



Sino Gas Holdings Group Limited

中油潔能控股集團有限公司

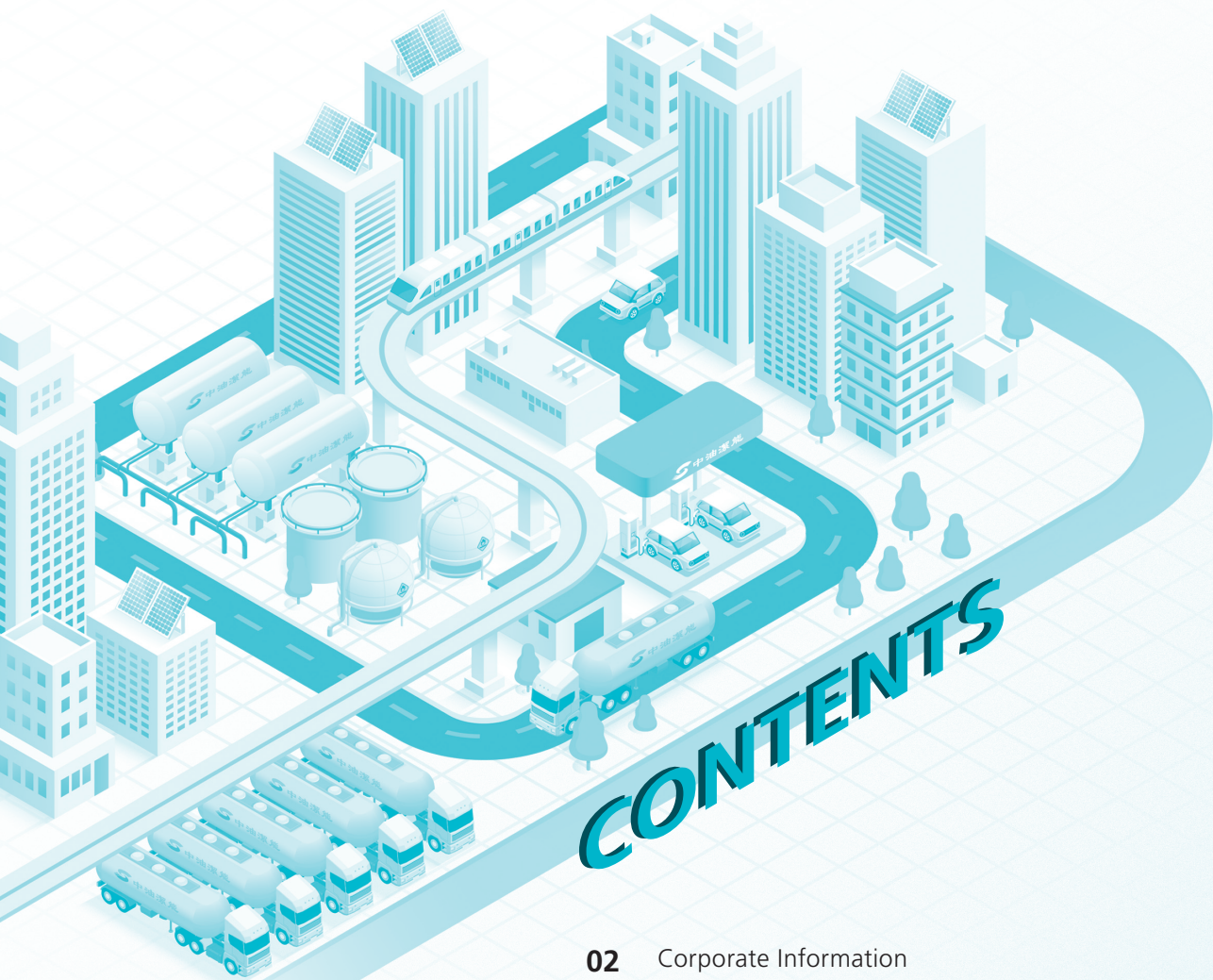
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1759



2024

INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Dr. Zheng Jian Peng (*Chairman*)
Mr. Wang Zhonghua
Mr. Sheng Yuhong

REMUNERATION COMMITTEE

Mr. Wang Zhonghua (*Chairman*)
Dr. Zheng Jian Peng
Mr. Sheng Yuhong

NOMINATION COMMITTEE

Mr. Sheng Yuhong (*Chairman*)
Dr. Zheng Jian Peng
Mr. Wang Zhonghua

COMPANY SECRETARY

Ms. Chow Yuk Yin Ivy

AUTHORISED REPRESENTATIVES

Ms. Ji Ling
Ms. Chow Yuk Yin Ivy

REGISTERED OFFICE

Cricket Square, Hutchins Drive
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Cayman Islands

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
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AUDITORS

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountants
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HONG KONG LEGAL ADVISER

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Central, Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Co., Ltd
Guangzhou Lihua Branch
Bank of China Zhuhai Branch
China Construction Bank Co., Ltd.
Guangzhou Conghua Branch

COMPANY'S WEBSITE ADDRESS

www.sinogasholdings.com

STOCK CODE

1759



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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

(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



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 conducive 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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



MANAGEMENT DISCUSSION AND ANALYSIS

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	Revised	Utilised	Utilisation	Remaining	Expected
	allocation	allocation	amount	as at	balance	
	HK\$ million	27 February 2020 HK\$ million	during the Period HK\$ million	30 June 2024 HK\$ million	as at 30 June 2024 HK\$ million	timeline for full utilisation of the remaining proceeds ⁽⁵⁾
To acquire operating rights of an LPG domestic station ⁽¹⁾	20.5	20.5	0	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	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	0.3	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	0.3	69.8	50.5⁽⁶⁾	



MANAGEMENT DISCUSSION AND ANALYSIS

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 report, 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 report, 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.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

Name of Director	Capacity/nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding (%) (Note 2)
Mr. Ji Guang ("Mr. Ji")	Founder of a discretionary trust, interest in controlled corporations (Note 3)	162,000,000 shares (L)	75%

Notes:

- The letter "L" denotes to the person with long position in the shares.
- The calculation is based on the total number of 216,000,000 shares in issue as at 30 June 2024.
- These interests comprise 121,500,000 shares held by China Full Limited ("China Full"), 24,300,000 shares held by Petrochemical Gas Energy Group Limited ("PCG Employee BVI") and 16,200,000 shares held by Petrochemical Gas Energy Limited ("PCG BVI").

China Full is wholly owned by Sino Gas Holdings Group Limited ("Sino Gas BVI"), a wholly-owned subsidiary of Petrochemical Gas Group Limited ("VISTA Co"), which is wholly owned by UBS Trustees (BVI) Limited ("UBS Trustees") through UBS Nominees Limited.

UBS Trustees acts as the trustee of J&Y Family Trust, which is a discretionary trust established by Mr. Ji (as founder and protector) and under the relevant deed which constitutes the J&Y Family Trust, the trustee shall only add or remove discretionary objects of J&Y Family Trust with the consent of the protector. The discretionary objects of J&Y Family Trust include Mr. Ji himself, his spouse and his daughter, Ms. Ji Ling ("Ms. Ji") who is an executive Director. By virtue of the SFO, Mr. Ji is deemed to be interested in the same parcel of shares held by China Full.

Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in the both parcels of shares held by PCG Employee BVI and PCG BVI.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of ordinary shares held (Note 1)	Approximate percentage of shareholding (%) (Note 2)
UBS Trustees	Trustee of a trust	121,500,000 shares (L)	56.25%
UBS Nominees Limited	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
VISTA Co	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
Sino Gas BVI	Interest of controlled corporation (Note 3)	121,500,000 shares (L)	56.25%
China Full	Beneficial owner	121,500,000 shares (L)	56.25%
PCG Employee BVI	Beneficial owner (Note 4)	24,300,000 shares (L)	11.25%
PCG BVI	Beneficial owner (Note 4)	16,200,000 shares (L)	7.50%
Ms. Yang Ling	Interest of Spouse (Note 5)	162,000,000 shares (L)	75%

Notes:

1. The letter "L" denotes to the person with long position in the shares.
2. The calculation is based on the total number of 216,000,000 shares in issue as at 30 June 2024.
3. UBS Trustees, the trustee of J&Y Family Trust, in its capacity as trustee (through UBS Nominees Limited, its wholly-owned subsidiary) holds the entire issued share capital of VISTA Co, which in turn indirectly owns the entire equity interest of China Full through Sino Gas BVI, all of which are indirectly wholly owned by UBS Trustees in its capacity as trustee. J&Y Family Trust a discretionary trust established by Mr. Ji and the discretionary objects of the Trust include Mr. Ji himself, his spouse and his daughter, Ms. Ji. By virtue of the SFO, UBS Trustees, UBS Nominees Limited, VISTA Co and Sino Gas BVI are deemed to be interested in the same parcel of shares held by China Full.
4. Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji.
5. Ms. Yang Ling is the spouse of Mr. Ji. Therefore, Ms. Yang Ling is deemed to be interested in the shares in which Mr. Ji is interested by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.



OTHER INFORMATION

SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) has been conditionally adopted on 22 November 2018.

Purpose

To enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group.

Who may join

Our Directors may at any time within a period of ten years commencing from the date of adoption of the Share Option Scheme, at its absolute discretion, in accordance with the provisions of the Share Option Scheme and the Listing Rules, make an offer to any person belonging to any of the following classes of participants (“**Eligible Participant**”), to take up options to subscribe for Shares:

- (i) any employee (“**Eligible Employee**”) (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity (“**Invested Entity**”) in which any member of our Group holds an equity interest;
- (ii) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;
- (iii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iv) any customer of any member of our Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.



OTHER INFORMATION

Maximum number of shares available for issue under the scheme	<p>(i) The maximum number of shares of the Company which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group must not in aggregate exceed 30% of the share capital of our Company in issue from time to time.</p> <p>(ii) The total number of the shares of the Company which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the Listing Date (such 10% being 21,600,000 shares).</p>
Maximum entitlement of each participant	The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being.
Period within which the securities must be taken up under an option	<p>An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option.</p> <p>An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.</p>
Performance targets	Unless our Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.
Subscription price for the shares and consideration for the option	The subscription price for the shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of the offer for the grant of the option, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant of the option; and (iii) the nominal value of a share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.
Period of the Share Option Scheme	The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

No options had been granted or agreed to be granted under the Share Option Scheme since its adoption and up to the date of this report. The Company did not have any outstanding share options, warrants and instruments convertible into shares as at 30 June 2024 and up to the date of this report. The number of options available for grant under the Share Option Scheme at the beginning and the end of the Period was 21,600,000.



OTHER INFORMATION

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 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.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors for the six months ended 30 June 2024 and up to the date of this report are set out below:

Ms. Cui Meijian ceased to act as the Vice President (副會長) of the sixth Council of the Guangdong Oil and Gas Association (廣東油氣商會) from January 2024.

Ms. Ji Ling is entitled to an annual salary of RMB504,000 commencing from 1 May 2024, which would be paid after adjustment in accordance with the Group's operating performances for the year but would not exceed the said amount. She is also entitled to a discretionary management bonus.

Save as disclosed in this report, no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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.



OTHER INFORMATION

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 report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2024 and this report, and agreed with the accounting principles and practices adopted by the Company.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there has been no significant event that affected the Group after 30 June 2024 and up to the date of this report.

By Order of the Board

Ms. Ji Ling

Executive Director

Hong Kong, 30 August 2024



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 — unaudited (Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	4	677,584	696,197
Cost of sales		(649,855)	(659,614)
Gross profit		27,729	36,583
Other income, net	5	6,650	9,542
Staff costs	6(b)	(14,702)	(15,670)
Depreciation on property, plant and equipment and right-of-use assets	6(c)	(5,683)	(7,068)
Short-term lease charges	6(c)	(235)	(234)
Other operating expenses	6(d)	(10,750)	(12,105)
Finance costs	6(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	7	(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)	8		
— Basic and diluted		(0.02)	0.01

The notes on pages 26 to 40 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2024 — unaudited (Expressed in RMB)

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
(Loss)/Profit for the period	(3,841)	1,004
Other comprehensive income for the period (after tax): <i>Item that is reclassified or may be reclassified subsequently to profit or loss:</i>		
— 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

The notes on pages 26 to 40 form part of this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 — unaudited (Expressed in RMB)

	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	9	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	18	25,366	25,366
Deferred tax assets		10,489	10,909
		178,994	186,791
Current assets			
Inventories		2,528	2,577
Trade receivables	10	162,242	176,665
Prepayments, deposits and other receivables	11	37,528	43,232
Income tax recoverable		3,011	1,255
Pledged and restricted deposits	12	660,000	387,500
Bank balances and cash	12	188,323	157,872
		1,053,632	769,101
Current liabilities			
Interest-bearing borrowings	13	785,000	507,500
Trade payables	14	214	242
Accrued expenses and other payables	15	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

The notes on pages 26 to 40 form part of this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 June 2024 — unaudited (Expressed in RMB)

		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	16	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

The notes on pages 26 to 40 form part of this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 — unaudited (Expressed in RMB)

	Attributable to equity shareholders of the Company						Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Statutory reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000			
Balance at 1 January 2023 (audited)	1,892	173,360	(11,970)	49,114	47	163,420	375,863	22,907	398,770
Changes in equity for the period ended 30 June 2023:									
Profit for the period	-	-	-	-	-	1,985	1,985	(981)	1,004
Exchange difference on translation of functional currency to presentation currency	-	-	-	-	3,450	-	3,450	-	3,450
Total comprehensive income	-	-	-	-	3,450	1,985	5,435	(981)	4,454
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023 (unaudited)	1,892	173,360	(11,970)	49,114	3,497	165,405	381,298	21,926	403,224
Balance at 1 January 2024 (audited)	1,892	173,360	(11,970)	53,802	1,599	167,525	386,208	20,824	407,032
Changes in equity for the six months ended 30 June 2024:									
Loss for the period	-	-	-	-	-	(3,284)	(3,284)	(557)	(3,841)
Exchange difference on translation of functional currency to presentation currency	-	-	-	-	584	-	584	-	584
Total comprehensive income (loss)	-	-	-	-	584	(3,284)	(2,700)	(557)	(3,257)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Balance at 30 June 2024 (unaudited)	1,892	173,360	(11,970)	53,802	2,183	164,241	383,508	20,267	403,775

The notes on pages 26 to 40 form part of this interim financial report.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 — unaudited (Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net cash generated from operating activities		29,573	30,235
Net cash generated from investing activities		6,018	11,039
Net cash used in financing activities		(5,724)	(29,833)
Net increase in cash and cash equivalents		29,867	11,441
Cash and cash equivalents at the beginning of the period	12	157,872	91,833
Effect of foreign exchange rate changes		584	3,450
Cash and cash equivalents at the end of the period	12	188,323	106,724

The notes on pages 26 to 40 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Sino Gas Holdings Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 March 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 December 2018. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the retail and wholesale of liquefied petroleum gas (“**LPG**”), compressed natural gas (“**CNG**”) and liquefied natural gas (“**LNG**”) in the People’s Republic of China (the “**PRC**”).

2 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

3 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 LPG, CNG and 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

3 SEGMENT INFORMATION (Continued)

(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 2024 RMB'000 (Unaudited)	Wholesale 2024 RMB'000 (Unaudited)	Unallocated 2024 RMB'000 (Unaudited)	Inter- segment elimination 2024 RMB'000 (Unaudited)	Total 2024 RMB'000 (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)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

3 SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

	Six months ended 30 June				Total 2023 RMB'000 (Re-presented) (Unaudited)
	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)	
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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

4 REVENUE

	Six months ended 30 June 2024		
	Retail RMB'000 (Unaudited)	Wholesale RMB'000 (Unaudited)	Total RMB'000 (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 RMB'000	Wholesale RMB'000	Total 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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME, NET

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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

6 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

6 (LOSS)/PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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 RMB'000 (unaudited)	2023 RMB'000 (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 RMB'000 (unaudited)	2023 RMB'000 (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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

7 TAXATION

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (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%).

8 (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).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

9 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).

10 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).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

10 TRADE RECEIVABLES (Continued)

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

11 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Prepayments for purchase of inventories	24,464	31,810
Loan granted to a third party	5,178	4,962
Deposits and other receivables	15,969	14,543
	45,611	51,315
Less: loss allowance	(8,083)	(8,083)
	37,528	43,232



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

12 CASH AND CASH EQUIVALENTS AND PLEDGED AND RESTRICTED DEPOSITS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Bank balances and cash	188,323	157,872
Pledged and restricted bank deposits	660,000	387,500
Total cash and cash equivalents, pledged and restricted deposits	848,323	545,372
Less: pledged and restricted bank deposits	(660,000)	(387,500)
Cash and cash equivalents in the condensed consolidated cash flow statement	188,323	157,872

- (i) Included in pledged and restricted bank deposits, RMB660,000,000 (31 December 2023 (audited): RMB387,500,000) was pledged as securities for the Group's bank loans (see Note 13) at 30 June 2024.
- (ii) The Group's operations in the PRC (excluding Hong Kong) conducted their businesses in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

13 INTEREST-BEARING BORROWINGS

The Group's short-term bank loans are analysed as follows:

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

At 30 June 2024, the Group's short-term bank loans of RMB785,000,000 (31 December 2023 (audited): RMB507,500,000) were secured by time deposits with financial institutions, certificates of pledged and restricted bank deposits (see Note 12).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

15 ACCRUED EXPENSES AND OTHER PAYABLES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Employee benefits payables	2,227	2,281
Other taxes payable	743	1,161
Accrued charges and other payables	18,758	18,154
	21,728	21,596
Contract liabilities — receipts in advance from customers	17,248	14,340
	38,976	35,936

16 SHARE CAPITAL

	30 June 2024 (unaudited)		31 December 2023 (audited)	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
At beginning of the year and at the end of the reporting period	216,000,000	1,892	216,000,000	1,892

17 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).



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the Reporting Period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at	Fair value measurements		
	30 June	at 30 June 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)		
Recurring fair value measurements				
Assets:				
Financial assets measured at fair value				
through profit or loss:				
— Unlisted equity securities	25,366	—	—	25,366

	Fair value at	Fair value measurements		
	31 December	at 31 December 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)		
Recurring fair value measurements				
Assets:				
Financial assets measured at fair value				
through profit or loss:				
— Unlisted equity securities	25,366	—	—	25,366

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the Reporting Period in which they occur.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (Continued)

(Expressed in RMB unless otherwise indicated)

19 COMMITMENTS

Capital expenditure commitments

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Contracted but not provided net of deposit paid for property, plant and equipment	1,437	1,437

20 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 report, 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 report, 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.

21 MATERIAL RELATED PARTY TRANSACTIONS

The material related party transactions entered into by the Group during the six months ended 30 June 2024 and 2023 are set out below.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Sales of goods		
— A joint venture	418,795	370,716
Procurement of goods		
— A joint venture	15,098	—
Provision of transportation services		
— A joint venture	1,924	624