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TL Natural Gas Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8536)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of TL Natural Gas Holdings Limited (the “**Company**” and its subsidiaries, the “**Group**”) is pleased to announce the interim unaudited consolidated results of the Group for the six months ended 30 June 2025. This announcement, containing the full text of the 2025 interim report of the Company (“**2025 Interim Report**”), complies with the relevant requirements of The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results. Printed version of the 2025 Interim Report will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.tl-cng.com in due course.

By Order of the Board

TL Natural Gas Holdings Limited

LIU Yong Cheng

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 14 August 2025

As at the date of this announcement, the Board comprises Mr. LIU Yong Cheng, Mr. LIU Yong Qiang and Mr. LIU Yong Sheng as executive Directors; and Ms. LUO Hongru, Ms. ZENG Li and Mr. YEUNG Chun Yue David as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company’s website at www.tl-cng.com.

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of TL Natural Gas Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”, “we” or “our”) 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 Group. 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.

Unless otherwise stated, all monetary figures are expressed in Renminbi (“RMB”).

In the context of this report, compressed natural gas (“CNG”) refers to natural gas that has been compressed to a high density through high pressure and is used as a clean alternative fuel for vehicles. Liquefied natural gas (“LNG”) refers to natural gas that has been converted to liquid form.

This report will remain on the “Latest Listed Company Information” page on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the Company’s website at www.tl-cng.com.

UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") is pleased to report the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2025 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2024, are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
REVENUE	4	42,882	44,424
Cost of sales		(39,263)	(40,563)
Gross profit		3,619	3,861
Other income, gains and other losses	5	88	159
(Impairment losses) reversal of impairment losses on trade receivables, net		(7)	29
Selling and distribution expenses		(285)	(301)
Administrative expenses		(6,080)	(7,722)
Finance costs	7	(14)	(26)
LOSS BEFORE TAXATION	6	(2,679)	(4,000)
Taxation	8	–	(497)
LOSS FOR THE PERIOD		(2,679)	(4,497)
Attributable to:			
Owners of the Company		(2,679)	(4,423)
Non-controlling interests		–	(74)
		(2,679)	(4,497)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	RMB(1.46) cents	RMB(2.43) cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
LOSS FOR THE PERIOD	(2,679)	(4,497)
OTHER COMPREHENSIVE (EXPENSE) INCOME <i>Item that may be reclassified to profit or loss in subsequent periods:</i> Exchange differences on translation of foreign operations	—	(1,958)
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i> Exchange differences on translation of the Company's financial statements	(298)	977
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD, NET OF TAX	(298)	(981)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD	(2,977)	(5,478)
Attributable to:		
Owners of the Company	(2,977)	(5,404)
Non-controlling interests	—	(74)
	(2,977)	(5,478)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	14,118	15,271
Right-of-use assets	11	1,643	1,919
Other intangible assets		32	60
Advance payments for non-current assets		–	2,747
Total non-current assets		15,793	19,997
CURRENT ASSETS			
Inventories		45	93
Trade receivables	12	1,886	1,802
Prepayments and other receivables		14,542	10,872
Bank balances and cash		32,101	29,437
Total current assets		48,574	42,204
CURRENT LIABILITIES			
Trade payables	13	22	119
Other payables and accruals		4,936	4,921
Lease liabilities		579	414
Tax payable		2,822	2,870
Total current liabilities		8,359	8,324
NET CURRENT ASSETS		40,215	33,880
TOTAL ASSETS LESS CURRENT LIABILITIES		56,008	53,877
NON-CURRENT LIABILITY			
Lease liabilities		128	579
Total non-current liability		128	579
NET ASSETS		55,880	53,298

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

As at 30 June 2025

	Notes	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
EQUITY			
Share capital	14	7,280	6,210
Reserves		48,600	47,088
Equity attributable to owners of the Company		55,880	53,298
Non-controlling interests		–	–
TOTAL EQUITY		55,880	53,298

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to Owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Capital reserve (note a)	Other reserve (note c)	Exchange fluctuation reserve	Statutory reserve (note b)	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2024 (audited)	5,990	80,560	4,300	17,350	–	4,930	2,112	(55,149)	60,093	(808)	59,285
Loss for the period	–	–	–	–	–	–	–	(4,423)	(4,423)	(74)	(4,497)
Other comprehensive (expense) income for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	(1,958)	–	–	(1,958)	–	(1,958)
Exchange differences on translation of the Company's financial statements	–	–	–	–	–	977	–	–	977	–	977
Total comprehensive expense for the period	–	–	–	–	–	(981)	–	(4,423)	(5,404)	(74)	(5,478)
Issue of shares, net of transaction costs (note 14)	220	3,269	–	–	–	–	–	–	3,489	–	3,489
At 30 June 2024 (unaudited)	6,210	83,829	4,300	17,350	–	3,949	2,112	(59,572)	58,178	(882)	57,296
At 1 January 2025 (audited)	6,210	83,829	4,300	17,350	(1,019)	5,346	2,112	(64,830)	53,298	–	53,298
Loss for the period	–	–	–	–	–	–	–	(2,679)	(2,679)	–	(2,679)
Other comprehensive expense for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	–
Exchange differences on translation of the Company's financial statements	–	–	–	–	–	(298)	–	–	(298)	–	(298)
Total comprehensive expense for the period	–	–	–	–	–	(298)	–	(2,679)	(2,977)	–	(2,977)
Issue of shares, net of transaction costs (note 14)	1,070	4,489	–	–	–	–	–	–	5,559	–	5,559
Share options lapsed	–	–	(4,300)	–	–	–	–	4,300	–	–	–
At 30 June 2025 (unaudited)	7,280	88,318	–	17,350	(1,019)	5,048	2,112	(63,209)	55,880	–	55,880

Notes:

- The capital reserve of the Group represents the paid-up capital of the companies comprising the Group prior to the incorporation of the Company and the reserve arising from the reorganisation.
- In accordance with the Company Law of the People's Republic of China ("PRC"), the subsidiary of the Company which is a domestic enterprise is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC accounting standards, to its statutory reserve until the reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.
- During the year ended 31 December 2024, the Group has acquired additional interest of Guangzhou Jinbao Technology Co. Ltd. from the non-controlling interest at nil consideration. The Group recognised a decrease in equity attributable to owners of the Company of RMB1,019,000. The amount represented the difference between the consideration paid and the proportionate share of the carrying amount of the net assets attributable to the relevant interest upon the acquisition of additional interest in a subsidiary.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(2,769)	(3,506)
INVESTING ACTIVITIES		
Interest received	75	137
Additions of property, plant and equipment	(44)	(58)
Net cash from investing activities	31	79
FINANCING ACTIVITIES		
Interest paid	(14)	(26)
Repayment of principal of lease liabilities	(286)	(531)
Proceeds from issue of shares	6,018	3,597
Transaction costs attributable to issue of shares	(459)	(108)
Net cash from financing activities	5,259	2,932
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,521	(495)
Cash and cash equivalents at beginning of period	29,437	28,375
Effect of foreign exchange rate changes, net	143	33
CASH AND CASH EQUIVALENTS AT END OF PERIOD	32,101	27,913

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Stock Exchange. The registered office of the Company is Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311 Grand Cayman KY1-1209, Cayman Islands. In the opinion of the Directors, the holding company and the ultimate holding company of the Company are Yongsheng Enterprise Limited and Hongsheng Enterprise Limited, respectively, which are incorporated in British Virgin Islands ("BVI").

The principal activities of the Group are sale of natural gas and provision of digital marketing service.

The condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of the GEM Listing Rules.

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on historical cost basis. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact to the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 REVENUE AND OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker ("CODM") that are used to make strategic decisions.

The Group's reporting segments under HKFRS 8 Operating Segments are as follows:

- (a) sales of compressed natural gas and liquefied natural gas and transmission service for natural gas ("Sales of natural gas"); and
- (b) provision of digital marketing service.

In addition to the above reportable segment, other operating segments include automated car wash service and provision of fast food catering service. The above operating segments did not meet the quantitative thresholds for the reportable segments for both periods. Accordingly, these operating segments were grouped in "Others".

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

4 REVENUE AND OPERATING SEGMENT INFORMATION (cont'd)

	Sales of natural gas RMB'000	Provision of digital marketing service RMB'000	Total reportable segment RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2025 (unaudited)					
Segment revenue					
Sales to external customers	42,882	–	42,882	–	42,882
Revenue					42,882
Segment result	(574)	(364)	(938)	(129)	(1,067)
Reconciliation:					
Interest income					75
Corporate and other unallocated expenses					(1,687)
Loss before taxation					(2,679)
As at 30 June 2025 (unaudited)					
Segment assets	50,173	12	50,185	686	50,871
Reconciliation:					
Corporate and other unallocated assets					13,496
Total assets					64,367
Segment liabilities	7,929	–	7,929	159	8,088
Reconciliation:					
Corporate and other unallocated liabilities					399
Total liabilities					8,487

4 REVENUE AND OPERATING SEGMENT INFORMATION (cont'd)

	Sales of natural gas RMB'000	Provision of digital marketing service RMB'000	Total reportable segment RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2024 (unaudited)					
Segment revenue					
Sales to external customers	44,424	–	44,424	–	44,424
Revenue					44,424
Segment result	(974)	(244)	(1,218)	(113)	(1,331)
Reconciliation:					
Interest income					137
Corporate and other unallocated expenses					(2,806)
Loss before taxation					(4,000)
As at 31 December 2024 (audited)					
Segment assets	51,653	396	52,049	819	52,868
Reconciliation:					
Corporate and other unallocated assets					9,333
Total assets					62,201
Segment liabilities	8,692	20	8,712	164	8,876
Reconciliation:					
Corporate and other unallocated liabilities					27
Total liabilities					8,903

4 REVENUE AND OPERATING SEGMENT INFORMATION (cont'd)

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
<i>Type of goods or services</i>		
Sales of compressed natural gas and liquefied natural gas	42,882	44,424
Total revenue from contracts with customers	42,882	44,424

Geographical information

During the Period, all of the Group's revenue was generated from customers located in the PRC.

Non-current assets by geographical location are detailed below:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
The PRC	15,793	19,997

The non-current asset information above is based on the locations of the assets.

Information about major customers

The Group did not has major customers with revenue equal to or more than 10% of the Group's total revenue for both periods.

5 OTHER INCOME, GAINS AND OTHER LOSSES

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Bank interest income	75	137
Net exchange losses	(1)	(1)
Sundry income	14	23
	88	159

6 LOSS BEFORE TAXATION

The following items have been included in arriving at loss before taxation:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cost of inventories sold	37,119	38,152
Depreciation of property, plant and equipment	1,197	1,313
Depreciation of right-of-use assets	276	520
Amortisation of other intangible assets	28	5
Utility expense	336	640
Transportation expense	590	565
Auditor's remuneration	483	408
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	2,799	2,911
Pension scheme contributions	256	237
Expenses related to short-term leases	90	19

7 FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Interest on lease liabilities	14	26

8 TAXATION

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The major components of taxation are analysed as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Current tax – the PRC	–	–
Deferred tax	–	497
Total taxation for the period	–	497

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong Profits Tax has been provided as the Group had no assessable profits arising in Hong Kong during both periods.

The provision for current income tax in the PRC is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiary of the Group as determined in accordance with The Enterprise Income Tax Law of the PRC.

9 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

The basic loss per share is calculated as follows:

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Loss attributable to ordinary equity holders of the Company (RMB'000)	(2,679)	(4,423)
Weighted average number of ordinary shares in issue ('000)	183,839	182,249
Basic loss per share (cents)	(1.46)	(2.43)

In respect of the diluted loss per share amount for the period, no adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2025 and 30 June 2024 as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

10 DIVIDEND

The Board did not declare any payment of dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

11 MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment at cost of RMB44,000 (six months ended 30 June 2024: RMB58,000) for its operations.

No additions of right-of-use assets was noted during both periods.

12 TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade receivables, gross	1,907	1,816
Less: Allowance for expected credit losses ("ECL")	(21)	(14)
Trade receivables, net	1,886	1,802

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

The following is an ageing analysis of trade receivables net of allowance for ECL based on the invoice dates.

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 3 months	1,886	1,802

13 TRADE PAYABLES

The Group normally receives credit terms ranging from 30 to 90 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 3 months	–	119
3 – 6 months	22	–
	22	119

14 SHARE CAPITAL

	Number of shares	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Authorised Ordinary shares of HK\$0.04 each	2,500,000,000	88,632	88,632
Issued and fully paid:			
At beginning of period/year	183,195,000	6,210	5,990
Issue of shares (note)	29,310,000	1,070	220
At end of period/year	212,505,000	7,280	6,210

Note: On 27 June 2025, an aggregate of 29,310,000 shares have been placed to not less than six places at the placing price of HK\$0.225 per placing shares in accordance with the terms of the placing agreement. The gross and net proceeds from the placing amounted to approximately RMB6,018,000 (equivalent to approximately HK\$6,595,000) and RMB5,559,000 (equivalent to approximately HK\$6,091,000 respectively).

15 RELATED PARTY TRANSACTIONS*Key management personnel compensation*

Compensation paid and payable to key management personnel compensation comprises:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Short-term employee benefits	507	581
Pension scheme contributions	8	8
Total compensation paid to key management personnel	515	589

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's principal place of business is in Jingzhou, Hubei Province, the PRC. During the Period, the Group was involved in the sales of CNG and LNG and provision of transmission service in the PRC.

Sales of CNG and LNG

The Group mainly supplies CNG and derives revenue mainly from the distribution of CNG to both (i) retail customers which are mostly vehicular end-users; and (ii) wholesale customers which are urban gas companies, gas refuelling station operators and industrial users. The principal product offering is CNG and the Group purchases natural gas from PetroChina Company Limited ("PetroChina"). The Group also supplies LNG to some wholesale customers.

FINANCIAL REVIEW

Revenue

Revenue amounted to approximately RMB42.9 million for the six months ended 30 June 2025, decreased by approximately RMB1.5 million or 3.38% when compared with approximately RMB44.4 million for the corresponding period of 2024. The decrease was primarily due to the significant decrease in sales of CNG, partially offset by the increase in the sales of LNG, as stated below.

The revenue from sales of CNG to wholesale customers decreased by approximately RMB4.7 million or 26.7% from approximately RMB17.6 million for the six months ended 30 June 2024 to approximately RMB12.9 million for the six months ended 30 June 2025, primarily due to the decrease in the sales volume of CNG to wholesale customers, which was partially offset by the slight increase in the revenue from sales of CNG to retail customers, from approximately RMB6.2 million for the six months ended 30 June 2024 to approximately RMB6.6 million for the six months ended 30 June 2025.

During the Period, the Group recorded an increase in revenue from sales of LNG, which increased by approximately RMB2.8 million or 13.6% from approximately RMB20.6 million for the six months ended 30 June 2024 to approximately RMB23.4 million for the Period, as a result of the increasing demand in the local community.

Cost of sales

Cost of sales amounted to approximately RMB39.3 million for the six months ended 30 June 2025, representing a decrease of approximately RMB1.3 million or 3.2% as compared to approximately RMB40.6 million for the six months ended 30 June 2024, which was primarily due to the decrease in cost of inventories sold by approximately RMB1.1 million or 2.9% from approximately RMB38.2 million for the six months ended 30 June 2024 to approximately RMB37.1 million for the six months ended 30 June 2025, as the decrease in sales volume of CNG was mostly offset by the increase in sales volume of LNG.

FINANCIAL REVIEW (cont'd)

Gross profit

Gross profit decreased by approximately RMB0.3 million from approximately RMB3.9 million for the six months ended 30 June 2024 to approximately RMB3.6 million for the six months ended 30 June 2025. Gross profit margin decreased by 0.3% from 8.7% for the six months ended 30 June 2024 to 8.4% for the six months ended 30 June 2025, mainly due to (i) the impact of high procurement cost of the natural gas which cannot be fully passed on to our customers in a timely manner due to the pricing guidelines imposed by Hubei Price Bureau and Jingzhou Price Bureau; and (ii) lower profit margin for the sales of LNG.

Selling and distribution expenses

Selling and distribution expenses, which mainly represented staff costs and other office expenses incurred in our operation department, remained stable at approximately RMB0.3 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB0.3 million).

Administrative expenses

Administrative expenses, which mainly represented employee benefit expenses, legal and professional fee and other general operating expenses and office expenses, decreased by approximately RMB1.6 million or 20.8% from approximately RMB7.7 million for the six months ended 30 June 2024 to approximately RMB6.1 million for the six months ended 30 June 2025. The decrease was mainly attributable to the decrease in legal and professional fee and consultancy fee of approximately RMB0.7 million and decrease in staff costs of approximately RMB0.4 million.

Finance costs

Finance costs represented interest on lease liabilities.

Taxation

No current income tax expense had been provided for the six months ended 30 June 2025 as there were no assessable profits generated during the Period and there were no significant deferred tax for the Period.

Loss for the period

Loss attributable to the owners of the Company for the six months ended 30 June 2025 was approximately RMB2.7 million, decreased by approximately RMB1.7 million or 38.6% as compared to approximately RMB4.4 million for the same period last year. The decrease was mainly attributable to the decrease in administrative expenses of approximately RMB1.6 million, from approximately RMB7.7 million for the six months ended 30 June 2024 to approximately RMB6.1 million for the six months ended 30 June 2025.

PROSPECTS

Looking ahead, the global economic landscape is expected to remain challenging. Although global inflation rates and interest rates are predicted to drop moderately in 2024, persistent geopolitical tensions and the slowdown in the Chinese property market may extend the existing financial difficulties and result in growth setbacks. Consequently, the overall investment and economic environment is likely to remain highly uncertain.

The Group has been actively exploring new business opportunities in order to diversity its income source, and eventually to maximise the return to the shareholders of the Company. Looking forward, the Group is optimistic about the growth of consumption of natural gas along with China improving its energy consumption structure by shifting from coal to cleaner energy such as natural gas and other renewable energy. In recent years, the PRC government has issued a series of policies to support further development and utilisation of natural gas and natural gas vehicles. Besides, the PRC government is making every effort to prevent and control pollution and to promote clean production in enterprises. The Group expects that these policies would stimulate the natural gas industry and would foster development of other related products. The Group will endeavour to seize the growth potential resulting from such policies and industry trends.

The Group will take appropriate measures as necessary to minimise the risks exposed and will act prudently in considering any new investment opportunities, and will in the meantime explore additional ways to increase shareholder value.

DIVIDENDS

The Board did not recommend the payment of any dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 30 June 2025 was approximately RMB55.9 million. The Group's cash and cash equivalents as at 30 June 2025 was approximately RMB32.1 million. Our working capital represented by net current assets was approximately RMB40.2 million and our current ratio was 5.8. Based on our steady cash inflows from operations, coupled with sufficient cash and bank balances, we have adequate liquidity and financial resources to meet our working capital requirements.

Gearing ratio represents the bank and other borrowings as a percentage of equity attributable to equity holders of the Company. Gearing ratio is not applicable to the Group since the Group did not have any interest-bearing bank borrowings as at 30 June 2025.

PREPAYMENTS AND OTHER RECEIVABLES

The Group's prepayments and other receivables as at 30 June 2025 amounted to RMB14.5 million (31 December 2024: RMB10.9 million). As at 30 June 2025, balance mainly represented deposits with suppliers and advance to third parties of approximately RMB8.7 million (31 December 2024: RMB4.9 million), prepaid expenses of approximately RMB3.3 million (31 December 2024: RMB3.5 million) and amounts due from directors of approximately RMB2.5 million (31 December 2024: RMB2.5 million).

COMMITMENTS

As at 30 June 2025, the Group had the following capital commitments:

	30 June 2025 RMB'000	31 December 2024 RMB'000
Contracted, but not provided for: Plant and machinery	–	539

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2025, our Group had no significant contingent liabilities and guarantees (31 December 2024: Nil).

CHARGE OF ASSETS

As at 30 June 2025, the Group had no charge of assets (31 December 2024: Nil).

FOREIGN CURRENCY RISK

The Group carries out its business in the PRC and most of its transactions are denominated in RMB. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the Period.

INTEREST RATE RISK

The Group has no significant interest rate risk. The Group currently does not have any specific policies in place to manage interest rate risk and has not entered into any interest rate swap transactions to mitigate interest rate risk but will closely monitor related risk in the future.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held by the Company, nor were there any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Period.

There is no other plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, our Group had a total of 66 employees (31 December 2024: 69 employees). Staff costs, including Directors' remuneration and equity-settled share option expense, of the Group were approximately RMB3.1 million for the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB2.7 million). Remuneration is determined with reference to factors such as comparable market salaries, work performance, time commitment and responsibilities of each individual. Employees are provided with relevant in-house and/or external training from time to time. The Group reviews the performance of employees from time to time.

FUND RAISING ACTIVITIES

On 15 December 2023, the Company and CNI Securities Group Limited (the "2024 Placing Agent") entered into a placing agreement (the "2024 Placing Agreement") (as supplemented by a supplemental agreement dated 5 January 2024 (the "2024 Supplemental Placing Agreement") and a supplemental agreement dated 18 January 2024), pursuant to which the Company has conditionally agreed to place, through the 2024 Placing Agent on a best effort basis, a maximum of 35,451,000 placing shares at the placing price of HK\$0.658 per placing share (the "2024 Placing") to not less than six placees (the "2024 Placees"), who and whose ultimate beneficial owner(s) are independent third parties. The placing shares rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the placing shares. The price of HK\$0.658 per placing share was determined after arm's length negotiations between the Company and the 2024 Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The placing price represents a discount of approximately 17.75% to the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the date of the 2024 Supplemental Placing Agreement; and a discount of approximately 19.95% to the average closing price of HK\$0.822 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the 2024 Supplemental Placing Agreement. The 2024 Placing has enlarged the shareholder base and the capital base of the Company and allowed the Group to raise capital.

On 30 January 2024, a total of 5,940,000 Shares have been successfully placed by the 2024 Placing Agent to not less than six 2024 Placees at placing price of HK\$0.658 per Share pursuant to the terms and conditions of the 2024 Placing Agreement. The new Shares were issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 16 June 2023.

The gross proceeds from the Placing and net proceeds from the 2024 Placing, after deduction of the placing commission and other related expenses, amounted to HK\$3.9 million and approximately HK\$3 million, respectively, and the net price per Share is approximately HK\$0.5.

For further details, please refer to the announcements of the Company dated 15 December 2023, 5 January 2024, 18 January 2024 and 30 January 2024 (the "2024 Placing Announcements").

FUND RAISING ACTIVITIES (cont'd)

The Company has applied and intends to apply the net proceeds from the 2024 Placing in the following manner:

Description	Planned use of proceeds as disclosed in the 2024 Placing Announcements (approximate amount adjusted after deduction of the placing commission and other related expenses) (HK\$ million)	Percentage of net proceeds	Approximate amount of proceeds utilised up to 30 June 2025 (HK\$ million)	Approximate amount of unutilised proceeds as at 30 June 2025 ^(Note) (HK\$ million)
Investment in renewable energy related businesses	1.5	50%	–	1.5
General working capital	1.5	50%	1.5	–
Total	3.0	100%	1.5	1.5

Note: The unutilised amount is expected to be utilised by the end of 2025.

On 12 June 2025, the Company and Eddid Securities And Futures Limited (the “2025 Placing Agent”) entered into a placing agreement (the “2025 Placing Agreement”), pursuant to which the Company has conditionally agreed to place, through the 2025 Placing Agent on a best effort basis, a maximum of 29,310,000 placing shares at the placing price of HK\$0.225 per placing share (the “2025 Placing”) to not less than six places (the “2025 Placees”), who and whose ultimate beneficial owner(s) are Independent Third Parties.

The placing shares rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the placing shares. The price of HK\$0.225 per placing share was determined after arm’s length negotiations between the Company and the 2025 Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The placing price represents a discount of approximately 16.67% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the date of the 2025 Placing Agreement; and a discount of approximately 18.78% to the average closing price of approximately HK\$0.277 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the 2025 Placing Agreement. The 2025 Placing has enlarged the shareholder base and the capital base of the Company and allowed the Group to raise capital.

FUND RAISING ACTIVITIES (cont'd)

On 27 June 2025, a total of 29,310,000 Shares have been successfully placed by the 2025 Placing Agent to not less than six 2025 Placees at placing price of HK\$0.225 per Share pursuant to the terms and conditions of the 2025 Placing Agreement. The new Shares were issued under the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting held on 20 June 2024.

The gross proceeds from the 2025 Placing and the net proceeds from the 2025 Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$6.6 million and approximately HK\$6 million, respectively, and the net price per Share is approximately HK\$0.2.

For further details, please refer to the announcements of the Company dated 12 June 2025, 19 June 2025 and 27 June 2025 (the "2025 Placing Announcements").

The Company has applied and intends to apply the net proceeds from the 2025 Placing in the following manner:

Description	Planned use of proceeds as disclosed in the 2025 Placing Announcements (approximate amount adjusted after deduction of the placing commission and other related expenses) (HK\$ million)	Percentage of net proceeds	Approximate amount of proceeds utilised up to 30 June 2025 (HK\$ million)	Approximate amount of unutilised proceeds as at 30 June 2025 ^(Note) (HK\$ million)
Potential formation of a joint venture company engaging in the trading of black pellets	3.0	50%	–	3.0
General working capital	3.0	50%	–	3.0
Total	6.0	100%	–	6.0

Note: The proposed investment in the joint venture company is expected to take place in 2025 and the amount of net proceeds for the Group's general working capital is expected to be utilised by 2026.

USE OF PROCEEDS

The Company's shares were listed on GEM of the Stock Exchange (the "Listing") on 18 May 2018 and the net proceeds from the Listing were approximately HK\$29.2 million. The Company has applied and intends to apply the net proceeds in the following manner:

Description	Planned use of proceeds as shown in the prospectus of the Company dated 8 May 2018 (the "Prospectus") (adjusted based on the actual net proceeds) HK\$'000	Percentage of net proceeds	Actual usage of proceeds from the Listing Date to 30 June 2025 HK\$'000	Unutilised amount as at 30 June 2025 HK\$'000
Expanding gas station network by constructing one CNG refuelling station	5,212	17.9%	2,400	2,812
Expanding gas station network by constructing one combined CNG/LNG refuelling station	12,250	42.0%	2,334	9,916
Upgrading infrastructures and facilities of our Jingzhou Primary Station to equip it with LNG processing capacity	8,772	30.1%	8,772	–
Working capital and other general corporate purposes	2,916	10.0%	2,916	–
Total	29,150	100.0%	16,422	12,728

USE OF PROCEEDS (cont'd)

In pursuance of our business objectives, the implementation plans of our Group are set forth below:

Implementation plan as disclosed in Prospectus	Actual progress achieved up to 30 June 2025
Expanding gas station network by constructing one CNG refuelling station	<ul style="list-style-type: none"> • Obtained quotations for equipment and settled deposits for certain station equipment • Discussing with consultants on the engagement terms and design work of the gas refuelling station • Submitted the application to the relevant government authorities for the construction of new refuelling station and negotiating with officials in relation to the specific requirements • Expected to complete the implementation by end of 2025
Expanding gas station network by constructing one combined CNG/LNG refuelling station	<ul style="list-style-type: none"> • Performed site visits and estimated traffic flow of possible sites to identify suitable site • Obtained quotations and settled deposits for certain station equipment • Discussing with consultants on the engagement terms and design work of the gas refuelling station • Submitted the application to the relevant government authorities for the construction of new refuelling station and negotiating with officials in relation to the specific requirements • Expected to complete the implementation by end of 2025
Upgrading infrastructures and facilities of our Jingzhou Primary Station to equip it with LNG processing capacity	<ul style="list-style-type: none"> • Engaged consultant for modification design of Jingzhou Primary Station and settled the prepayment for the consulting services • Discussing with contractors on engagement terms and construction work of facility building • Constructing additional facility building, compressor room and electricity switchboard room • Purchased tanker trucks and certain station equipment • Informed the relevant government authorities in relation to the proposed installation of new facilities at our Jingzhou Primary Station with LNG processing capability • Completed the implementation in 2021

USE OF PROCEEDS (cont'd)

As disclosed in the Prospectus, the Company intended to install new facilities at the Jingzhou Primary Station, a gas processing station which acts as a primary station bridging high pressure pipelined gas that is being transmitted from PetroChina to the Group, to enlarge the Group's wholesale customer base and enable the Group to capture both CNG and LNG market. The implementation plan for upgrading infrastructures and facilities of the Jingzhou Primary Station to equip it with LNG processing capacity has been completed during the Year, and the Jingzhou Primary Station is currently able to maintain the pressure and low temperature of LNG, pump and dispense LNG, thereby operating with selling both CNG and LNG.

In relation to the above other implementation plans, the Group has submitted the relevant application and has been in discussion with the government officials on the approval progress. However, due to the demolition of one of the Group's gas refuelling substation located at Shihao Road, Jingzhou, Hubei Province, in July 2021, the Company has been looking for relocation opportunities and will seek approval from the relevant government authorities once the new location is identified. Upon receiving the relevant approval from the government authorities, the Group would carry out feasibility study including environmental impact assessment to further implement the plans. The unutilised net proceeds have been placed with licensed banks in the PRC as at 30 June 2025.

As at the date of this report, the Directors do not anticipate any change to the principal plan as to the use of proceeds.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 30 June 2025, interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under 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 positions in ordinary shares and underlying Shares of the Company:

Name	Capacity/Nature of interests	Number of Shares held	Approximate percentage of the total issued Shares*
Mr. Liu Yong Cheng	Interest in controlled corporation and parties acting in concert	76,125,000 (Note 1)	35.82%
Mr. Liu Yong Qiang	Interest in controlled corporation and parties acting in concert	76,125,000 (Note 2)	35.82%

* The percentage was calculated based on 212,505,000 Shares in issue as at 30 June 2025.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION (cont'd)

Long positions in ordinary shares and underlying Shares of the Company: (cont'd)

Notes:

- (1) As at 30 June 2025, Mr. Liu Yong Cheng directly owned 100% of Yongsheng Enterprise Limited ("Yongsheng"), which in turn held 19,392,500 shares or approximately 9.13% of the issued Shares; therefore he was deemed, or taken to be interested in, all the shares held by Yongsheng for the purpose of the SFO; pursuant to the acting in concert confirmation dated 14 June 2017, in which Mr. Liu Yong Cheng was also deemed to be interested in 56,732,500 Shares or approximately 26.70% of the issued Shares owned by Hongsheng Enterprise Limited ("Hongsheng") as at 30 June 2025 as a result of being a party acting in concert with Mr. Liu Yong Qiang.
- (2) As at 30 June 2025, Mr. Liu Yong Qiang directly owned 100% of Hongsheng, which in turn held 56,732,500 shares or approximately 26.70% of the issued Shares; therefore he was deemed, or taken to be interested in, all the shares held by Hongsheng for the purpose of the SFO; pursuant to the acting in concert confirmation dated 14 June 2017, in which Mr. Liu Yong Qiang was also deemed to be interested in 19,392,500 Shares or approximately 9.13% of the issued Shares owned by Yongsheng as at 30 June 2025 as a result of being a party acting in concert with Mr. Liu Yong Cheng.

Save as disclosed above, as at 30 June 2025, none of the Directors nor chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been recorded in the register 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, other than the Directors and chief executive of the Company, the following persons/entities have an interest or a short position in the Shares or the underlying Shares as recorded in the register of the Company required to be kept under section 336 of the SFO:

Long position in ordinary shares and underlying Shares of the Company:

Name	Capacity	Number of Shares held	Approximate percentage of the total issued Shares*
Yongsheng	Beneficial owner and parties acting in concert	76,125,000 (Note 1)	35.82%
Hongsheng	Beneficial owner and parties acting in concert	76,125,000 (Note 2)	35.82%
Stable Development Company Limited	Beneficial owner	13,872,500 (Note 3)	6.53%

* The percentage was calculated based on 212,505,000 Shares in issue as at 30 June 2025.

Notes:

- (1) As at 30 June 2025, Mr. Liu Yong Cheng directly owned 100% of Yongsheng, which in turn held 19,392,500 shares or approximately 9.13% of the issued Shares; therefore he was deemed, or taken to be interested in, all the shares held by Yongsheng for the purpose of the SFO; pursuant to the acting in concert confirmation dated 14 June 2017, in which Mr. Liu Yong Cheng was also deemed to be interested in 56,732,500 Shares or approximately 26.70% of the issued Shares owned by Hongsheng as at 30 June 2025 as a result of being a party acting in concert with Mr. Liu Yong Qiang. Mr. Liu Yong Cheng, an executive Director, is also a director of Yongsheng.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(cont'd)*

Long position in ordinary shares and underlying Shares of the Company: *(cont'd)*

Notes: *(cont'd)*

- (2) As at 30 June 2025, Mr. Liu Yong Qiang directly owned 100% of Hongsheng, which in turn held 56,732,500 shares or approximately 26.70% of the issued Shares; therefore he is deemed, or taken to be interested in, all the shares held by Hongsheng for the purpose of the SFO; pursuant to the acting in concert confirmation dated 14 June 2017, in which Mr. Liu Yong Qiang was also deemed to be interested in 19,392,500 Shares or approximately 9.13% of the issued Shares owned by Yongsheng as at 30 June 2025 as a result of being a party acting in concert with Mr. Liu Yong Cheng. Mr. Liu Yong Qiang, an executive Director, is also a director of Hongsheng.
- (3) As at 30 June 2025, Mr. Yu Kin Wai Perway directly owned 100% of Stable Development Company Limited, which in turn held 13,872,500 Shares, therefore he was deemed, or taken to be interested in, all the Shares held by Stable Development Company Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 2025 and so far as known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and/or Short Positions in the Shares, Underlying Shares and Debentures of the Company and any Associated Corporation" above, had notified the Company of an interest or short position in the Shares or underlying Shares which had been required to be recorded in the register required to be kept by the Company pursuant Section 336 of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the shareholders of the Company by way of written resolutions passed on 20 April 2018. Details of the Share Option Scheme are set out in the annual report of the Company for the year ended 31 December 2024.

SHARE OPTION SCHEME (cont'd)

Movements of the share options of the Company during the Period are as follows:

Name or category of participant	Number of share options				Exercise price of share options HK\$	Date of grant of share options	Closing price of the Shares immediately before the date of grant of share options HK\$	Weighted average closing price of the Shares immediately before the exercise date HK\$
	At 1 January 2025	Granted during the Period	Exercised during the Period	Cancelled during the Period				
			Lapsed during the Period	As at 30 June 2025	Exercise period of share options			
Directors, chief executive, substantial shareholders and/or their respective associates								
Liu Yung Cheng	1,375,000	-	-	-	21 January 2020 to 20 January 2025	0.664	21 January 2020	-
	280,900	-	-	-	23 June 2020 to 22 June 2025	0.520	23 June 2020	-
Liu Yung Qiang	1,375,000	-	-	-	21 January 2020 to 20 January 2025	0.664	21 January 2020	-
	280,900	-	-	-	23 June 2020 to 22 June 2025	0.520	23 June 2020	-
Employees (other than Directors)								
In aggregate	8,250,000	-	-	-	21 January 2020 to 20 January 2025	0.664	21 January 2020	-
	12,598,309	-	-	-	23 June 2020 to 22 June 2025	0.520	23 June 2020	-
Shareholder and supervisor of an associate of the Group								
In aggregate	1,375,000	-	-	-	21 January 2020 to 20 January 2025	0.664	21 January 2020	-
	280,900	-	-	-	23 June 2020 to 22 June 2025	0.520	23 June 2020	-
Total	25,816,009	-	-	-				

SHARE OPTION SCHEME (cont'd)

Notes:

1. The share options are subject to the vesting period as follows:
 - (a) 30% of the share options will be vested on, and exercisable from, the date of grant to the expiry of the option period (both days inclusive);
 - (b) a further 30% of the share options will be vested on, and exercisable from, the first anniversary of the date of grant to the expiry of the option period (both days inclusive); and
 - (c) the remaining 40% of the share options will be vested on, and exercisable from, the second anniversary of the date of grant to the expiry of the option period (both days inclusive).
2. The share options are exercisable for a period of five years from the date of grant and the fair values of the share options were calculated using the Binomial Option Pricing Model. The inputs to the model were as follows:

	Share options granted on 23 June 2020	Share options granted on 21 January 2020
Share price at the date of grant (before the Share Consolidation)	HK\$0.130	HK\$0.166
Exercise price per share (before the Share Consolidation) (note 5)	HK\$0.130	HK\$0.166
Expected volatility (%)	42.55	42.33
Risk-free interest rate (%)	0.31	1.62

The expected volatility reflected the assumption that the historical volatility was indicative of future trends, which may not necessarily be the actual outcome.

3. The fair value of the share options granted was estimated at RMB4,655,000 using the Binomial Option Pricing Model, of which the Group did not recognise any share option expenses during the Period (six months ended 30 June 2024: Nil). The fair value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of an option.
4. Share options which are cancelled/lapsed/forfeited prior to their exercise date will be removed from the Company's register of outstanding share options. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained profits/accumulated losses as a movement in reserves.

SHARE OPTION SCHEME (cont'd)

Notes: (cont'd)

5. Due to the Share Consolidation implemented by the Company with effect from 20 July 2021, adjustments were made to the number of outstanding share options and the exercise price on 16 July 2021 (the "Adjustments"). The exercise price of the share options granted on 21 January 2020 was adjusted from HK\$0.166 to HK\$0.664 and the exercise price of the share options granted on 23 June 2020 was adjusted from HK\$0.130 to HK\$0.520. For further details, please refer to the announcement of the Company dated 16 July 2021.

There were no options available for grant according to the existing scheme mandate limit under the Share Option Scheme as at 1 January 2025. During the six months ended 30 June 2025, all existing share options lapsed. As at 30 June 2025, according to the existing scheme mandate limit under the Share Option Scheme, there was 15,000,000 share options available for grant and there was no share options outstanding under the Share Option Scheme.

Subsequent to the end of the reporting period, on 8 July 2025, the Company granted 8,500,000 share options in aggregate. At the date of this report, the Company had utilised 8,500,000 share options of the existing scheme mandate limit under the Share Option Scheme and had 8,500,000 share options outstanding under the Share Option Scheme, which represented approximately 4.00% of the issued Shares in issue as at the date of this report. The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the Period divided by the weighted average number of the Shares in issue for the Period is 4.00%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save for the Share Option Scheme, at no time during the six months ended 30 June 2025 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings during the six months ended 30 June 2025.

DEED OF NON-COMPETITION

As disclosed in the Prospectus, the controlling shareholders of the Group (“Controlling Shareholders”) entered into a deed of non-competition on 20 April 2018 (for itself and as trustee for its subsidiaries) (the “Deed of Non-Competition”). Each of the Controlling Shareholders confirmed to the Company that they have complied with the Deed of Non-Competition during the period.

Pursuant to the Deed of Non-Competition, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, subject to certain exceptions, during the period that the Deed of Non-Competition remain effective, each of the Controlling Shareholders shall not, and shall procure that their associates (other than any members of the Group) not to, directly or indirectly, carry on, participate in, be engaged, be interested directly or indirectly, either for their own account or in conjunction with or on behalf of or for any other person in any business in competition with or likely to be in competition with the existing business activity of any member of the Group (“Restricted Business”).

COMPETING INTERESTS

During the six months ended 30 June 2025, so far as the Directors are aware, none of the Directors, Controlling Shareholders and substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in Restricted Business or any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

CORPORATE GOVERNANCE CODE

The Company has adopted and complied with, where applicable, the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the GEM Listing Rules for the six months ended 30 June 2025 to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

According to the code provision C.2.1 of the CG Code, the roles of the chairman and chief executive should be separated and should not be performed by the same individual. Under the current management structure of the Company, Mr. Liu Yong Cheng is the chairman of the Board (the “Chairman”) and chief executive officer of the Company (the “Chief Executive Officer”). As Mr. Liu Yong Cheng has been leading the Group as the Chief Executive Officer and actively involved in the core business of Tonglin Gas since its incorporation, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Mr. Liu Yong Cheng acting as the Chief Executive Officer and Chairman for effective management and business planning of the Group. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three independent non-executive Directors. The Company will consult the Board for any major decisions. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

UPDATES ON DIRECTORS' INFORMATION

During the six months ended 30 June 2025, there were no changes in information of Directors which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an audit and risk management committee with written terms of reference in compliance with the code provision D.3.3 of the CG Code. The audit and risk management committee consists of three independent non-executive Directors, namely Mr. Yeung Chun Yue David as the Chairman, Ms. Luo Hongru and Ms. Zeng Li as its members. The audit and risk management committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 and this report.

SUBSEQUENT EVENT

Save as disclosed in this report, the Group had no significant events occurred subsequent to the end of the Period.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

By order of the Board

TL Natural Gas Holdings Limited

Liu Yong Cheng

Executive Director, Chairman & Chief Executive Officer

Hong Kong, 14 August 2025

As at the date of this report, the Board comprises Mr. Liu Yong Cheng, Mr. Liu Yong Qiang and Mr. Liu Yong Sheng as executive Directors; Ms. Luo Hongru, Ms. Zeng Li and Mr. Yeung Chun Yue David as independent non-executive Directors.