Directors, the following persons, not being Directors or chief executives of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFC; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Long position in ordinary shares and underlying shares of the Company

Name	Capacity and nature of interest	Number of shares	Number of underlying shares	Percentage of the Company's issued share capital
Depot Up Limited ^(Note 1)	Beneficial owner	640,000,000	—	17.45%
Mr. Song Zhi Cheng ^(Note 2)	Interest of controlled corporation	640,000,000	—	17.45%
Smart Lane Global Limited ^(Note 3 & 7)	Beneficial owner	448,000,000	—	12.22%
Uprise Global Investments Limited ^(Note 4 & 7)	Beneficial owner	448,000,000	—	12.22%
Blossom Merit Limited ^(Note 5)	Beneficial owner	219,112,000	—	5.98%
Mr. Chan Tai Neng ^(Note 6)	Interest of controlled corporation	219,112,000	—	5.98%

Notes:

1. Depot Up Limited, a company incorporated in the Republic of Seychelles on 23 February 2015 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Song Zhi Cheng.
2. Mr. Song Zhi Cheng is deemed to be interested in 640,000,000 shares through his interest in Depot Up Limited.
3. Smart Lane Global Limited, a company incorporated in Samoa on 19 February 2014 with limited liability and is an investment holding company which is a subsidiary of Yuan Rong where the entire issued share capital of which is held by Mr. Hu, an executive Director and Executive Chairman.
4. Uprise Global Investments Limited, a company incorporated in the British Virgin Islands on 19 December 2013 with limited liability is an investment holding company where the entire issued share capital of which is held by Ms. Lin, an executive Director.
5. Blossom Merit Limited, a company incorporated in the British Virgin Islands on 6 July 2011 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Chan Tai Neng and Mr. Cheung Chi Keung (both being former executive Directors) in the proportion of 90% and 10% respectively as at the 30 September 2017.
6. Mr. Chan Tai Neng is deemed to be interested in 219,112,000 shares held by Blossom Merit Limited. The issued share capital of Blossom Merit Limited is owned 90% by Mr. Chan Tai Neng and 10% by Mr. Cheung Chi Keung (both being former executive Directors).

7. On 11 April 2023, Ms. Lin Min, Mindy, Smart Lane Global Limited, Front Riches Investments Limited, Uprise Global Investments Limited, and Gainup Limited (collectively, the “Sellers”) have collectively entered into a sale and purchase agreement (the “SPA”) with Mr. Wang Xiangming (the “Purchaser”), pursuant to which the Sellers agreed to sell a total of approximately 28.38% of the total issued Shares, equivalent to an aggregate of 1,040,640,000 Shares. Pursuant to the terms and conditions of the SPA, this transaction shall be completed on the 60th day from the date of the SPA (if such day is not a business day as defined in the SPA (the “Business Day”), then the next following Business Day shall be deemed the 60th day), or such other date to be mutually agreed by the Sellers and the Purchaser (the “Completion Date”). Upon completion of the transaction contemplated in the SPA, the Purchaser shall be interested in an aggregate of 1,040,640,000 Shares of the Company, representing 28.38% of the issued Shares. Ms. Lin Min, Mindy, Smart Lane Global Limited, Front Riches Investments Limited, Uprise Global Investments Limited, and Gainup Limited will no longer hold any Shares of the Company. On 9 June 2023, the Sellers and Purchaser mutually agreed to extend the Completion Date to 31 August 2023, or such other date to be mutually agreed by the Sellers and Purchaser in writing. On 31 August 2023, the Sellers and Purchaser mutually agreed to further extend the Completion Date to 30 November 2023, or such other date to be mutually agreed by the Sellers and Purchaser.

For further details, please refer to the announcements of the Company dated 11 April 2023, 9 June 2023 and 31 August 2023 published on the websites of the Company and the Stock Exchange.

During the Current Period, there was no debt securities issued by the Group and the Company at any time.

Save as disclosed above, as at 30 September 2023, the Directors are not aware of any other person other than the Directors and the chief executives of the Company who had, or was deemed to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the sections “Share Option Scheme” and “Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company” above, at no time during the Current Period was the Company, or any of its subsidiaries, or associated corporations, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any of its body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Current Period.

COMMUNICATION WITH SHAREHOLDERS

The Board communicates with the shareholders through the annual general meetings and extraordinary general meetings. In compliance with the requirements of the GEM Listing Rules, the Company issued regular reports, announcements, circulars, notice of general meetings. Shareholders can get the latest information of the Company through these publications of the Company.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with all the code provisions under the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the “Corporate Governance Code”) throughout the Current Period. The Board will continue to review regularly and take appropriate actions to comply with the Corporate Governance Code.

The Directors are of the opinions that the Company and the Board have complied with the Corporate Governance Code throughout the Current Period.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) pursuant to a resolution of the Directors passed on 12 December 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph D.3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; oversee internal audit function, internal control procedures and risk management matters of the Company.

As at 30 September 2023, the Audit Committee has three members comprising all the independent non-executive Directors, namely, Ms. Ma Lee (chairlady), Mr. Lau Kwok Kee and Ms. Qin Xuwen.

The Audit Committee had reviewed the unaudited third quarterly financial statements for the Current Period and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made.

By order of the Board

Zhonghua Gas Holdings Limited

Chan Wing Yuen, Hubert

Chief Executive Officer and Executive Director

Hong Kong, 9 November 2023

As at the date of this report, the executive Directors are Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Ms. Lin Min, Mindy and Ms. Kwong Wai Man, Karina; and the independent non-executive Directors are Ms. Ma Lee, Mr. Lau Kwok Kee and Ms. Qin Xuwen.

This report will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for at least seven days from the day of its posting and on the website of the Company at <http://www.8246hk.com>.