中油潔能

SINO GAS HOLDINGS GROUP LIMITED

中油潔能控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1759)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

BUSINESS HIGHLIGHTS

For the six months ended 30 June 2024, the sales volume of liquefied petroleum gas increased by approximately 4.2 thousand tonnes to approximately 126.2 thousand tonnes (for the six months ended 30 June 2023: approximately 122.0 thousand tonnes), the sales volume of liquefied natural gas increased by approximately 0.7 thousand tonnes to approximately 1.0 thousand tonnes (for the six months ended 30 June 2023: approximately 0.3 thousand tonnes), and the sales volume of compressed natural gas decreased by approximately 12.1 million cubic metres to approximately 22.6 million cubic metres (for the six months ended 30 June 2023: approximately 34.7 million cubic metres).

For the six months ended 30 June 2024, the revenue decreased by approximately RMB18.6 million to approximately RMB677.6 million (for the six months ended 30 June 2023: approximately RMB696.2 million).

For the six months ended 30 June 2024, the gross profit decreased by approximately RMB8.9 million to approximately RMB27.7 million (for the six months ended 30 June 2023: approximately RMB36.6 million).

For the six months ended 30 June 2024, the profit for the period decreased by approximately RMB4.8 million to approximately RMB-3.8 million (for the six months ended 30 June 2023: approximately RMB1.0 million).

For the six months ended 30 June 2024, the profit attributable to equity shareholders of the Company decreased by approximately RMB5.3 million to approximately RMB-3.3 million (for the six months ended 30 June 2023: approximately RMB2.0 million).

THE FINANCIAL STATEMENTS

The board (the "**Board**") of directors (the "**Directors**") of Sino Gas Holdings Group Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**our Group**", "**we**" or "**us**") for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023. These consolidated interim financial statements for the six months ended 30 June 2024 are unaudited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**677,584**	696,197
Cost of sales		**(649,855)**	(659,614)
Gross profit		**27,729**	36,583
Other income, net	*4*	**6,650**	9,542
Staff costs	*5(b)*	**(14,702)**	(15,670)
Depreciation on property, plant and equipment and right-of-use assets	*5(c)*	**(5,683)**	(7,068)
Short-term lease charges	*5(c)*	**(235)**	(234)
Other operating expenses	*5(d)*	**(10,750)**	(12,105)
Finance costs	*5(a)*	**(5,014)**	(5,641)
Share of result of a joint venture		**(1,461)**	(1,839)
Share of result of an associate		**(1)**	3
(Loss)/Profit before taxation		**(3,467)**	3,571
Income tax expenses	*6*	**(374)**	(2,567)
(Loss)/Profit for the period		**(3,841)**	1,004
(Loss)/Profit for the period attributable to:			
Equity holders of the Company		**(3,284)**	1,985
Non-controlling interests		**(557)**	(981)
(Loss)/Profit for the period		**(3,841)**	1,004
(Loss)/Earnings per share *(RMB)*	*7*		
— Basic and diluted		**(0.02)**	0.01

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(Loss)/Profit for the period	**(3,841)**	1,004
Other comprehensive income for the period (after tax):		
Item that is reclassified or may be reclassified subsequently to profit or loss:		
— Exchange difference on translation of functional currency to presentation currency	**584**	3,450
Total comprehensive (loss)/income for the period	**(3,257)**	4,454
Total comprehensive (loss)/income for the period attributable to:		
Equity holders of the Company	**(2,700)**	5,435
Non-controlling interests	**(557)**	(981)
Total comprehensive (loss)/income for the period	**(3,257)**	4,454

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment and right-of-use assets	*8*	**116,715**	122,630
Interest in a joint venture		**9,179**	10,640
Interest in an associate		**17,245**	17,246
Financial assets measured at fair value through profit or loss		**25,366**	25,366
Deferred tax assets		**10,489**	10,909
		178,994	186,791
Current assets			
Inventories		**2,528**	2,577
Trade receivables	*9*	**162,242**	176,665
Prepayments, deposits and other receivables		**37,528**	43,232
Income tax recoverable		**3,011**	1,255
Pledged and restricted deposits		**660,000**	387,500
Bank balances and cash		**188,323**	157,872
		1,053,632	769,101
Current liabilities			
Interest-bearing borrowings		**785,000**	507,500
Trade payables	*10*	**214**	242
Accrued expenses and other payables		**38,976**	35,936
Lease liabilities		**802**	1,050
		824,992	544,728
Net current assets		**228,640**	224,373
Total assets less current liabilities		**407,634**	411,164

	At **30 June** **2024** ***RMB'000*** **(unaudited)**	At 31 December 2023 *RMB'000* (audited)
Non-current liabilities		
Lease liabilities	**2,123**	2,396
Deferred tax liabilities	**1,736**	1,736
	3,859	4,132
NET ASSETS	**403,775**	407,032
CAPITAL AND RESERVES		
Share capital	**1,892**	1,892
Reserves	**381,616**	384,316
Equity attributable to equity holders of the Company	**383,508**	386,208
Non-controlling interests	**20,267**	20,824
TOTAL EQUITY	**403,775**	407,032

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim financial information for the six months ended 30 June 2024 (the "**Reporting Period**" or "**Period**") has been prepared in accordance with International Accounting Standards ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). It was authorised for issue on 30 August 2024.

This condensed interim financial information contains the condensed consolidated financial statements and selected explanatory notes for the six months ended 30 June 2024 that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2023, and therefore, does not include all the information and disclosures required for a full set of financial statements prepared in accordance with all applicable IFRSs. They shall be read in conjunction with the consolidated financial statements for the year ended 31 December 2023.

The condensed interim financial information is unaudited, but has been reviewed by the audit committee of the Company (the "**Audit Committee**").

(b) Changes in accounting policies

The accounting policies adopted in preparing this condensed interim financial information are consistent with those applied in preparing the Group's consolidated financial statements for the year ended 31 December 2023. The adoption of the new/revised International Financial Reporting Standards ("**IFRSs**") that are relevant to the Group and effective for the current period had no significant effects on the results and financial position of the Group for the current and prior periods.

The Group has not early adopted any new/revised IFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2024. The directors of the Company are in the process of assessing the possible impact on the future adoption of these new/revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial position.

2 SEGMENT INFORMATION

The Group manages its reporting segments by different business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and the Board of directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Retail: This segment principally generates revenue from the sale of liquefied petroleum gas (the "**LPG**"), compressed natural gas (the "**CNG**") and liquefied natural gas (the "**LNG**") to vehicular end users by operating gas refuelling stations and industrial customers.

- Wholesale: This segment principally generates revenue from the sale of LPG, CNG and LNG to gas merchants.

For the purposes of assessing the performance of operating segments and allocating resources between segments, the Group's most senior executive management and the Board of directors monitor the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

Inter-segment sales are priced at cost plus profit margin. The Group's other expenses, such as staff costs and other operating expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interested income and interest expense is presented.

From 1 July 2023, the management has changed the presentation of the information reported to the Group's most senior executive management and the Board of directors and segment reporting is updated to confirm this change. In the view of the Group's most senior executive management and the Board of directors, the revised information provides a more appropriate presentation of segment results. Prior year segment information is revised for comparative purpose.

(a) Segment results

Analysis of the Group's segmental information by business and geographical location during the six months is set out below:

	Six months ended 30 June				
	Retail	**Wholesale**	**Unallocated**	**Inter-segment elimination**	**Total**
	2024	**2024**	**2024**	**2024**	**2024**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Revenue recognised at a point in time before elimination	**72,954**	**1,335,572**	**–**	**(730,942)**	**677,584**
Inter-segment revenue	**(2,894)**	**(728,048)**	**–**	**730,942**	**–**
Revenue recognised at a point in time after elimination	**70,060**	**607,524**	**–**	**–**	**677,584**
Reportable segment gross profit after elimination	**21,958**	**5,771**	**–**	**–**	**27,729**
Other income, net	**191**	**6,279**	**180**	**–**	**6,650**
Depreciation on property, plant and equipment and right-of-use assets	**(3,055)**	**(2,172)**	**(456)**	**–**	**(5,683)**
Short-term lease charges	**(174)**	**(61)**	**–**	**–**	**(235)**
Finance costs	**(58)**	**(4,869)**	**(87)**	**–**	**(5,014)**
Share of result of an associate	**–**	**–**	**(1)**	**–**	**(1)**
Share of result of a joint venture	**–**	**–**	**(1,461)**	**–**	**(1,461)**
Unallocated staff costs	**–**	**–**	**(14,702)**	**–**	**(14,702)**
Unallocated other operating expenses	**–**	**–**	**(10,750)**	**–**	**(10,750)**
Total consolidated loss before taxation					**(3,467)**

	Six months ended 30 June				
	Retail 2023 *RMB'000* (Re-presented) (Unaudited)	Wholesale 2023 *RMB'000* (Re-presented) (Unaudited)	Unallocated 2023 *RMB'000* (Re-presented) (Unaudited)	Inter-segment elimination 2023 *RMB'000* (Re-presented) (Unaudited)	Total 2023 *RMB'000* (Re-presented) (Unaudited)
Revenue recognised at a point in time before elimination	116,114	1,087,073	–	(506,990)	696,197
Inter-segment revenue	(2,356)	(504,634)	–	506,990	–
Revenue recognised at a point in time after elimination	113,758	582,439	–	–	696,197
Reportable segment gross profit after elimination	31,300	5,283	–	–	36,583
Other income, net	2,061	6,833	648	–	9,542
Depreciation on property, plant and equipment and right-of-use assets	(3,944)	(2,938)	(186)	–	(7,068)
Short-term lease charges	(150)	(84)	–	–	(234)
Finance costs	(129)	(5,510)	(2)	–	(5,641)
Share of result of an associate	–	–	3	–	3
Share of result of a joint venture	–	–	(1,839)	–	(1,839)
Unallocated staff costs	–	–	(15,670)	–	(15,670)
Unallocated other operating expenses	–	–	(12,105)	–	(12,105)
Total consolidated profit before taxation					3,571

(b) Geographic information

The Group's revenue is substantially generated from the sales of LPG, CNG and LNG in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided for the six months ended 30 June 2024 and 2023.

(c) Information about major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2023.

3 REVENUE

	Six months ended 30 June		
		2024	
	Retail	**Wholesale**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Revenue from contracts with customers within IFRS 15			
— LPG	**–**	**582,195**	**582,195**
— CNG	**65,180**	**17,354**	**82,534**
— LNG	**4,880**	**–**	**4,880**
— Others	**–**	**7,975**	**7,975**
	70,060	**607,524**	**677,584**

	Six months ended 30 June		
		2023	
	Retail	Wholesale	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within IFRS 15			
— LPG	–	558,951	558,951
— CNG	112,045	19,708	131,753
— LNG	1,713	–	1,713
— Others	–	3,780	3,780
	113,758	582,439	696,197

4 OTHER INCOME, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Lease income from operating leases	**432**	2,583
Government grants	**197**	387
Interest income	**6,903**	6,553
Net loss on disposal of investments	**–**	–
Net foreign exchange loss	**(1,249)**	(30)
Others	**367**	49
	6,650	9,542

5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank loans	**4,914**	5,547
Interest on lease liabilities	**100**	94
	5,014	5,641

(b) Staff costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries, wages, and other benefits	**13,688**	14,653
Defined contribution retirement plan contributions	**1,014**	1,017
	14,702	15,670

(c) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation charge		
— Property, plant and equipment	**5,178**	6,201
— Right-of-use assets	**505**	867
Short-term lease charges	**235**	234
Cost of inventories	**649,855**	659,614

(d) Other operating expenses

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Utilities expenses	**2,447**	2,505
Professional service fees	**2,796**	2,624
Maintenance expenses	**783**	1,138
Taxation other than income tax	**1,017**	1,067
Administrative expenses	**601**	796
Entertainment expenses	**649**	1,096
Transportation fees	**459**	743
Others	**1,998**	2,136
Other operating expenses	**10,750**	12,105

6 TAXATION

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
Provision for the period	**490**	2,962
Deferred tax		
Origination and reversal of temporary differences	**(116)**	(395)
	374	2,567

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the Group's BVI subsidiaries are not subject to income tax in those jurisdictions.

(ii) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%). These companies did not have assessable profits for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB Nil).

(iii) The Group's subsidiaries in the PRC (excluding Hong Kong) are subject to PRC Enterprise Income Tax at a rate of 25% during the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).

7 (LOSS)/EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of approximately RMB3,284,000 for the six months ended 30 June 2024 (six months ended 30 June 2023 (unaudited): profits approximately RMB1,985,000) and the weighted average of 216,000,000 ordinary shares (six months ended 30 June 2023 (unaudited): 216,000,000 ordinary shares).

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023 (unaudited).

8 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

(a) Right-of-use assets

For the six months ended 30 June 2024, the additions to right-of-use assets were RMB Nil (six months ended 30 June 2023 (unaudited): RMB Nil).

(b) Property, plant and equipment

For the six months ended 30 June 2024, the Group's additions to property, plant and equipment were approximately RMB0.3 million (six months ended 30 June 2023 (unaudited): approximately RMB0.5 million). Property, plant and equipment with a net carrying amount of approximately RMB0.1 million were disposed during the six months ended 30 June 2024 (six months ended 30 June 2023 (unaudited): approximately RMB0.1 million), contributing to a loss on disposal of approximately RMB0.1 million (six months ended 30 June 2023 (unaudited): a gain on disposal of approximately RMB0.4 million).

9 TRADE RECEIVABLES

	At 30 June 2024 *RMB'000* (unaudited)	At 31 December 2023 *RMB'000* (audited)
Trade receivables due from:		
— the third parties	**140,696**	154,901
— a joint venture	**23,956**	24,174
	164,652	179,075
Less: loss allowance	**(2,410)**	(2,410)
	162,242	176,665

At 30 June 2024, no trade and other receivables are expected to be recovered after more than 12 months (2023: Nil).

Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	At 30 June 2024 *RMB'000* (unaudited)	At 31 December 2023 *RMB'000* (audited)
Within 1 month	**161,209**	175,868
1 to 3 months	**430**	274
3 to 6 months	**347**	375
Over 6 months	**256**	148
	162,242	176,665

10 TRADE PAYABLES

As of the end of the Reporting Period, the ageing analysis of trade creditors and bills payables (which are included in trade payables), based on the invoice date, is as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables — third parties	**214**	242
	214	242

The trade payables to third parties are unsecured, interest-free and with credit period of 30 to 90 days.

As of the end of the Reporting Period, the ageing analysis of the Group's trade payables by invoice date, is summarised as follows:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**39**	33
1 to 3 months	**32**	24
3 to 6 months	**19**	–
Over 6 months	**124**	185
	214	242

11 DIVIDENDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2024 (the "**Period**"), amid the capricious external environment featuring sluggish global economy and volatile international landscape, China's economy continued to recover and has been trending upward, leading to a stable growth in economic performance overall. As China stepped up efforts in macro policies, governments at various levels have successively implemented them and massive progress was made, which played a positive role in stabilizing economy. According to the data from the National Bureau of Statistics, for the six months ended 30 June 2024, China's gross domestic product recorded RMB61,683.6 billion, representing a year-on-year increase of 5.0%. Throughout the world, China's economy has performed well, ranking among the top globally in terms of its growth rate, and remains an important engine and a stabilizing force for world economic growth.

When it comes to the energy sector, economic recovery in China has driven the strong domestic demand for gas during the period. In terms of the liquefied petroleum gas (the "**LPG**"), disturbed constantly by the international geopolitical tension, crude oil prices stayed robust overall, which led to an increase in the price of LPG and domestic price of LPG has also been well supported. Despite of severe weather and insufficient transportation capacity in the market during the Period, diversification of downstream products turned the fundamentals of the civil and chemical markets moderate. The total domestic demand for LPG from January to June 2024 reached 36,855,800 tonnes, representing an increase of 3,680,400 tonnes as compared with that of the corresponding period in 2023, or a year-on-year increase of 11.09%. The LPG sales volume of the Group increased by 3.4% year-on-year and sales revenue increased by 4.2% year-on-year during the Period.

In terms of natural gas, both global supply and demand of natural gas stayed moderate during the Period. Even though there were many uncertainties in the world, the sound support from the domestic economic recovery eliminated some of the adverse effects. Meanwhile, guided by the philosophy of "increasing reserves and production", the domestic natural gas market got rosier, and both the supply and demand of natural gas grew. In the aspect of supply, natural gas infrastructure equipment has been put into operation successively, which also provided a strong foundation for the growth of natural gas supply. In the aspect of demand, the market-oriented reform of domestic natural gas continued to advance, and the gas price linkage mechanism for private enterprises has been promoted in many places and achieved preliminary results. The supply of gas sources has become more diversified, and it has become less difficult for users to obtain high-quality products. At the same time, the booming macro-economy was also beneficial to boosting the confidence of users for natural gas. According to statistics from the National Bureau of Statistics, for the six months ended 30 June 2024, the country's apparent consumption of natural gas reached 213.75 billion cubic meters, representing a year-on-year increase of 10.1%. Owing to the adjustment of the transportation and energy policy structure, the Group's compressed natural gas vehicular retail segment was considerably influenced. There was a certain degree of decline in sales volume for compressed natural gas (the "**CNG**") of the Group during the Period.

Guided by the philosophy that the Group has always adhered to, we focused on stabilizing supply, operation, production, and emphasizing safety. During the Period, sales volume in various business segments of the Group increased, while the CNG segment declined due to policy-oriented factors. The Group continues to explore new growth under its existing mature business model, resolutely grasps favorable factors in the current complex situation, moves forward steadily, implements the formulated medium-and long-term strategic development goals, carries out review work on a regular basis, and improves the efficiency of problem-solving mechanism and gradually realizes transformation. We have increased our efforts to optimize the performance evaluation system, improve quality and efficiency, and fully motivate employees' work efficiency and enthusiasm. We have also continuously improved our risk control mechanism to enhance the identification and early warning of potential internal and external risks to ensure the Group's normal and orderly operation. At the same time, we should pay close attention to production safety and regularly carry out major bank investigations of production safety risks to curb the occurrence of various safety accidents.

BUSINESS REVIEW

The Group is an integrated LPG and natural gas supplier in China with a complete industry chain that engages in the sales of LPG and natural gas and the operation of vehicular refuelling stations (車用加氣站) and domestic stations (民用站) in Guangdong Province, Henan Province and Hebei Province with over 18 years of proven track records in the industry.

(a) LPG Business

LPG could be commonly used as fuel sources for cooking or heating appliances. As at 30 June 2024, the Group owned an LPG terminal with storage facilities and 3 LPG domestic stations through Jiangmen Xinjiang Gas Company Limited (江門市新江煤氣有限公司) ("**Jiangmen Xinjiang Gas**", a jointly-controlled entity) in Jiangmen, Guangdong Province.

The Group possesses a comprehensive business model in our LPG business. Our upstream procurement of LPG consists of large scale LPG domestic gas suppliers with their own terminal and storage which mainly import LPG from overseas, and domestic petrochemical refineries. With the delivery of our intermediary logistics (including vehicles or gas carrier ships designated for LPG use), the Group is able to provide LPG to our customers including LPG domestic stations and wholesale customers, and our customers mainly consist of wholesale customers.

For the six months ended 30 June 2024, the Group recorded the LPG sales revenue of approximately RMB582.2 million, representing an increase of approximately RMB23.2 million from the LPG sales revenue of approximately RMB559.0 million in the corresponding period in 2023. The increase in revenue was mainly attributable to the increase in sales volume of LPG and the rise in unit selling price of LPG during the Period.

(b) CNG Business

CNG is widely used in short-distance vehicles such as local buses and private vehicles. As at 30 June 2024, we had 12 CNG vehicular refuelling stations, 1 liquefied-to-compressed natural gas (the "**L-CNG**") vehicular refuelling station and 3 CNG mother stations in Henan Province.

The CNG business model is well supported by our upstream suppliers primarily consisting of PetroChina Company Limited, which utilises the West to East Gas Transmission Tunnel (西氣東輸管道) to supply to our CNG mother stations, with our own logistics fleet being the major logistic system for distribution to the location of our CNG vehicular refuelling stations and the locations of our customers while some of our wholesale customers may also arrange for their own logistics arrangement. Our downstream portfolio consists of CNG vehicular refuelling stations and our customers consist of a variety of retail and wholesale customers.

For the six months ended 30 June 2024, the Group recorded the CNG sales revenue of approximately RMB82.5 million, representing a decrease of approximately RMB49.3 million from the CNG sales revenue of approximately RMB131.8 million in the corresponding period in 2023. The decrease in revenue was mainly attributable to the decline in the sales volume of CNG caused by structural adjustment of energy policies during the Period.

(c) LNG Business

The liquefied natural gas (the "**LNG**") refuelling market in China is still at an emerging stage due to its relatively high cost to process, liquefy and store compared with CNG. With the support of China government policies, the development and promotion of LNG has developed rapidly, especially with the rising demand for LNG in the industrial and power generation industries, which has laid a solid foundation for the growth of LNG. As at 30 June 2024, we had 1 L-CNG vehicular refuelling station in Henan Province.

For our LNG business model, the Group possesses a strong upstream procurement suppliers formed by large-scale LNG terminal companies. As vehicles containing special cryogenic storage facilities and tanks for LNG use are required for transportation of LNG, the Group uses the third party logistics service providers to transport our LNG to our LNG vehicular refuelling stations and to our wholesale customers. Meanwhile, the downstream portfolio consists of the LNG vehicular refuelling stations and our customers consist of retail and wholesale customers.

For the six months ended 30 June 2024, the Group recorded the LNG sales revenue of approximately RMB4.9 million, representing an increase of approximately RMB3.2 million from the LNG sales revenue of approximately RMB1.7 million in the corresponding period in 2023. The increase in revenue was mainly attributable to the increase in sales volume of LNG during the Period.

(d) Overall Business

For the six months ended 30 June 2024, the Group recorded the revenue of approximately RMB677.6 million, representing a decrease of approximately RMB18.6 million from approximately RMB696.2 million for the six months ended 30 June 2023. The decrease in the revenue was attributable to the decrease in sales volume and the unit selling price of CNG during the Period.

As at 30 June 2024, we operated a total of 19 gas refuelling stations and 3 petroleum refuelling stations, with 3 jointly-controlled LPG gas refuelling stations in Jiangmen, Guangdong Province.

As at 30 June 2024, the number of our refuelling stations in operation are set out below:

	As at 30 June 2024	As at 31 December 2023
Gas refuelling station		
LPG station	**3**	3
CNG station	**12**	12
L-CNG station	**1**	1
CNG mother station	**3**	3
Total number of gas refuelling stations	**19**	19
Petroleum refuelling station	**3**	3
Total	**22**	22

Meanwhile, as at 30 June 2024, the breakdown of our refuelling stations in operation by cities and provinces are set out below:

City, Province	LPG refuelling stations	CNG refuelling stations	L-CNG refuelling stations	Petroleum refuelling stations	Total number of stations
Jiangmen, Guangdong Province	3[(1)]	0	0	0	3
Total number of refuelling stations in Guangdong Province	3	0	0	0	3
Zhengzhou, Henan Province	0	9	0	1	10
Zhumadian, Henan Province	0	3[(2)]	0	2	5
Xinzheng, Henan Province	0	3[(3)]	1	0	4
Total number of refuelling stations in Henan Province	0	15	1	3[(4)]	19
Total	3	15	1	3	22

Notes:

1. The 3 LPG domestic stations are owned by Jiangmen Xinjiang Gas, a jointly-controlled entity of the Group.

2. It comprises 1 CNG mother station in Zhumadian City, Henan Province.

3. It comprises 2 CNG mother stations in Xinzheng City, Henan Province.

4. One of the petroleum refuelling stations is run by an independent third party.

The revenue by our product mix for the six months ended 30 June 2024 and 2023 are summarised as below:

	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Sales volume *(Note)*	**Revenue** *(RMB'000)*	**Percentage of revenue** *(%)*	Sales volume *(Note)*	Revenue *(RMB'000)*	Percentage of revenue *(%)*
Retail						
CNG	**16.60**	**65,180**	**9.6%**	29.24	112,045	16.1%
LNG	**1,013**	**4,880**	**0.7%**	334	1,713	0.2%
Sub-total		**70,060**	**10.3%**		113,758	16.3%
Wholesale						
LPG	**126,226**	**582,195**	**85.9%**	122,048	558,951	80.4%
CNG	**6.00**	**17,354**	**2.6%**	5.45	19,708	2.8%
Others		**7,975**	**1.2%**		3,780	0.5%
Sub-total		**607,524**	**89.7%**		582,439	83.7%
Total		**677,584**	**100%**		696,197	100%

Note: Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million cubic metres.

OUTLOOK AND PROSPECTS

The Political Bureau of the Central Committee of Communist Party of China held a meeting on 30 July 2024 to analyze current economic situation and arrange tasks in relation to national economy for the second half of the year. During the meeting, many problems were analyzed, such as the current mounting adverse impacts brought by changes in the external environment, insufficient domestic demand, the divergence in economic operations and many hidden risks remained in key areas, and the pain in the transformation from old to new kinetic energy. Meanwhile, it also defined the direction of PRC economic development and reform in the second half of the year. It will fully implement the concept of new development, accelerate the construction of a new development pattern, develop new quality productive forces according to local conditions, strive to promote high-quality development, deeply explore the potentials of domestic demand, and continuously enhance new momentum and new advantages, and it is expected that it will continue to maintain a positive trend of economic recovery in the second half of 2024.

In terms of LPG, it is the traditional peak season for gas consumption in the third and fourth quarters of 2024. However, the end of the Federal Reserve's interest rate hikes, economic recovery and improvement in demand, and the continuation of the OPEC+ official production cut plan until the end of 2024 may cause the international oil price to have a generally strong trend. From a macro perspective, it will be greatly conductive to support the market price of domestic LPG. From the domestic supply side, the maintenance of refineries was gradually completed in the second half of the year, and the supply of LPG gradually rebounded. On the demand side, the multiple favorable factors such as the peak consumption season of "golden September and silver October" and low temperature weather help to accelerate the release of civil demand and keep overall performance of the demand strong in domestic liquefaction market in the second half of the year, thereby forming a strong support for prices.

In terms of natural gas, the volume of both China's natural imports and self-owned production of natural gas are expected to increase in the second half of 2024, providing high-quality kinetic energy for gas consumption in the industrial sector, and the proportion of domestic industrial gas demand will continue to expand. At the same time, with the continuous deepening of China's natural gas market-oriented reform and the adjustment to seasonal factors, the proportion of civil gas demand is expected to further increase in the second half of the year. The Measures for the Administration of Natural Gas Utilization (天然氣利用管理辦法) came into effect on 1 August 2024, further guiding the development of the natural gas market in a standardized and effective manner, which is conducive to the overall development of natural gas.

In view of the current uncertainties in the global energy market, the Group will continue to strengthen risk management in such environment and formulate timely strategies to cope with the security of supply chain, price fluctuations and international political and economic turbulence. The Group will seize the favorable opportunity, proceed from steady development, and be determined to seek opportunities of stable growth and transformation in the complicated environment. On the premise of ensuring stable supply, the Group will accelerate the pace of business model transformation to achieve high-quality development, and continue to provide customers with high-quality services and products.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group recorded revenue of approximately RMB677.6 million, representing a decrease of approximately RMB18.6 million from the revenue of approximately RMB696.2 million in the corresponding period in 2023. The decrease in revenue was mainly attributable to the decrease in sales volume of CNG and the decline in unit selling price of CNG during the Period.

Cost of Sales and Gross Profit

The Group's cost of sales primarily consisted of all costs of procuring LPG, CNG and LNG from the Group's suppliers and logistic services providers for transporting gases. The Group's cost of sales decreased by approximately RMB9.7 million from approximately RMB659.6 million in the corresponding period in 2023 to approximately RMB649.9 million in 2024, which was mainly due to the decrease in the purchase volume of CNG.

For the six months ended 30 June 2024, the gross profit of the Group was approximately RMB27.7 million, representing a decrease of approximately RMB8.9 million from the gross profit of approximately RMB36.6 million in the corresponding period in 2023. The decrease in gross profit was mainly due to the decline in the sales volume of CNG for vehicles which has a relatively higher gross profit margin.

Other Income, Net

For the six months ended 30 June 2024, the Group's other income amounted to approximately RMB6.7 million, representing a decrease of approximately RMB2.8 million from other income of approximately RMB9.5 million in the corresponding period in 2023. This was mainly due to the decrease in lease income from operating leases during the Period.

Staff Costs

For the six months ended 30 June 2024, the Group's staff costs were approximately RMB14.7 million, representing a decrease of approximately RMB1.0 million from the staff costs of approximately RMB15.7 million in the corresponding period in 2023. Compared with the same period last year, this was mainly due to the decrease in sales volume of CNG for vehicles in our Group, resulting in a reduction in performance-based pay for gas refuelling station employees.

Depreciation

For the six months ended 30 June 2024, the depreciation of the Group was approximately RMB5.7 million, representing a decrease of approximately RMB1.4 million from the depreciation of approximately RMB7.1 million in the corresponding period in 2023. This was mainly due to a decrease in property, plant and equipment and right-of-use assets of the Group.

Short-term Lease Charges

For the six months ended 30 June 2024, the short-term lease charges of the Group was approximately RMB0.2 million, basically staying unchanged with the operating lease charges of approximately RMB0.2 million in the corresponding period in 2023.

Other Operating Expenses

For the six months ended 30 June 2024, the Group's other operating expenses were approximately RMB10.8 million, representing a decrease of approximately RMB1.3 million from other operating expenses of approximately RMB12.1 million in the corresponding period in 2023. This was mainly due to the decrease of maintenance expenses during the Period.

Finance Costs

For the six months ended 30 June 2024, the Group's finance costs were approximately RMB5.0 million, representing a decrease of approximately RMB0.6 million from the finance costs of approximately RMB5.6 million in the corresponding period in 2023. This was mainly due to the decline in bank borrowing rate in 2024.

(Loss)/Profit Before Taxation

For the six months ended 30 June 2024, the Group's loss before taxation was approximately RMB3.5 million, and profit before taxation of approximately RMB3.6 million in the corresponding period in 2023, the change was mainly due to the decrease in gross profit during the Period.

Income Tax Expenses

For the six months ended 30 June 2024, the Group's income tax expense was approximately RMB0.4 million, representing a decrease of approximately RMB2.2 million from income tax expense of approximately RMB2.6 million in the corresponding period in 2023.

(Loss)/Profit for the Period

On the basis of the aforementioned reasons, for the six months ended 30 June 2024, the Group recorded a loss for the period of approximately RMB3.8 million, and profit for the period of approximately RMB1.0 million in the corresponding period in 2023.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

For the six months ended 30 June 2024, the financial position of the Group remained stable. As at 30 June 2024, the total value of assets was approximately RMB1,232.6 million, representing an increase of approximately RMB276.7 million as compared to the total value of assets of approximately RMB955.9 million as at 31 December 2023. The Group's cash was mainly held for working capital and gas facilities and transportation equipment needs.

As at 30 June 2024, the Group had approximately RMB660.0 million pledged and restricted deposits with financial institutions and approximately RMB188.3 million in cash and bank balances.

Capital Expenditure

The capital expenditure of the Group was mainly related to the payments for purchase of property, plant and equipment (including right-of-use assets) of approximately RMB0.3 million for the six months ended 30 June 2024.

Interest-bearing Borrowings

The Group's short-term borrowings as at 30 June 2024 and 31 December 2023 are summarised as below:

	At 30 June 2024 *RMB'000* (unaudited)	At 31 December 2023 *RMB'000* (audited)
Secured bank loans	**785,000**	507,500

Gearing Ratio

The gearing ratio (calculated on the basis of the Group's total liabilities over total assets) was approximately 67.2% as at 30 June 2024 (31 December 2023: approximately 57.4%). The increase in gearing ratio was mainly attributable to the increase in bank borrowings of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group had a total of 420 employees (including the staff of our joint venture, Jiangmen Xinjiang Gas) (30 June 2023 (as revised): 426). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and contribution of employees, acknowledges the important position of talent resource in the development of business operation and is committed to developing and maintaining good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

USE OF PROCEEDS FROM THE LISTING

After deduction of all related listing expenses and commissions, the net proceeds from the listing of shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 December 2018 (the "**Listing**") amounted to approximately HK$120.3 million. Details of the proposed use of such net proceeds are disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 27 February 2020. Up to 30 June 2024, the Group had utilized approximately HK$69.8 million, representing approximately 58.0% of the net proceeds from the Listing as follows:

Intended use of proceeds	**Original allocation**	**Revised allocation as at 27 February 2020**	**Utilisation as at 30 June 2024**	**Remaining balance as at 30 June 2024**	**Expected timeline for full utilisation of the remaining proceeds**[5]
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
To acquire operating rights of an LPG domestic station[1]	20.5	20.5	0	20.5	By the end of 2026
To strengthen our LPG logistics and storage capacity by constructing storage facilities[2]	21.7	21.7	0	21.7	By the end of 2026
To complete construction, purchase land, equipment and machineries and installation for the new CNG mother station	27.7	14.5	14.5	0	N/A
To construct new refuelling stations, purchase and install their requisite equipment and machineries and perform maintenance of our existing refuelling stations	24.1	16.1	16.1	0	N/A
To increase our logistics capacity by purchasing additional vehicle fleets[3]	14.4	14.4	6.1	8.3	By the end of 2026
To finance the acquisition[4]	–	21.1	21.1	0	N/A
General working capital	12.0	12.0	12.0	0	N/A
Total	120.3	120.3	69.8	50.5[6]	

Notes:

1. Due to the slowdown in global economic growth and the sluggish business environment, the Group has not yet identified a suitable acquisition target. The Group will identify suitable acquisition targets by adopting a prudent strategy and the use of such proceeds is expected to be utilised by the end of 2026.

2. The construction of storage facilities are affected by the change of project progress, the slowdown in global economic growth, and the downturn in the business environment, the Group will delay the use of net proceeds accordingly and delay the construction of the storage facility to the end of 2026.

3. The Group has not yet used up the proceeds, so the use of such proceeds is expected to be utilised by the end of 2026.

4. The Group acquired 50% of the equity interests of Henan Blue Sky Sino Gas Technology Company Limited and fully utilised the redistributed net proceeds at the end of March 2020. For details, please refer to the announcement of the Company dated 27 February 2020.

5. The expected timeline for full utilisation of the remaining proceeds is made based on the best estimation of the Group taking into account, among others, the prevailing and future market conditions and business developments and need, and therefore is subject to change.

6. As at 30 June 2024, the Group expected that, except for those described in the notes above, there will be no change in the planned use and timing of the use of proceeds from the Listing, and the unutilized net proceeds will be deposited into interest-bearing bank accounts.

FOREIGN EXCHANGE EXPOSURE

As all of our operations are located in China, all of the revenue from customers of the Group are derived from activities in China.

The reporting currency of the Group is RMB. The Group has currency risk exposures arising from business operations and financial instruments that are denominated in a foreign currency, and such risk is primarily Hong Kong Dollar. In order to limit this foreign currency risk exposure, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2024. Our finance department is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the general manager, financial controller and the Board, and monitoring the investments on a continuous basis.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2024, the Group held unlisted equity securities of approximately RMB25.4 million, which was a supplemental means to improve utilisation of our cash on hand.

For the six months ended 30 June 2024, the Group had no definite future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

For the six months ended 30 June 2024, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

SIGNIFICANT EVENTS AFTER THE PERIOD

Save as disclosed in this announcement, the Group has no significant events after the Period and up to the date of this announcement.

CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group has been claimed, as one of the co-defendants, to compensate for damages for the purpose of debt disputes between the plaintiff and other third parties. In 2020, a judgement was determined in favour of the subsidiary of the Group without liability. In 2021, the aforementioned judgement was revoked for a re-trial and subsequently was completed and determined that no liability was required for the Group in 2022. After the completion of re-trial, the plaintiff had further submitted an appeal on the judgement. In June 2023, the court determined again that the subsidiary of the Group should not have liability. As at the date of this announcement, the plaintiff has applied to High People's Court for a re-trial, but the trial result has not yet been reached. The maximum exposure of the Group under the claims may amount to approximately RMB69,350,000 (the "**Claim I**"). In accordance with legal advice sought, the Directors are of the view that the subsidiary will not be found liable to the Claim I.

In 2023, a subsidiary of the Group has also been claimed, as one of the co-defendants, to compensate for damages for the purpose of debt disputes between the plaintiff and other third parties. The maximum exposure of the Group under the claims may amount to approximately RMB14,053,937 (the "**Claim II**"). The case was heard in the first instance in November 2023 and the court determined that the subsidiary of the Group should not have liability. As at the date of this announcement, the plaintiff has not yet submitted an appeal on the first instance judgement. In accordance with legal advice sought, the Directors are of the view that the subsidiary will not be found liable to the Claim II by virtue of the resemblance between the Claim II and Claim I.

Accordingly, no provision has been made as at 30 June 2024.

PLEDGE OF ASSETS

Included in pledged and restricted deposits, RMB660,000,000 (2023: RMB387,500,000) was pledged as securities for the Group's bank loans as at 30 June 2024.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Corporate governance focuses on a listed company's internal processes and leadership, covering areas such as codes of conduct, audit and internal controls. The Board of the Company values the implementation of corporate governance and believes that sound corporate governance contributes to financial management and risk control of a listed company, improves its resilience and benefits the issuer and its investors on a long-term basis.

The Company has applied the principles set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board believes that good corporate governance standards are essential in maintaining a balanced composition of executive Directors and independent non-executive Directors for the Board to exercise independent judgment effectively and providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company. The Board is of the view that the Company has complied with the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the "**Securities Dealing Code**") on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code throughout the six months ended 30 June 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities throughout the six months ended 30 June 2024.

DIVIDENDS

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

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement was published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinogasholdings.com). The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and/or published on the above websites in due course.

By Order of the Board
Sino Gas Holdings Group Limited
Mr. Ji Guang
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Directors are:

Executive Directors:
Mr. Ji Guang *(Chairman)*
Ms. Ji Ling *(Vice-Chairman and Chief Executive Officer)*
Ms. Cui Meijian
Mr. Zhou Feng

Independent non-executive Directors:
Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng