CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.

(the "Company")

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

(Stock Code: 1940)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

Revenue for the Reporting Period amounted to approximately RMB636.4 million, representing an increase of approximately 7.8% from approximately RMB590.4 million for the six months ended 30 June 2021.

Gross profit for the Reporting Period was approximately RMB143.4 million, representing an increase of approximately 28.4% from approximately RMB111.7 million for the six months ended 30 June 2021.

Net profit for the Reporting Period amounted to approximately RMB41.6 million from net loss of approximately RMB39.6 million for the six months ended 30 June 2021.

Basic and diluted earnings per Share attributable to equity shareholders of the Company for the Reporting Period were approximately RMB0.03 and RMB0.03, respectively, compared with basic and diluted loss per Share of approximately RMB0.03 and RMB0.03, respectively for the six months ended 30 June 2021.

As at 30 June 2022, the gearing ratio of the Group was 45.8% as compared to 48.0% as at 31 December 2021.

The Board does not recommend the payment of any dividend for the Reporting Period.

In this announcement, "we", "us", "our" and "China Gas" refer to the Company and where the context otherwise requires, the Group (as defined below). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the prospectus of the Company dated 16 December 2020 (the "**Prospectus**").

UNAUDITED CONSOLIDATED INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2022 (the "**Reporting Period**") as set out below:

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	Notes	**RMB**	RMB
		(Unaudited)	(Unaudited)
Revenue	*4*	**636,434,507**	590,363,328
Cost of revenue	*8*	**(492,988,332)**	(478,686,859)
Gross profit		**143,446,175**	111,676,469
Selling and marketing expenses	*8*	**(948,914)**	(902,540)
Administrative expenses	*8*	**(39,864,839)**	(35,816,363)
Credit loss allowance for trade receivables		**(3,460,732)**	—
Credit loss allowance for note investment	*8*	**—**	(66,400,000)
Research and development expenses	*8*	**(33,644,213)**	(17,806,274)
Other income	*5*	**469,409**	9,904,487
Other gains/(losses), net	*6*	**8,656,894**	(7,477,428)
Operating profit/(loss)		**74,653,780**	(6,821,649)
Finance income	*7*	**703,769**	777,424
Finance costs	*7*	**(13,730,073)**	(14,326,796)
Finance costs, net		**(13,026,304)**	(13,549,372)
Profit/(loss) before income tax		**61,627,476**	(20,371,021)
Income tax expense	*9*	**(19,996,861)**	(19,211,086)
Profit/(loss) for the period attributable to owners of the Company		**41,630,615**	(39,582,107)

		Six months ended 30 June	
		2022	2021
	Notes	**RMB**	RMB
		(Unaudited)	(Unaudited)
Other comprehensive income, net of tax			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		**(4,963,325)**	278,700
Total comprehensive income for the period		**36,667,290**	(39,303,407)
Total comprehensive income attributable to owners of the Company		**36,667,290**	(39,303,407)
Earnings/(loss) per share			
– Basic and Diluted	*11*	**0.03**	(0.03)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**As at 30 June 2022 RMB (Unaudited)**	As at 31 December 2021 RMB (Audited)
Non-current assets			
Property, plant and equipment	*12*	**1,567,904,945**	1,540,715,120
Right-of-use assets	*13*	**44,671,696**	45,666,711
Intangible assets		**—**	269,348
Deferred tax assets		**2,402,130**	2,037,083
Other assets		**7,267,117**	7,043,992
		1,622,245,888	1,595,732,254
Current assets			
Inventories		**9,843,765**	10,146,550
Trade receivables	*14*	**479,019,247**	427,210,523
Loan receivables	*15*	**—**	—
Note investment	*16*	**—**	—
Deposits, prepayments and other receivables	*17*	**15,023,450**	51,963,472
Financial assets at fair value through other comprehensive income (“**FVOCI**”)		**93,683,034**	23,443,760
Cash and cash equivalents	*18*	**307,499,399**	297,552,618
		905,068,895	810,316,923

	Notes	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Current liabilities			
Trade and other payables	*19*	**558,318,292**	470,608,990
Contract liabilities	*4*	**9,108,681**	9,344,878
Borrowings		**441,800,000**	288,510,000
Leases liabilities	*13*	**10,533,369**	10,527,017
Income tax payable		**12,087,031**	8,841,502
		1,031,847,373	787,832,387
Net current (liabilities)/assets		**(126,778,478)**	22,484,536
Total assets less current liabilities		**1,495,467,410**	1,618,216,790
Non-current liabilities			
Borrowings		**148,730,119**	313,206,301
Lease liabilities	*13*	**3,020,129**	3,195,352
Deferred tax liabilities		**25,020,002**	19,785,267
		176,770,250	336,186,920
NET ASSETS		**1,318,697,160**	1,282,029,870
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		**836,016**	836,016
Other reserves		**1,325,822,189**	1,323,598,655
Accumulated losses		**(7,961,045)**	(42,404,801)
TOTAL EQUITY		**1,318,697,160**	1,282,029,870

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The Group are engaged in the production and supply of industrial gases in the PRC.

The interim condensed consolidated financial information comprises the interim condensed statement of financial position as at 30 June 2022, the interim condensed consolidated statement of comprehensive income for six months then ended, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (the "**Interim Financial Information**"). The Interim Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated.

The Interim Financial Information have been reviewed, not audited.

2. BASIS OF PREPARATION

The Interim Financial Information of the Group have been prepared in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting" and applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation used in the preparation of the Interim Financial Information for the six months ended 30 June 2022 are consistent with those used in the annual financial statements for the year ended 31 December 2021 except for the adoption of the new and amended International Financial Reporting Standards ("**IFRSs**") as disclosed in note 3 below.

The preparation of the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

The Interim Financial Information do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

Prior year investigation

On 24 March 2021, the Board was informed by the previous auditor that they required additional information and documentation on (i) three overdue receivables of the Company as at 31 December 2020 (as disclosed in sub-notes II. (i) to (iii) below as Transaction 1, Transaction 2 and Transaction 3 and also in note 15); and (ii) the investment in a loan note by the Company in January 2021 (as disclosed below the sub-heading "Summary of key findings of the Investigation" in this note as Transaction 4 and also in note 16) during the course of the consolidation financial statements for the year ended 31 December 2020. According to the resignation letter of previous auditor, the management provided preliminary explanation that the Transaction 1, Transaction 2 and Transaction 3 were entered into in order to attract the counter-parties who intended to subscribe for the Company's shares (the "**Shares**") upon the Company's initial public offering and Transaction 4 was entered into purely for the purpose of managing the Company's free cash to earn a higher return and was not associated with Transactions 1, 2 and 3.

I. Scope of the Investigation and the Expanded Investigation

Upon receiving the previous auditor's notification, on 24 March 2021, an independent investigation committee then comprising certain Directors, including all the independent non-executive Directors (the "**Investigation Committee**"), was established to carry out an independent investigation (the "**Investigation**") on the matters raised by the previous auditor. On 12 April 2021, an accounting firm that is not the Company's auditor (the "**Forensic Accountant**") was appointed as the independent forensic accountant to assist the Investigation Committee in conducting the Investigation.

On 8 May 2021, Mr. David T Chen ("**Mr. Chen**") (the then executive Director and the chairman of the Board) upon the request of the Investigation Committee and in order to facilitate the Investigation, agreed to have all his day-to-day duties, powers and authorities suspended pending outcome of the Investigation.

The primary scope of the Investigation is to conduct an independent fact-finding in respect of Transaction 1, 2, 3 and 4 (the "**Transactions**"), so to help assess whether or not there were reasonable commercial substance and business rationale behind the Transactions. The major investigation procedures conducted by the Forensic Accountant included, but not limited to, the following:

(i) obtaining and reviewing documents and correspondence relating to the Transactions (including but not limited to the Loan Agreement 1, Loan Agreement 2 and Loan Agreement 3 and Note Investment (all of which were defined in the sub-heading "Summary of the Key Findings of the Investigation") correspondences between the Group and the counterparties to the Transactions or others with respect to the Transactions, internal records of the Company, bank documentation, payment proof of listing expenses incurred for the Company's initial public offering (the "**IPO**") by the Company and the list of investors during the IPO and the corresponding subscription records;

(ii) reviewing the internal control policies and procedures of the Group in relation to the entering of the Transactions and conducting interviews with relevant personnel of the Group who are responsible for carrying out such procedures;

(iii) conducting interview with relevant personnel of the Group (including Directors, management, employees from the finance department and other relevant personnel) to understand, among others, the circumstances leading to the entering of the Transactions (including the approval procedures), as well as its business rationale and commercial substance;

(iv) conducting interviews with the relevant representative of two of the underwriters to the IPO to understand, among others, the circumstances leading to the entering of the Transactions, as well as to ascertain whether they took any role in the entering of the Transactions and whether they have any relationships with the counterparties to the Transactions; and

(v) performing preservation on electronic data under the custody of relevant personnel of the Group, developing search terms pertaining to the Transactions and reviewing electronic data with responsive hits of the search terms.

On 22 July 2021, having considered the then status of findings from the Investigation, and with agreement from the previous auditor, the Investigation Committee decided to expand the scope of the Investigation to cover certain business activities of the Group conducted by Mr. Chen and Mr. Bai Xueping ("**Mr. Bai**") (the then chief financial controller of the Company) for the period between 1 January 2021 to 30 April 2021 ((the "**Expanded Investigation**"), together with the Investigation, the "**Independent Investigation**") pursuant to the recommendation of the previous auditor. The primary scope of the Expanded Investigation focused on a review period from 1 January 2020 to 30 April 2021 to understand the involvement of Mr. Chen and Mr. Bai in the management of the Group, including as to day-to-day business operations, investment or fund-raising activities, chop and contract management process and conducting sample testing to investigate whether Mr. Chen and Mr. Bai had engaged in conduct which overrode the Group's existing corporate governance mechanisms.

The Independent Investigation was completed in March 2022 with the following key findings:

II. Summary of the Key Findings of the Investigation

The Independent Investigation had certain limitations in respect of the nature and extent of the procedures conducted. During the course of the preparation of the consolidated financial statements of the Group for the year ended 31 December 2020, the Board took into account the following findings of the Independent Investigation, considered the relevant information and supporting evidence available and had used their best effort to estimate the relevant financial impact of the matters identified in the Independent Investigation.

(i) Transaction 1 – RMB50,000,000 advanced by the Company to Company A on 7 December 2020 pursuant to a loan agreement dated 30 November 2020 (the "**Loan Agreement 1**") signed by the Company as lender and Company A as borrower, purporting to set out the terms for a loan of RMB50,000,000 from the Company to Company A at an interest rate of 2 % per annum, repayable on 30 December 2020.

(ii) Transaction 2 – RMB53,522,000 advanced by the Company to Company B on 10 December 2020 pursuant to a loan agreement dated 1 December 2020 (the "**Loan Agreement 2**") signed by the Company as lender and Company B as borrower, purporting to set out the terms for a loan of RMB53,522,000 from the Company to Company B at an interest rate of 2 % per annum, repayable on 30 December 2020.

(iii) Transaction 3 – RMB14,478,000 advanced by the Company to Company C (Company C and together with Company A and Company B, the "**Borrowers**") on 10 December 2020 pursuant to a loan agreement dated 1 December 2020 (the "**Loan Agreement 3**" and together with Loan Agreement 1 and Loan Agreement 2, the "**Loan Agreements**") signed by the Company as lender and Company C as borrower, purporting to set out the terms for a loan of RMB14,478,000 from the Company to Company C at an interest rate of 2 % per annum, repayable on 30 December 2020.

(iv) Transaction 4 – HK$80,000,000 (approximately RMB66,400,000) paid by the Company on 28 January 2021 pursuant to a subscription agreement dated 18 January 2021 (the "**Investment Agreement**") in respect of HK$80,000,000 secured loan note ("**Investment**") issued by Company D with a fixed return of 4.5% per annum, due on 17 December 2021.

Findings of the Investigation

(i) Between 30 November 2020 and 1 December 2020, Mr. Chen on behalf of the Company entered into the Loan Agreements with the Borrowers for the advancement of short term loans in an aggregate sum of RMB118,000,000 (the "**Loans**").

(ii) On 7 December 2020, the Company transferred RMB50,000,000 from RMB sub-account (the "**Bank A RMB Sub-Account**") of a bank account held by the Company at a bank (the "**Bank A Account**") to Company A. On 10 December 2020, the Company transferred RMB53,522,000 and RMB14,478,000 from the Bank A RMB Sub-Account to Company B and Company C respectively.

(iii) The telegraphic transfers of the Loans from the Company's Bank A RMB Sub-Account to each of the Borrowers were approved by Mr. Chen and Mr. Bai (at the behest of Mr. Chen).

(iv) The Loan Agreements were not tabled before the Board for discussion or approval. The Board had not approved the Loan Agreements. Mr. Chen admitted that the Loan Agreements were entered into without the Board's prior approval and any background check on the Borrowers and that no guarantee was provided as security for the Loans.

(v) Mr. Chen contended that the aggregate sum of RMB118,000,000 paid out from the Company's Bank A RMB Sub-Account were dividend payable to China Gas Investors Ltd. (a controlling shareholder of the Company) ("**CGI**") and were therefore funds belonging to CGI. Mr. Chen had not sought consent from CGI in relation to the change of use of the said funds and the change of use of the said funds had not been approved in compliance with the articles of association of the Company (the "**Articles**"). The Directors interviewed by Forensic Accountant considered that the funds in the Bank A RMB Sub-Account were dividends payable to the shareholders of the Company and belonged to the Company and that any change of the use of the funds in the Bank A RMB Sub-Account must comply with the provisions of the Articles and the relevant procedure of the Company.

(vi) The Bank A Account is held in the name of and is owned by the Company. The Bank A RMB Sub-Account was set up to hold dividend payable to the shareholders of the Company before completion of the IPO. In the financial statements of the Company published during the IPO and audited by the previous auditors, the asset of the Company comprised such Bank A Account.

(vii) According to Mr. Chen, the business rationale for making the Loans was to obtain confidence and good impression from the investors and fulfil their financial needs, so as to attract investors to make investment in the Company in the IPO and the making of the Loans has no direct connection with the IPO. According to Mr. Chen, it was after the IPO that one of the underwriters of the IPO notified him that a subscriber who subscribed for the Shares for the aggregate sum of US$18,000,000 at the IPO is the sole director and sole shareholder of Company A, the sole director and sole shareholder of Company D, and a former director and shareholder of Company C. Based on the IPO share allocation list, such subscriber subscribed for 13,138,000 Shares.

(viii) Notwithstanding the fact that the Borrowers were three different companies, the Borrowers were potentially associated with one another given that the form and content of the Loan Agreements were highly similar and that certain direct and indirect connections among the Borrowers were identified through desktop internet searches conducted by the Forensic Accountant.

(ix) On 18 January 2021 Mr. Chen on behalf of the Company entered into the Investment Agreement with Company D. On 28 January 2021 the Company paid HK$80,000,000 to Company D via a bank account maintained with another bank ("**Bank B**") (the "**Bank Account**") which held the IPO proceeds. The Investment Agreement was not tabled before the Board for discussion and the Investment was not approved by the Board contrary to the Company's policy on financial management and control. The telegraphic transfer of the Investment from the Bank B Account of the Company was approved by Mr. Chen and Mr. Bai (at the behest of Mr. Chen).

(x) In a board preparatory meeting held on 13 January 2021, Mr. Chen made brief reference to potential investments with IPO proceeds. As the information provided by Mr. Chen was limited, the Directors who participated in the meeting required that the use of the IPO proceeds must comply with law and regulations and save for a portion of the IPO proceeds allocated for use for the Company's Hong Kong office, the remaining IPO proceeds should be remitted back to Mainland China and be applied for the purposes set out in the IPO prospectus of the Company. According to the Company's policy on financial management and control, absent an applicable pre-approved budget item, if the Company enters into, amends or terminates a transaction or a series of transactions under any agreement involving an amount exceeding RMB1,000,000, prior approval from the Board shall be required. No resolution was passed in such meeting in relation to the investment products proposed by Mr. Chen.

(xi) According to Mr. Chen, the purpose of the Investment was to earn a higher return. Mr. Chen admitted that the Investment Agreement was entered into (i) contrary to legal advice he had obtained from the Company's then legal advisers, and (ii) before any due diligence was conducted and before any security documents were obtained.

(xii) Mr. Bai expressed the view that he personally did not agree to the Transactions and suspected that the counterparties of the Transactions were potentially associated with one another, and that there was a possibility that the Investment Agreement was entered into for the purpose of expediting the repayment of the Loans. According to Mr. Bai, the telegraphic transfer was signed by him at the behest of Mr. Chen.

(xiii) On 31 March 2021, Mr. Chen told a number of Directors that if the Company agreed to a "put option" agreement (the "**Proposed Option Agreement**"), Company A would procure immediate repayment of the Loans to the Company. Mr. Chen alleged that the Proposed Option Agreement was proposed by Company A but to be entered into with another subscriber of the IPO in respect of not more than 100,000,000 Shares at an option price of HK$1.5 per Share, with an exercise period of 5 to 31 days after the signing of the Proposed Option Agreement. The Proposed Option Agreement was in draft and did not bear a signatory block for Company A or any known representative of Company A. Mr. Chen did not proffer a reasonable explanation as to why Company A was willing to procure immediate repayment of all three loans if the Proposed Option Agreement was entered. Mr. Chen also did not provide relevant background information about the proposed counterparty. The Proposed Option Agreement was voted down by the Board.

(xiv) The Forensic Accountant conducted an analysis of the top 38 investors in the international offering tranche of the IPO and found that as at 15 November 2021, ten of such investors (representing shareholdings of 96,178,000 Shares in aggregate) were potentially connected of which: (i) three investors (representing shareholdings of 36,110,000 Shares in aggregate) appeared to have direct connection with the counter-parties of the Transactions and (ii) seven investors (representing shareholdings of 60,068,000 Shares in aggregate) appeared to have indirect connections with the counter-parties of the Transactions.

Findings of the Expanded Investigation

(i) On 20 February 2021, the Company and Xijie'ai (Shanghai) Investment Management Co., Ltd ("**Xijie'ai**") entered into an agreement ("**Xijie'ai Agreement**") whereby the Company agreed to reimburse Xijie'ai a sum of HK$2,000,000 for certain expenses paid by Xijie'ai for the Company in relation to the preparation of the IPO. Mr. Chen was involved in the signing of the Xijie'ai Agreement on behalf of the Company as well as for Xijie'ai.

(ii) On 7 April 2021, a sum of HK$2,000,000 was paid to Xijie'ai via a bank account of the Company maintained with Bank B.

(iii) Xijie'ai is a wholly-owned company established in the PRC on 9 May 2007 by OxyChina Limited (a company incorporated in the British Virgin Islands and is 70% owned by Mr. Chen, 10% owned by each of Mr. Bai and two independent third parties of the Company). The legal representative of Xijie'ai is Mr. Chen.

(iv) According to the Company's policy on financial management and control, absent an applicable pre-approved budget item, if the Company enters into, amends or terminates a transaction or a series of transactions under any agreement involving an amount exceeding RMB1,000,000, prior approval from the Board shall be required. There are no documents (such as board meeting minutes or board resolutions) to support that Xijie'ai Agreement was approved by the Board.

(v) According to the Articles, a director who to his knowledge is, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists or in any other case at the first meeting of the board after he knows that he is or has become so interested. None of the supporting documents or representations provided by the Company to the Forensic Accountant shows that Mr. Chen or Mr. Bai has declared his interest to the Board.

(vi) Save and except for the Xijie'ai Agreement entered into with Xijie'ai, the Expanded Investigation has not uncovered direct evidence of management override of Mr. Chen and Mr. Bai.

The Board has reviewed the content and the findings, of the Investigation and the Expanded Investigation. The Board is of the view that the Investigation and the Expanded Investigation have comprehensively investigated into the matters raised by the previous auditor. The Board is of the view that, based on its review of the findings of the Independent Investigation and on balance, the nature of Transactions is likely to be as stated in the Loan Agreements that they are loans from the Company to the Borrowers, and the nature of Transaction 4 is likely to be as stated in the Investment Agreement that it is an investment in loan note made by the Company for the purpose of managing free cash to earn higher return. None of the Transactions was approved by the Board. Notwithstanding the Forensic Accountant's conclusion that save and except for the Xijie'ai Agreements, the Expanded Investigation has not uncovered direct evidence of management override by Mr. Chen and Mr. Bai, given that none of the Transactions were approved by the Board, and that, in particular, the telegraphic transfers made pursuant to the Loan Agreements and the Investment Agreement were approved by Mr. Chen and Mr. Bai by themselves, the Board considered that there was management override by Mr. Chen and Mr. Bai.

Although the Company had continuously demanded settlement with Borrowers, the Company has not received any repayment up to date. After taking into account that the Loans became long overdue and recoverability of the balances, the Group has considered it is unlikely to recover the outstanding loan balances of RMB118,000,000 and hence an impairment provision on loan receivables of RMB118,000,000 has been made and recorded it separately as a line item on the consolidated statement of comprehensive income during the year ended 31 December 2020.

On 17 December 2021 when the Investment became matured, the Company did not receive any repayment. The Company has not received any repayment since then. Although the Company had continuously demanded for settlement with the counter party, the Company had not received any repayment up to date. After taking into account of the recoverability of the balances, the Group has considered it is unlikely to recover the outstanding Investment balance of RMB66,400,000 and hence an impairment provision on the Note Investment of RMB66,400,000 has been made and recorded it separately as a line item on the consolidated statement of comprehensive income during the year ended 31 December 2021.

Development for the six months ended 30 June 2022

During the six months ended 30 June 2022, after taking into account the possibility of recoverability, RMB118,000,000 and RMB66,400,000 of the Loan Receivables and Note Investment were written off respectively.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied Amendments to IFRS 16, IAS 37, IFRS 3, AG 5, Annual improvement to IFRSs 2018-2020, which is issued by the International Accounting Standards Board to the Interim Financial Information for the current accounting period.

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

Amendments to IAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to IAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to IFRS 3, Reference to the Conceptual Framework

The amendments update IFRS 3 refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC-Int 21 Levies, the acquirer applies IFRIC-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to AG 5, Accounting Guideline 5 Merger Accounting for Common Control Combinations (Revised)

AG 5 has been revised to reflect the following amendments:

- Clearer rationale for why the transaction described in paragraph 5 of of AG 5 is not a business combination and why, in practice, a principle similar to that for a reverse acquisition is applied to those transactions is provided.

- New disclosure requirements for common control combinations are added to paragraph 19 of AG 5.

- The accounting for change in non-controlling interests as a result of common control combination is clarified in the example in AG 5.

- The terminologies and references in AG 5 are updated to align with existing IFRSs.

Annual Improvements to IFRSs 2018-2020

The annual improvements amends a number of standards, including:

- IFRS 1, First-time Adoption of International Financial Reporting Standards, which provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

- IFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- IFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- IAS 41, Agriculture, which removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The Directors do not anticipate that the application of the amendments and revision in the future will have a significant impact on the consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in production and supply of industrial gas in the PRC. The Group is also engaged in production and supply of liquefied natural gas and related gas transmission service. The executive director of the Company has been identified as the chief operating decision-maker ("**CODM**") who review the Group's internal reporting in order to assess performance of the Group on a regular basis and allocate resources.

The Group's business activities, for which discrete financial information are available, regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that it has two reportable segments as follows:

— Supply of industrial gas

— Liquefied natural gas ("**LNG**") and gas transmission service

CODM assesses the performance of the reportable segments based on their revenue and gross profit. No analysis of the reportable segments' assets and liabilities is regularly provided to the CODM for review.

(i) The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2022 and 2021 are as follows:

	Six months ended 30 June 2022 (Unaudited)			
	Supply of industrial gas (pipeline and liquefied)	**LNG and gas transmission service**	**Elimination**	**Group**
	RMB	**RMB**	**RMB**	**RMB**
Segment revenue	**529,775,497**	**113,701,296**	**(7,042,286)**	**636,434,507**
Gross profit	**140,401,612**	**3,044,563**	**—**	**143,446,175**

	Six months ended 30 June 2021 (Unaudited)			
	Supply of industrial gas (pipeline and liquefied)	LNG and gas transmission service	Elimination	Group
	RMB	RMB	RMB	RMB
Segment revenue	529,582,706	67,759,954	(6,979,332)	590,363,328
Gross profit	108,635,546	3,040,923	—	111,676,469

(ii) Geographic information

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

(iii) Information about major customers

Revenue from customers contributing over 10% or more of the Group's revenue is as follow:

	Six months ended 30 June	
	2022	2021
	RMB	RMB
Customer A	**459,900,114**	491,242,553

(iv) Revenue

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

The Group is principally engaged in the production and supply of industrial gases, liquefied natural gas and related gas transmission service in the PRC. An analysis of the Group's revenue by category for the six months ended 30 June 2022 and 2021 is disclosed as follows:

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Recognised at a point in time		
Supply of pipeline industrial gas	**410,797,876**	419,106,857
Supply of liquefied industrial gas	**103,190,517**	95,149,018
Supply of LNG and gas transmission service	**113,701,296**	67,759,954
Others	**8,744,818**	8,347,499
	636,434,507	590,363,328

(v) Contract liabilities

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

The Group has recognised the following contract liabilities:

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Contract liabilities arising from:		
– Supply of liquefied industrial gas	**4,922,836**	5,708,835
– Supply of LNG	**3,287,149**	2,618,865
– Others	**898,696**	1,017,178
	9,108,681	9,344,878

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in each of the period relates to carried-forward contract liabilities at the beginning of the period.

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Supply of liquefied industrial gas	**2,800,624**	1,138,282
Supply of LNG	**2,126,562**	316,403
Others	**379,723**	331,696
	5,306,909	1,786,381

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Government grants (note)	**458,925**	6,001,600
Others	**10,484**	3,902,887
	469,409	9,904,487

Note: Government grants are all income related and these exists no unfulfilled conditions or other contingencies attached to these government grants.

6. OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Net foreign exchange gains/(losses)	**8,806,894**	(6,853,943)
Others	**(150,000)**	(623,485)
	8,656,894	(7,477,428)

7. FINANCE COSTS, NET

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Finance income:		
Interest income from bank deposits	**703,769**	777,424
Finance costs:		
Interest expenses on bank borrowings	**(14,793,157)**	(15,232,547)
Interest expense on lease liabilities	**(101,023)**	(174,307)
Add: amount capitalized	**1,164,107**	1,080,058
Finance costs expensed	**(13,730,073)**	(14,326,796)
Finance costs, net	**(13,026,304)**	(13,549,372)

Finance costs have been capitalized on qualifying assets at average interest rates of 4.99% per annum for the six months ended 30 June 2022 (six months ended 30 June 2021: 4.99% per annum).

8. EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Auditor's remuneration	**1,000,000**	1,000,000
Consumption of utilities	**359,824,407**	369,718,499
Consumption of raw materials and low value consumables	**68,630,421**	39,095,695
Changes in inventories of finished goods	**666,404**	(3,324,229)
Depreciation of property, plant and equipment	**62,637,351**	55,681,096
Amortisation of right-of-use assets	**995,015**	2,542,932
Employee benefits expenses*	**29,897,287**	23,003,732
Freight expenses	**5,757,822**	6,610,107
Equipment maintenance expenses	**12,157,111**	9,884,545
Operating service charges	**3,407,698**	6,952,812
Tax surcharges	**2,958,493**	3,253,616
Outsourcing labour costs	**1,648,143**	1,157,431
Amortisation of intangible assets	**269,348**	306,286
Professional service fee	**11,655,470**	12,353,965
Credit loss allowance for note investment	**—**	66,400,000
Others	**5,941,328**	4,975,549
	567,446,298	599,612,036

* The amount included the termination benefits of former employees with total RMB3,649,741 (2021: Nil).

9. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Current tax		
– PRC enterprise income tax	**15,127,173**	13,803,306
Deferred tax		
– Charged to profit or loss for the period	**4,869,688**	5,407,780
Income tax expense	**19,996,861**	19,211,086

Notes:

(a) Cayman Islands income tax

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

(b) PRC enterprise income tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practises in respect thereof. The general corporate income tax rate in the PRC is 25%. Tangshan Tangsteel Gases Co., Ltd, a subsidiary of the Group, was approved as High and New Technology Enterprise in the PRC in 2019, and was entitled to a preferential income tax rate of 15% in the years of 2019, 2020 and 2021.

(c) PRC withholding tax

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

(d) Super Deduction for research and development expense

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

(e) Income not subject to tax

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

(f) Tax filing differences

The Group's tax filing differences mainly represented tax adjustments of deductible expenditures under PRC tax jurisdiction, which mainly included business entertainment expenses and disabled employees benefits, and the differences were not material during the period.

10. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the six months ended 30 June 2022 (2021: Nil).

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per Share is based on the following data.

	Six months ended 30 June	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) for the period attributable to owners of the Company	**41,630,615**	(39,582,107)

	Six months ended 30 June	
	2022	2021
	Number	Number
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares	**1,200,000,000**	1,200,000,000

Diluted earnings/(loss) per Share were the same as the basic earnings/(loss) per Share as there was no dilutive events existed during the six months ended 30 June 2022 and 2021.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment including construction in progress with an aggregate cost of amounting to RMB89,827,177 (six months ended 30 June 2021: RMB123,411,000). No property, plant and equipment (six months ended 30 June 2021: Nil) were disposed of during the six months ended 30 June 2022.

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the six months ended 30 June 2022, no addition of right-of-used assets and lease liabilities were recognised by the Group respectively (six months ended 30 June 2021: right-of-use assets and lease liabilities amounting to RMB963,530 and RMB963,530 respectively).

	Leased properties RMB
As at 1 January 2021 (Audited)	13,303,732
Addition	963,530
Interest expenses	315,222
Lease payments	(858,497)
Exchange alignment	(1,618)
As at 31 December 2021 and 1 January 2022 (Audited)	**13,722,369**
Interest expenses	**101,023**
Lease payments	**(292,122)**
Exchange alignment	**22,228**
As at 30 June 2022 (Unaudited)	**13,553,498**

14. TRADE RECEIVABLES

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Trade receivables	**482,479,979**	427,210,523
Less: loss allowance for impairment	**(3,460,732)**	—
	479,019,247	427,210,523

Notes: As at 30 June 2022 and 31 December 2021, fair values of the trade receivables of the Group approximated their carrying amounts.

The aging analysis of trade receivables (net of allowance), based on invoice dates, was as follow:

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Up to 6 months	**372,827,734**	338,620,018
6 months to 1 year	**49,434,799**	63,762,320
1 to 2 years	**54,015,923**	24,612,666
Over 2 years	**2,740,791**	215,519
	479,019,247	427,210,523

The Group's trade receivables are generally collectible within 180 days from the invoice date. No interest is charged on the trade receivables. The overdue balances were due from certain frequent customers and impairment of RMB3,460,732 was recognised (2021: Nil) at the end of Reporting Period.

As at 30 June 2022 and 31 December 2021, the carrying amount of the Group's gross trade receivables are denominated in RMB.

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

15. LOANS RECEIVABLES

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Unsecured and non-guaranteed, fixed-rate loan receivables	**118,000,000**	118,000,000
Less: written off	**(118,000,000)**	—
	—	118,000,000
Allowance for impairment	**(118,000,000)**	(118,000,000)
Add: written off	**118,000,000**	—
	—	(118,000,000)
Loans receivables, net	**—**	—

During the year 2020, the Group has entered into three loan agreements with the total principal amount of RMB118,000,000. Details of these transactions are listed as below:

(a) On 30 November 2020, the Group entered into the Loan Agreement 1 with Company A. Pursuant to the Loan agreements, the Group provided a loan with the principal amount of RMB50,000,000 to Company A, and the loan would mature and the aggregate principal amount outstanding and all accrued and unpaid interest shall be immediately due and payable on 30 December 2020 and was outstanding as at 30 June 2022 and 31 December 2021.

(b) On 1 December 2020, the Group entered into the Loan Agreement 2 with Company B. Pursuant to the Loan agreements, the Group provided a loan with the principal amount of RMB53,522,000 to Company B, and the loan would mature and the aggregate principal amount outstanding and all accrued and unpaid interest shall be immediately due and payable on 30 December 2020 and was outstanding as at 30 June 2022 and 31 December 2021.

(c) On 1 December 2020, the Group entered into the Loan Agreement 3 with Company C. Pursuant to the Loan agreements, the Group provided a loan with the principal amount of RMB14,478,000 to Company C, and the loan would mature and the aggregate principal amount outstanding and all accrued and unpaid interest shall be immediately due and payable on 30 December 2020 and was outstanding as at 30 June 2022 and 31 December 2021.

The Group recorded an impairment loss of RMB118,000,000 separately as a line item on the consolidated statement of comprehensive income which represent the aggregate amount of principal outstanding as at 31 December 2020. During the six months ended 30 June 2022, after taking into account the possibility of recoverability, RMB118,000,000 of the loans were written off.

16. NOTE INVESTMENT

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Secured fixed-rate note investment	**66,400,000**	66,400,000
Less: written off	**(66,400,000)**	—
	—	66,400,000
Allowance for impairment	**(66,400,000)**	(66,400,000)
Add: written off	**66,400,000**	—
	—	(66,400,000)
Note investment, net	**—**	—

On 18 January 2021, the Group entered into the Investment Agreement with Company D to subscribe for a secure loan note issued by Company D with the gross proceeds of HK$80,000,000 (equivalent to RMB66,400,000) (the "**Note**"). Pursuant to the Investment Agreement, Company D shall repay the principal amount outstanding together with all interest accrued thereon up to and including the date of repayment on 17 December 2021. Fixed return of the Note is 4.5% per annum. As securities for the Note, Company D grants a charge on its receivables in favour of the Group.

The Group recorded an impairment loss of RMB66,400,000 separately as a line item on the consolidated statement of comprehensive income which represent the amount of principal outstanding as at 31 December 2021. During the six months ended 30 June 2022, after taking into account the possibility of recoverability, RMB66,400,000 of the Note was written off.

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Value-added tax ("**VAT**") recoverable	**1,194,870**	39,262,715
Receivables due from related parties	**70,511**	1,335,425
Utilities and other prepayments	**9,816,381**	8,600,858
Deposits	**2,074,426**	2,055,746
Others	**1,867,262**	708,728
	15,023,450	51,963,472

18. CASH AND CASH EQUIVALENTS

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Cash at banks	**307,499,399**	297,552,618

19. TRADE AND OTHER PAYABLES

	30 June 2022 RMB (Unaudited)	31 December 2021 RMB (Audited)
Trade payables	**344,318,737**	247,284,424
Payables for construction and equipment	**60,137,278**	75,922,101
Dividend payable	**100,671,500**	100,671,500
Payables for operating service fee	**17,751,000**	14,334,000
Taxes payable	**10,901,633**	3,997,219
Salaries and bonus payable	**4,744,989**	3,641,548
Payables for professional service fee	**11,962,257**	18,599,275
Deposits	**1,711,738**	1,746,538
Interests payable	**1,706,353**	1,592,384
Others	**4,412,807**	2,820,001
	558,318,292	470,608,990

An aging analysis of trade payables of the Group, based on invoice dates, was as follows:

	As at 30 June 2022 RMB (Unaudited)	As at 31 December 2021 RMB (Audited)
Less than 1 year	**320,755,628**	227,833,173
1 to 2 years	**21,023,821**	16,730,884
2 to 3 years	**903,297**	1,197,500
Over 3 years	**1,635,991**	1,522,867
	344,318,737	247,284,424

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in production and supply of industrial gas (pipeline and liquefied) and liquefied natural gas, and the provision of related gas transmission service.

In the first half of 2022, due to the impact of the COVID-19 pandemic, China's economic growth fell short of initial expectations. According to the National Bureau of Statistics of China, China's gross domestic product ("**GDP**") in the first half of 2022 was RMB56,264.2 billion, a year-on-year increase of 2.5%.

The Group's key products, industrial gases, are mainly used in the production of iron and steel, and its revenue is derived mainly from steel production company. In the first half of 2022, the steel industry in China was generally stable, but turned negative after a favorable start.

According to the National Bureau of Statistics of China, the crude steel output showed an increasing trend from January to May this year, and recorded a month-on-month decline for the first time in June. The crude steel output was 90.73 million tons in June 2022, representing a month-on-month decrease of 5.88 million tons or 3.3%. The national crude steel output was 527 million tons from January to June this year, representing a year-on-year decrease of 36.45 million tons or 6.5%.

Benefiting from the gradual release of production capacity in the coastal production bases of the Company's main customer, HBIS, the Company's pipeline industrial gas business remained stable as compared to the corresponding period last year, while the sales volume and price of the new product krypton xenon increased. Consequently, the Company's revenue in the first half of 2022 was RMB636.43 million, representing a year-on-year increase of 7.8%.

Supply of Pipeline Industrial Gas

The Group's pipeline industrial gas is produced and transmitted to its customers via pipelines. The Group's production facilities are all located on or in close proximity to the production facilities of its pipeline industrial gas customers for the convenience of those customers being provided with industrial gas products. During the six months ended 30 June 2022, the Group had three pipeline industrial gas production plants in operation, namely the TTG headquarters plant, the TTG Laoting Branch plant and Zhongqi Investment plant.

Supply of Liquefied Industrial Gas

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

Supply of Liquefied Natural Gas ("LNG") and the Provision of Gas Transmission Service

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

Revenue and gross profit from each segment for the Reporting Period are set out as follows:

	Six months ended 30 June 2022 (Unaudited)			Six months ended 30 June 2021 (Unaudited)		
	Revenue RMB	**Gross profit RMB**	**Gross profit margin**	Revenue RMB	Gross profit RMB	Gross profit margin
Supply of industrial gas (pipeline and liquefied)	**529,775,497**	**140,401,612**	**26.50%**	529,582,706	108,635,546	20.51%
LNG and gas transmission service	**113,701,296**	**3,044,563**	**2.68%**	67,759,954	3,040,923	4.49%
Elimination	**(7,042,286)**	**—**	**—**	(6,979,332)	—	—
Group	**636,434,507**	**143,446,175**	**22.54%**	590,363,328	111,676,469	18.92%

Operation of the Company

In the first half of 2022, the total sales of the Company's pipeline industrial gas reached 1,629.71 million Nm^3, with revenue of RMB410.80 million; the sales of liquefied industrial gas totaled 75,054 tons, with revenue of RMB103.19 million; the revenue generated from LNG and pipeline gas transmission service was RMB113.70 million; and other revenue was RMB8.7 million.

OUTLOOK

China's GDP is aimed at a growth rate of 5.5% in 2022, but the GDP had only recorded an increase of 2.5% in the first half of 2022. With the implementation of a package of State Council's policies and measures to stabilize the economy, we have seen the continuous significant effect from effectively coordinating the pandemic prevention and control as well as the economic and social development, and the economy is expected to continue to recover in the second half of the year.

The Group's business development is supported by customers with strong background. Based on the increasing demand for industrial gas products in line with the expansion of the Group's customers' production capacity, the Group's future business development is expected to be stable with steady growth.

The increase in demand for gas will mainly be underpinned by the following aspects:

1. The construction of the $4^{\#}$ blast furnace in coastal base of HBIS Company Tangshan Branch (河鋼股份唐山分公司).

   The $4^{\#}$ blast furnace and cold-rolled production line has commenced construction in March 2022 and is scheduled to be put into operation at the end of June 2023. The demand for our industrial gas will then increase significantly. Therefore, the Company plans to install an air separation unit with a scale of 60,000 and a noble gas refining unit.

2. The construction of cold-rolled production line in coastal base of HBIS Company Tangshan Branch (河鋼股份唐山分公司).

   The cold-rolled production line had commenced construction in March 2022 and is scheduled to be put into operation by the end of March 2023. The Company plans to build 2 sets of 800Nm^3/h hydrogen production units.

3. Increased iron production with high oxygen enrichment.

   Based on high air flow, the blast furnace enriches oxygen and gradually increases the differential pressure level. Production is enhanced by high air flow, high top pressure, high differential pressure and high oxygen enrichment.

FINANCIAL REVIEW

Revenue of the Group for the Reporting Period amounted to approximately RMB636.43 million (same period in 2021: approximately RMB590.36 million), representing an increase of approximately 7.80% as compared with the six months ended 30 June 2021. Gross profit for the Reporting Period amounted to approximately RMB143.45 million (six months ended 30 June 2021: approximately RMB111.68 million), representing an increase of approximately 28% as compared with the six months ended 30 June 2021, which is mainly due to higher revenue, enhanced production facilities efficiency and reduction in unit power consumption. For the Reporting Period, the Company made a profit attributable to owners of approximately RMB41.63 million (six months ended 30 June 2021: loss attributable to owners of approximately RMB39.58 million). Profit per share attributable to equity shareholders of the Company (the "**Shareholders**") for the six months ended 30 June 2022 amounted to approximately RMB0.03 (six months ended 30 June 2021: loss per share of RMB0.03).

Revenue

Revenue for the Reporting Period increased by approximately 7.80% from approximately RMB590.36 million for the six months ended 30 June 2021 to approximately RMB636.43 million. For the Reporting Period, revenue derived from supply of pipeline industrial gas amounted to approximately RMB410.80 million, representing a decrease of approximately 1.98% as compared to approximately RMB419.11 million for the six months ended 30 June 2021. Revenue derived from supply of liquefied industrial gas amounted to approximately RMB103.19 million for the Reporting Period, representing an increase of approximately 8.45% as compared to RMB95.15 million for the same period in 2021. Revenue derived from supply of LNG and gas transmission service for the Reporting Period amounted to approximately RMB113.70 million, representing an increase of approximately 67.80% as compared to approximately RMB67.76 million for the same period in 2021. Other sales revenue for the Reporting Period was approximately RMB8.74 million, representing an increase of approximately 4.76% as compared to approximately RMB8.35 million for same period in 2021. The increases above were mainly due to the LNG production in Luanxian plant resumed normal operation in 2022.

Other income and other net losses/gains

Other income for the Reporting Period decreased by approximately 95.25% to approximately RMB0.47 million (six months ended 30 June 2021: approximately RMB9.90 million). The decrease in other income was mainly due to lower amount of government grants received for the Reporting Period.

Other gains for the Reporting Period increased by approximately 215.77% to approximately RMB8.66 million (six months ended 30 June 2021: approximately RMB7.48 million of other losses). The increase in other gains was mainly due to net foreign exchange gains.

Selling and marketing expenses

Selling and marketing expenses for the Reporting Period increased by approximately 5.14% to approximately RMB0.95 million (six months ended 30 June 2021: approximately RMB0.90 million). The increase in selling and marketing expenses was mainly due to the launch of a new product, lean krypton xenon liquid oxygen, which resulted in additional marketing efforts.

Administrative expenses

Administrative expenses for the Reporting Period increased by approximately 11.30% to approximately RMB39.86 million (six months ended 30 June 2021: approximately RMB35.82 million). The increase in administrative expenses was due to the increase in remuneration related expenses.

Impairment provision on note investment

During the Reporting Period, there was no impairment provision on note investment (six months ended 30 June 2021: impairment provision on note investment of approximately RMB66.40 million).

Expected credit losses for trade receivables

During the Reporting Period, the expected credit losses for trade receivables was RMB3.46 million (six months ended 30 June 2021: no expected credit loss for receivables), which was mainly due to the increase in trade receivables with aging period of more than 6 months.

Finance costs

Finance costs for the Reporting Period decreased by approximately 3.86% to approximately RMB13.03 million (for the six months ended 30 June 2021: approximately RMB13.55 million), mainly due to a decrease in interest expenses for financing activities as the Group's bank borrowings decreased.

Income tax expense

Income tax expense for the Reporting Period increased by approximately 4.09% to RMB20.00 million (six months ended 30 June 2021: approximately RMB19.21 million), due to the increase in operating profit of certain subsidiaries.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately RMB307.50 million as at 30 June 2022 (31 December 2021: approximately RMB297.55 million). As at 30 June 2022, bank and other borrowings of the Group amounted to approximately RMB604.08 million (31 December 2021: approximately RMB615.44 million), which included bank borrowings of approximately RMB590.53 million (31 December 2021: approximately RMB601.72 million) and lease liability of approximately RMB13.55 million (31 December 2021: approximately RMB13.72 million). The bank borrowings bore interest rate at a range of Loan Prime Rate + 0.50% to +4.785% and People's Bank of China benchmark interest rate of 4.35%. The Group's gearing ratio (calculated as total debt divided by total equity) was approximately 46% as at 30 June 2022 (31 December 2021: 48%). Net debt, calculated as total borrowing as well as lease liability less cash and cash equivalents was approximately RMB296.58 million as at 30 June 2022 (31 December 2021: RMB317.89 million). The outstanding credit facilities of approximately RMB498.5 million as at 30 June 2022 can be utilized as additional liquidity of the Group.

The Group recorded total current assets of approximately RMB905.07 million as at 30 June 2022, representing an increase of approximately 11.69% as compared to approximately RMB810.32 million in 31 December 2021; and total current liabilities of approximately RMB1,031.85 million as at 30 June 2022, representing an increase of RMB244.02 million as compared to approximately RMB787.83 million as at 31 December 2021. The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was approximately 0.88 as at 30 June 2022 (31 December 2021: approximately 1.03).

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended 30 June 2021: Nil).

IMPACT OF THE COVID-19 PANDEMIC

In 2022, under the effective pandemic prevention and control measures conducted by PRC government, COVID-19 pandemic was distributed fragmentarily in domestic, and the steel production of HBIS, a major customer of the Company, suffered limited impact. Therefore, the business of the Company was generally stable in 2022.

RISK MANAGEMENT

The Group's principal financial instruments include financial assets at fair value through other comprehensive income, loan receivables, accounts and other receivables and bank balances and cash, trade and other payables, borrowings and lease liabilities. The main purpose of these financial instruments is to support the Group's industrial gas business. The Group also has various financial assets and financial liabilities arising from its business operations. The principal risks arising from its financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group intends to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on its business and financial condition. The Group will not obtain collateral from counterparty. At the end of the Reporting Period, the provision for impairment loss of approximately RMB3.46 million (31 December 2021: Nil) was made for trade receivables as part of the trade receivables were considered to be subject to certain credit risk due to their aging exceeding 6 months. The management of the Group also evaluated available forward-looking information, including but not limited to the expected growth rate of the industry and the settlement after the expected, and concluded that there is no significant increase in credit risk. As at 30 June 2022, approximately 96% of trade receivables of the Group was payable by HBIS and its subsidiaries and associates ("collectively, the "**HBIS Group**") (31 December 2021: 95%). The credit period granted to the Group's customers, including the HBIS Group, is usually no more than 180 days and the credit quality of these customers is assessed with taking into account their financial position, past experience, business relationship with the Group and other factors. In view of the sound history of receivables due from them, the management believes that the fixed credit risk of the Group's unsettled trade receivables balance is insignificant, however, a provision for impairment loss has been made for trade receivables with a maturity of more than 180 days in accordance with the principle of prudence. Part of the trade receivables with a maturity of over 6 months as of 31 July 2022 have been collected. The Group aims to maintain its current assets at appropriate level and is committed to a capital limit. This ensures the Group can satisfy its short term and long term liquidity needs. The Group had been following the liquidity policy during the Reporting Period, which has been effective in managing liquidity risk. The cash flow generated from the operation is expected to able to satisfy the Company's need for cash flow in the future.

Foreign currency risk

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

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. The Group manages its liquidity risk through regular monitoring with the following objectives: maintaining the stability in developing the Group's principal businesses, timely monitoring cash and bank position, projecting cash flows and evaluating the level of current assets to ensure liquidity of the Group.

Pledge of Assets

As at 30 June 2022, certain property, plant and equipment of the Group amounting to RMB16.78 million (31 December 2021: RMB16.96 million) were pledged to banks for loan facilities granted to the Group.

TREASURY POLICIES

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no significant investments, held material acquisitions and disposals of subsidiaries or associated companies, or investment projects for sale during the Reporting Period.

CAPITAL COMMITMENT

As at 30 June 2022, the total capital commitments by the Group amounted to approximately RMB49.41 million (31 December 2021: approximately RMB47.28 million). They were mainly contracted commitments in respect of purchase of property, plant and equipment.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2022 (31 December 2021: Nil).

STAFF AND REMUNERATION POLICIES

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

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

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

The Group hired 345 employees in total for the Reporting Period (31 December 2021: 370) with total staff costs of approximately RMB29.90 million (for the six months ended 30 June 2021: approximately RMB24.50 million). The Group offers competitive remuneration packages to our employees.

The Group determines remuneration of its employees mainly based on the industry practice, individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees with reference to the Group's performance as well as individual's performance.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering amounted to HK$315.9 million (equivalent to RMB298.1 million) after deducting the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering.

The Group will gradually utilise the net proceeds in accordance with the intended purposes and expected timeline as disclosed in the Prospectus. The breakdown of the intended use and amount utilised as of 30 June 2022 were as follows:

	Planned use of net proceeds as stated in the Prospectus RMB'000	Approximate amount of utilised net proceeds as of 30 June 2022 RMB'000	Approximate amount of unutilised net proceeds as of 30 June 2022 RMB'000	Expected timeline of application of the unutilised net proceeds
Procurement and relocation of ASUs relating to the development at the Zhongqi Investment Plant Phase I				
First ASU: payment for the remaining procurement and installation cost	64,990	64,990	—	—
Second ASU: payment for the remaining procurement and installation cost and relocation of certain existing ancillary equipment and machinery such as air compressors from the TTG headquarters plant	101,790	101,790	—	—
Third ASU: relocation and installation of a used ASU from the TTG headquarters plant	80,170	80,170	—	—

	Planned use of net proceeds as stated in the Prospectus RMB'000	Approximate amount of utilised net proceeds as of 30 June 2022 RMB'000	Approximate amount of unutilised net proceeds as of 30 June 2022 RMB'000	Expected timeline of application of the unutilised net proceeds
Phase II				
Fourth ASU: procurement and installation of a new ASU	50,553	—	50,553	31 December 2022
Total	**297,503**	**246,950**	**50,553**	**—**

CORPORATE GOVERNANCE

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

The Company has complied with all applicable code provisions set out in the CG Code throughout the Reporting Period except as disclosed below:

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. David T Chen ("**Mr. Chen**") (whose duties was suspended on 10 May 2021 and was removed as a Director on 5 May 2022) was the former Chairman of the Board who should provide leadership and was responsible for the effective functioning and leadership of the Board. As the powers and authorities of Mr. Chen had been suspended on 10 May 2021, Mr. Yao Li, the then vice-chairman of the Board, provided leadership and was responsible for the effective functioning and leadership of the Board since 10 May 2021. Subsequently, Mr. Yao Li has been appointed as the Chairman of the Board on 3 May 2022. In addition, Mr. Li Libing has been appointed as the chief executive officer of the Company on 31 March 2022 who is responsible for the day-to-day management of the Company's business.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain high standard of corporate governance practices of the Company.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Having made specific enquiry with the Directors, all Directors have confirmed that the required standards of the Model Code had been complied with throughout the Reporting Period.

REVIEW OF UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2022 and this announcement. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control and financial reporting matters.

In addition, the independent auditor of the Company, BDO Limited, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT

Scope of Review

Except as explained in the "Basis for Qualified Conclusion" paragraph below, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

On 30 November 2020 and 1 December 2020, the Company entered into three loan agreements with Company A, Company B and Company C (collectively "**the Borrowers**") with principal amounts of RMB50,000,000, RMB53,522,000 and RMB14,478,000 respectively (the "**Loan Agreements**"). On 7 December 2020 and 10 December 2020, the Company transferred the funds stipulated in the Loan Agreements to the Borrowers. Pursuant to the Loan Agreements, the loans were interest bearing at 2% per annum and the principal amounts would mature on 30 December 2020. The principal amounts and the interest thereon would become repayable on 30 December 2020 (hereinafter referred to as the "**Loan Transactions**"). The Company accounted for the transfers of funds to the Borrowers as loans receivables in the consolidated financial statements for the year ended 31 December 2020 and 31 December 2021, and in the interim condensed consolidated financial statements for the six-month period ended 30 June 2022.

The loan receivables ("**Loan Receivables**") were measured at amortised cost. As at 31 December 2020, 31 December 2021 and 30 June 2022, repayment of the principal balances and interests thereon under the Loan Agreements were overdue. Repayments of these balances remained outstanding up to the date of this report. During the year ended 31 December 2020, the board of directors of the Company (the "**Board**") determined that full loss allowance of the outstanding principal balances of RMB118,000,000 in aggregate should be provided. Accordingly, a loss allowance of RMB118,000,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2020. The resultant amortised costs of the Loan Receivables became RMB Nil as at 31 December 2020 and these amounts were brought forward to 31 December 2021. During the six-month period ended 30 June 2022, the Board determined that there is no reasonable expectation of recovering the Loans Receivables and fully wrote-off the Loans Receivables. Details of the write-off are disclosed in Note 15 in the interim condensed consolidated financial statements for the six-month period ended 30 June 2022.

Apart from the Loans Receivables, on 18 January 2021, the Company entered into a loan note agreement with Company D (the "**Loan Note Agreement**"). Pursuant to the Loan Note Agreement, the Company agreed to provide Company D with a loan of principal amount of HK$80,000,000 (approximately RMB66,400,000). The loan was interest bearing at 4.5% per annum. Both the principal amount and the interests thereon would become repayable on 17 December 2021. On 28 January 2021, the Company transferred funds at an amount of the principal stipulated in the Loan Note Agreement (hereinafter referred to as the "**Note Investment**") to Company D. The Company accounted for the transfers of funds to the Company D as Note Investment in the consolidated financial statements for the year ended 31 December 2021, and in the interim condensed consolidated financial statements for the six-month period ended 30 June 2022.

The Note Investment was measured at amortised cost. As at 31 December 2021 and 30 June 2022, repayment of the principal balance and interests thereon under the Loan Agreement was overdue. Repayment of this balance remained outstanding up to the date of this report. During the year ended 31 December 2021, the Board determined that full loss allowance of the outstanding principal balance of RMB66,400,000 in aggregate should be provided. Accordingly, a loss allowance of RMB66,400,000 was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2021. The resultant amortised cost of the Note Investment became RMB Nil as at 31 December 2021. During the six-month period ended 30 June 2022, the Board determined that there is no reasonable expectation of recovering the Note Investment and fully wrote-off the Note Investment. Details of the write-off are disclosed in Note 16 in the interim condensed consolidated financial statements for the six-month period ended 30 June 2022.

Since our audit for the consolidated financial statements for the year ended 31 December 2020, we have noted matters relating to the Loan Transactions and the Note Investment ("**our Knowledge**") including:

(i) the Group engaged in the production and sales of industrial gases. The Loan Transactions and the Note Investment are transactions outside the normal course of business of the Group;

(ii) the Loan Transactions and the Note Investment were approved by the Chairman of the Board who was also an executive director of the Company (the "**Chairman**"). According to the Company's internal control policies and procedures; due to the amounts of the Loan Transactions and the Note Investment, the decisions to enter into the Loan Transactions and the Note Investment should have been approved by the Board;

(iii) the Company had not performed background check and due diligence on the Borrowers and Company D before entering into the Loan Transactions and the Note Investment;

(iv) the Company had set aside funds in a bank account for distributions to its shareholders to settle the dividends payable to them. To change the use of these designed funds would need the approval by the Board. Without prior approval by the Board, the Chairman instructed the transfer of these designated funds to the Borrowers and Company D to fulfil the Company's commitment in the Loan Agreements and the Note Investment; and

(v) as at the date of this report, there were no repayments from the Borrowers and the balance due from Company D was outstanding.

Scope limitation on our work to ascertain the nature of the Loan Transactions and the Note Investment

Given our Knowledge obtained relating to the Loan Transactions and the Note Investment since our audit for the consolidated financial statements for the year ended 31 December 2020, we have concerned about the commercial substance and business rationale of these transactions, and whether it is appropriate to recognise the Loan Transactions as the Group's Loan Receivables and the Note Investment as the Group's Note Investment in the consolidated financial statements. We have communicated our concerns to the Board and requested explanations from the Board on how our concerns have been considered in their determination that the Loan Transactions were recognised as Loan Receivables and the Note Investment was recognised as Note Investment in the consolidated financial statements. However, we have not received explanations from the Board that would satisfy ourselves as to the commercial substance and business rationale of the Loan Transactions and Note Investment. There were no alternative procedures that we could perform to satisfy ourselves on the above concerns.

We modified our audit opinion on the Group's consolidated financial statements for the years ended 31 December 2020 and 31 December 2021 due to the scope limitation on our work as described above to ascertain the nature of the Loan Transactions and the Note Investment. Accordingly, we were unable to conclude whether the Loan Receivables and the Note Investment were properly accounted for in the consolidated financial statements, and the consolidated financial statements for the years ended 31 December 2020 and 31 December 2021 are free from material misstatement. During the current period, the Board determined to fully write-off the Loan Receivables and Note Investment. However, as the abovementioned audit scope limitations remained unresolved during our review of the interim condensed consolidated financial statements for the period ended 30 June 2022, we were unable to conclude whether the write-offs on the Loan Receivables and the Note Investment recognised during the current period are free from material misstatement. Any adjustments that might be found necessary would have a consequential impact on the financial performance for the period ended 30 June 2022, the financial position as at 1 January 2022 and disclosures thereof in these interim condensed consolidated financial statements.

Our review conclusion on the Company's interim condensed consolidated financial statements for six-month period ended 30 June 2022 is also modified because of the effect of the abovementioned limitation of scope of our work on the comparability of the current year's figures and the 2021 figures included these interim condensed consolidated financial statements.

Qualified Conclusion

Except for the adjustments to the interim condensed consolidated financial statements that we might have become aware of had it not been for the situation described in the "Basis for Qualified Conclusion" paragraphs above, based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTERS

Receipt of Writ of Summons

On 4 May 2022, the Company, as the 1st defendant ("**1st Defendant**"), received a writ of summons (the "**Writ**") issued in the Court of First Instance of the High Court of the Hong Kong Special Administrative Region by Mr. Chen as plaintiff ("**Plaintiff**"). According to the Writ, the Plaintiff has sought declaration and orders (as the case may be) against the 1st Defendant, and also China Gas Investors Ltd., one of the controlling shareholders of the Company as the 2nd defendant, Aevitas Capital Management Limited as the 3rd defendant, Unite Victory International Trading Limited as the 4th defendant and Orbitronic Global Development Co., Limited as the 5th defendant. Details of the claims were set out in the announcement of the Company dated 9 May 2022.

Change of Address of Principal Place of Business in Hong Kong

The address of the principal place of business in Hong Kong of the Company has been relocated to 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong with effect from 15 August 2022. Details of the change were set out in the announcement of the Company dated 15 August 2022.

Change of Address of Hong Kong Branch Share Registrar and Transfer Office

The address of the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, has been changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022. Details of the change were set out in the announcement of the Company dated 15 August 2022.

Appointment of Chief Financial Officer

Mr. Hon Ming Sang has been appointed as the chief financial officer of the Company with effect from 16 August 2022. Details of the appointment were set out in the announcement of the Company dated 15 August 2022.

Change of Company Secretary and Authorised Representative

Ms. Chow Yuk Yin, Ivy ("**Ms. Chow**") was appointed to replace Ms. Siu Wing Kit as the company secretary of the Company ("**Company Secretary**") and authorised representative of the Company for the purpose of Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) and Rule 3.05 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**Authorised Representative**") with effect from 30 June 2022. Details of the change were set out in the announcement of the Company dated 30 June 2022.

Ms. Mok Ming Wai has been appointed to replace Ms. Chow as the Company Secretary and Authorised Representative with effect from 23 August 2022. Details of the change were set out in the announcement of the Company dated 23 August 2022.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.cgiiholdings.com). The interim report of the Company for the six months ended 30 June 2022 will be despatched to the Shareholders and published on the aforesaid websites in late September 2022.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:33 a.m. on 25 March 2021 pending the publication of the annual result by the Company for the year ended 31 December 2020 and will remain suspended until further notice pending the Company's fulfilment of the resumption guidance as set out in the announcement of the Company dated 28 May 2021.

The Company will publish further announcement(s) to keep its Shareholders and potential investors informed of the latest progress as and when appropriate and will announce quarterly updates on its development pursuant to Rule 13.24A of the Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board

CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.

Yao Li

Chairman and Executive Director

Tangshan, 23 August 2022

As of the date of this announcement, the Board comprises: (1) Mr. YAO Li (Chairman) and Ms. GAO Guimin as the executive Directors; (2) Mr. ZHANG Aimin, Mr. LAI Yui and Ms. NG Shuk Ming as the non-executive Directors; and (3) Mr. SIU Chi Hung, Mr. XIAO Huan Wei and Ms. LI Chun Elsy as the independent non-executive Directors.