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**Zhonghua Gas Holdings Limited**  
**(中華燃氣控股有限公司)**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8246)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2024  
AND SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO ANNUAL REPORT 2023**

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

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

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

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

The board of Directors (the “Board”) of the Company announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “Current Period”), together with the unaudited comparative figures for the six months ended 30 June 2023 (the “Corresponding Period”) as follows:

## FINANCIAL HIGHLIGHTS

	For the six months ended 30.6.2024		For the six months ended 30.6.2023		Decrease
	RMB'000	HK\$'000#	RMB'000	HK\$'000*	
Revenue	63,964	70,085	127,376	138,152	(49.8%)
Gross profit/(loss) <sup>(a)</sup>	2,620	2,871	(3,384)	(3,670)	(177.4%)
(Loss)/profit and total comprehensive income for the period	(6,255)	(6,854)	41,249	44,739	(115.2%)
(Loss)/profit and total comprehensive income attributable to owners of the Company	(10,439)	(11,438)	34,648	37,579	(130.1%)
(Loss)/profit before tax	(6,216)	(6,811)	41,319	44,815	(115.0%)
(Loss)/profit before tax and depreciation	(5,192)	(5,689)	47,932	51,987	(110.8%)
(Loss)/earnings per share basic and diluted	RMB(0.003)	HK\$(0.003)	RMB0.009	HK\$0.010	(133.3%)
Dividend	Nil	Nil	Nil	Nil	N/A
	<b>As at 30.6.2024</b>	<b>As at 30.6.2024</b>	<b>As at 31.12.2023</b>	<b>As at 31.12.2023</b>	<b>Increase/ (decrease)</b>
	RMB'000	HK\$'000#	RMB'000	HK\$'000 <sup>Δ</sup>	
Total assets	365,505	400,484	349,670	385,861	4.5%
Net assets	147,079	161,154	139,242	153,654	5.6%
Cash and cash equivalents	58,605	64,213	196,083	216,378	(70.1%)
Equity attributable to owners of the Company	108,416	118,791	104,763	115,606	3.5%

<b>Key Financial Indicators</b>	<b>For the six months ended 30.6.2024/ As at 30.6.2024</b>	<b>For the six months ended 30.6.2023/ As at 31.12.2023</b>
Gross profit/(loss) margin <sup>(b)</sup>	<b>4.1%</b>	(2.7%)
Net (loss)/profit margin <sup>(c)</sup>	<b>(9.8%)</b>	32.4%
(Loss)/return on average equity <sup>(d)</sup>	<b>(9.8%)</b>	27.3%
Current ratio (times) <sup>(e)</sup>	<b>1.6</b>	1.6
Net gearing ratio <sup>(f)</sup>	<b>58.8%</b>	67.6%

*Notes:*

- (a) The calculation of gross profit/(loss) is based on revenue minus cost of sales.
- (b) The calculation of gross profit/(loss) margin is based on gross loss divided by revenue.
- (c) The calculation of net (loss)/profit margin is based on (loss)/profit for the period divided by revenue.
- (d) The calculation of (loss)/return on average equity is based on (loss)/profit attributable to owners of the Company divided by average equity attributable to owners of the Company.
- (e) The calculation of current ratio is based on current assets divided by current liabilities.
- (f) The calculation of net gearing ratio is based on amounts due to a shareholder, other loan and bank borrowing divided by total equity.
- # Converted to HK\$ at exchange rate of RMB1 = HK\$1.0957 on 30 June 2024 for reference.
- \* Converted to HK\$ at exchange rate of RMB1 = HK\$1.0846 on 30 June 2023 for reference.
- Δ Converted to HK\$ at exchange rate of RMB1 = HK\$1.1035 on 31 December 2023 for reference.

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

*For the six months ended 30 June 2024*

		<b>Six months ended</b>	
	<i>NOTE</i>	<b>30.6.2024</b>	30.6.2023
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	6	<b>63,964</b>	127,376
Cost of sales		<u><b>(61,344)</b></u>	<u>(130,760)</u>
<b>Gross profit/(loss)</b>		<b>2,620</b>	(3,384)
Other income	7	<b>745</b>	5,547
Other gains/(losses)	8	<b>473</b>	(3,756)
Reversal of allowance on trade receivables		<b>22,894</b>	55,510
Administrative expenses		<u><b>(26,107)</b></u>	<u>(12,508)</u>
<b>Profit from operations</b>		<b>625</b>	41,409
Finance costs	9	<u><b>(6,841)</b></u>	<u>(90)</u>
<b>(Loss)/profit before tax</b>		<b>(6,216)</b>	41,319
Income tax expense	11	<u><b>(39)</b></u>	<u>(70)</u>
<b>(Loss)/profit and total comprehensive income for the period</b>	12	<u><u><b>(6,255)</b></u></u>	<u><u>41,249</u></u>
<b>Attributable to:</b>			
Owners of the Company		<b>(10,439)</b>	34,648
Non-controlling interests		<u><b>4,184</b></u>	<u>6,601</u>
		<u><u><b>(6,255)</b></u></u>	<u><u>41,249</u></u>
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
Basic and diluted	14	<u><u><b>RMB(0.003)</b></u></u>	<u><u>RMB0.009</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	<i>NOTE</i>	<b>30.6.2024</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2023 <b>RMB'000</b> <b>(audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	<b>5,372</b>	7,097
Investment properties	16	<b>3,780</b>	3,780
Right-of-use assets	17	<b>3,617</b>	151
Deposits		<b>481</b>	36
		<u><b>13,250</b></u>	<u>11,064</u>
<b>Current assets</b>			
Trade and other receivables	18	<b>293,650</b>	142,523
Cash and cash equivalents		<b>58,605</b>	196,083
		<u><b>352,255</b></u>	<u>338,606</u>
<b>Total current assets</b>		<u><b>352,255</b></u>	<u>338,606</u>
<b>TOTAL ASSETS</b>		<u><b>365,505</b></u>	<u>349,670</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	<b>3,724</b>	3,724
Reserves		<b>104,692</b>	101,039
		<u><b>108,416</b></u>	<u>104,763</u>
Non-controlling interests		<b>38,663</b>	34,479
		<u><b>147,079</b></u>	<u>139,242</u>

	<i>NOTE</i>	<b>30.6.2024</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2023 <b>RMB'000</b> <b>(audited)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<u>2,549</u>	<u>444</u>
<b>Current liabilities</b>			
Trade and other payables	20	<b>126,297</b>	113,905
Amounts due to a shareholder	25	<b>24,603</b>	—
Bank borrowing	21	—	8,000
Other loan	22	<b>61,880</b>	86,082
Lease liabilities		<b>1,738</b>	646
Income tax payables		<u>1,359</u>	<u>1,351</u>
<b>Total current liabilities</b>		<u><b>215,877</b></u>	<u>209,984</u>
<b>TOTAL LIABILITIES</b>		<u><b>218,426</b></u>	<u>210,428</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>365,505</b></u>	<u><b>349,670</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 30 June 2024*

	Attributable to owners of the Company						Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	
<b>At 1 January 2023 (audited)</b>	3,724	57,075	21,540	27,450	109,789	33,164	142,953
Total comprehensive income for the period	—	—	—	34,648	34,648	6,601	41,249
Changes in equity for the period	—	—	—	34,648	34,648	6,601	41,249
<b>At 30 June 2023 (unaudited)</b>	<u>3,724</u>	<u>57,075</u>	<u>21,540</u>	<u>62,098</u>	<u>144,437</u>	<u>39,765</u>	<u>184,202</u>
<b>At 1 January 2024 (audited)</b>	3,724	57,075	23,170	20,794	104,763	34,479	139,242
Total comprehensive income for the period	—	—	—	(10,439)	(10,439)	4,184	(6,255)
Equity-settled share-based payments transaction	—	—	14,092	—	14,092	—	14,092
Changes in equity for the period	—	—	14,092	(10,439)	3,653	4,184	7,837
<b>At 30 June 2024 (unaudited)</b>	<u>3,724</u>	<u>57,075</u>	<u>37,262</u>	<u>10,355</u>	<u>108,416</u>	<u>38,663</u>	<u>147,079</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended	
	30.6.2024	30.6.2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash (used in)/generated from operations	(130,649)	74,583
Income tax paid	(31)	(54)
	<u>(130,680)</u>	<u>74,529</u>
Net cash (used in)/generated from operating activities	<u>(130,680)</u>	<u>74,529</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	—	(419)
Proceeds from disposals of property, plant and equipment	1,147	—
Interest income received	138	114
	<u>1,285</u>	<u>(305)</u>
Net cash generated from/(used in) investing activities	<u>1,285</u>	<u>(305)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of interest of convertible bonds	—	(3,451)
Payment of lease liabilities	(817)	(953)
Repayment of other loan	(22,688)	—
Repayment of bank borrowing	(8,000)	—
Advance from a shareholder	24,603	—
Interest paid on lease liabilities	—	(62)
Interest paid on bank borrowing	(173)	(28)
Drawdown of bank borrowing	—	8,000
	<u>(7,075)</u>	<u>3,506</u>
Net cash (used in)/generated from financing activities	<u>(7,075)</u>	<u>3,506</u>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<u>(136,470)</u>	<u>77,730</u>
Effect of foreign exchange rate changes	(1,008)	508
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>196,083</u>	<u>38,752</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<u>58,605</u>	<u>116,990</u>



## NOTES TO THE INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2024*

### 1. GENERAL INFORMATION

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

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

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

### 2. GOING CONCERN BASIS

During the six months ended 30 June 2024, the Group incurred a net loss of approximately RMB6.255 million, and as of that date, included in the current liabilities of the Group are other loan of approximately RMB61.880 million that are contractually repayable within the next twelve months, together with the related loan interests of RMB3.918 million. However, the available cash and cash equivalents of the Group as at 30 June 2024 was only maintained at RMB58.605 million.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. In view of these circumstances, the directors of the Company have given careful consideration to the current and anticipated future liquidity of the Group and the ability of the Group to continue to attain profitable and positive cash flows from operations in the immediate and longer terms and have taken the following measures to mitigate the liquidity pressure and to improve its cash flows:

- (a) As of 30 June 2024, the Group has reserved cash and bank balances of approximately RMB57.27 million maintained by its subsidiaries in the PRC. The directors of the Company expect to remit part of the funds from the PRC through dividend declaration. The remittance of funds is subject to approval from appropriate PRC government authorities;
- (b) The Group has entered into a repayment agreement with the convertible bond holder on 20 May 2024, and concluded a repayment schedule of nine installments with principal repayment of approximately RMB4.55 million (equivalent to HK\$5.0 million) per instalment and final principal repayment of approximately RMB48.08 million (equivalent to HK\$52.8 million) together with applicable interest payable by December 2024. Up to the date of approval of the condensed consolidated financial information, the Group has repaid totaling RMB31.847 million (equivalent to HK\$35 million).

- (c) The Group will seek bank financing to finance the settlement of the final payment of approximately RMB48.08 million (equivalent to HK\$52.8 million) together with applicable interest payable to the convertible bond holder.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations when they fall due within the next twelve months from the date of the condensed consolidated statement of financial position. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the condensed consolidated financial information on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) successfully complete the process of conversion of RMB into foreign currencies that is required to comply with the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations for remittance of funds held by a subsidiary in the PRC to a subsidiary in Hong Kong;
- (ii) successfully obtaining bank financing to finance the settlement of the final payment to the convertible bond holder; and
- (iii) the Group's ability to generate operating cash flows to finance the Group's operation.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the condensed consolidated financial statements.

### **3. BASIS OF PREPARATION**

This interim financial information is unaudited and has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") and the applicable disclosures provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

This interim financial information should be read in conjunction with the 2023 annual financial statements. Except as described below, the accounting policies (including the critical judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty) and methods of computation used in the preparation of these condensed interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2023.

#### 4. NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

##### A. New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants — Amendments to IAS 1;
- Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — HK Int 5 (Revised);
- Lease Liability in Sale and Leaseback — Amendments to IFRS 16; and
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

As a result of the adoption of the amendments to IAS 1, the Group changed its accounting policy for the classification of borrowings as below:

*“Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.”*

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to IAS 1.

##### B. Impact of new and amended standards issued but not yet adopted by the Group

In September 2023, amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The management does not expect the amendment to have a material impact on the consolidated financial statements.

In July 2024, IFRS 18 which is effective for annual reporting periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

## 5. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

During the six months ended 30 June 2024 and 2023, there was no transfer between Level 2 and Level 3. The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

## 6. REVENUE

	Six months ended	
	30.6.2024	30.6.2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Energy Business		
— Sales of LNG	63,384	126,807
— Management fee income	494	483
	<u>63,878</u>	<u>127,290</u>
<b>Revenue from other sources</b>		
— Rental income from property investments	86	86
	<u>63,964</u>	<u>127,376</u>
<b>Timing of revenue recognition</b>		
— At a point in time	63,384	126,807
— Over time	580	569
	<u>63,964</u>	<u>127,376</u>

## 7. OTHER INCOME

	Six months ended	
	30.6.2024	30.6.2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Rental and operation management service income	603	5,425
Interest income on bank deposits	138	114
Others	4	8
	<u>745</u>	<u>5,547</u>

## 8. OTHER GAINS/(LOSSES)

	Six months ended	
	30.6.2024	30.6.2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Foreign exchange gains/(losses)	506	(2,071)
Fair value losses of convertible bonds	—	(1,685)
Loss on disposal of property, plant and equipment	(33)	—
	<u>473</u>	<u>(3,756)</u>

## 9. FINANCE COSTS

	Six months ended	
	30.6.2024	30.6.2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest expenses on:		
— Bank borrowing	173	28
— Lease liabilities	69	62
— Other loan	3,030	—
— Late payment with suppliers	3,569	—
	<u>6,841</u>	<u>90</u>

## 10. SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance.

The Group has two reportable operating segments, which are (a) Energy Business; and (b) Property Investments.

The Group’s reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment results are measured as gross profit/(loss) of each segment without allocation of administrative expenses, finance costs, other income, other gains/(losses), reversal of allowance on trade receivables, and income tax expense. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

No segment assets or liabilities information or other segment information is provided as the CODM does not review this information for the purpose of resource allocation and assessment of segment performance.

No geographical segment information is presented as all the sales and operating profits/(losses) of the Group are derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2024 and 2023 is as follow:

	<b>Energy Business RMB’000 (unaudited)</b>	<b>Property Investments RMB’000 (unaudited)</b>	<b>Total RMB’000 (unaudited)</b>
<b>For the six months ended 30 June 2024</b>			
Revenue	63,878	86	63,964
Cost of sales	<u>(61,344)</u>	<u>—</u>	<u>(61,344)</u>
Segment results	<u>2,534</u>	<u>86</u>	2,620
Other income			745
Other gains			473
Reversal of allowance on trade receivables			22,894
Administrative expenses			(26,107)
Finance costs			(6,841)
Income tax expense			<u>(39)</u>
Loss for the period			<u>(6,255)</u>

	Energy Business <i>RMB'000</i> (unaudited)	Property Investments <i>RMB'000</i> (unaudited)	Total <i>RMB'000</i> (unaudited)
<b>For the six months ended 30 June 2023</b>			
Revenue	127,290	86	127,376
Cost of sales	<u>(130,760)</u>	<u>—</u>	<u>(130,760)</u>
Segment results	<u>(3,470)</u>	<u>86</u>	(3,384)
Other income			5,547
Other losses			(3,756)
Reversal of allowance on trade receivables			55,510
Administrative expenses			(12,508)
Finance costs			(90)
Income tax expense			<u>(70)</u>
Profit for the period			<u>41,249</u>

## 11. INCOME TAX EXPENSE

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

	<b>Six months ended</b>	
	<b>30.6.2024</b>	<b>30.6.2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Current tax</b>		
Provision for the period — the PRC	(31)	(66)
Under-provision in prior periods	<u>(8)</u>	<u>(4)</u>
	<u>(39)</u>	<u>(70)</u>

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2024 and 2023.

PRC Corporate Income Tax has been provided at a rate of 25% for the six months ended 30 June 2024 and 2023, except for subsidiaries eligible to be a “Small and Low-profit Enterprise” under PRC Corporate Income Tax Law to enjoy a beneficial rate of 20%.

## 12. (LOSS)/PROFIT FOR THE PERIOD

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

	Six months ended	
	30.6.2024	30.6.2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Directors' and chief executive's emoluments	3,302	2,610
Salaries and other allowances, excluding those of Directors	4,064	3,781
Retirement benefit scheme contributions, excluding those of Directors	511	541
Equity-settled share-based expenses, excluding those of Directors	13,463	—
Auditors' remuneration	248	257
Depreciation of property, plant and equipment:		
— recognised in cost of sales	—	5,166
— recognised in administrative expenses	545	540
Depreciation of right-of-use assets	479	907

## 13. DIVIDENDS

The Board of Directors does not recommend any payment of any dividend in respect of the six months ended 30 June 2024 and 2023.

## 14. (LOSS)/EARNINGS PER SHARE

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

	Six months ended	
	30.6.2024	30.6.2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>(Loss)/profit attributable to owners of the Company</b>		
(Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share	(10,439)	34,648

	Six months ended	
	30.6.2024	30.6.2023
	'000	'000
	(unaudited)	(unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	3,666,936	3,666,936

The computation of diluted (loss)/earnings per share for the six months ended 30 June 2024 and 2023 did not assume the exercises of the Company's outstanding share options as these are anti-dilutive.



## 15. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group disposed a motor vehicle with carrying amount of RMB1.78 million (for the six months ended 30 June 2023: acquired RMB419,000 relating to items of motor vehicles and leasehold improvements).

## 16. INVESTMENT PROPERTIES

	<b>30.6.2024</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2023 <b>RMB'000</b> (audited)
At 1 January, 30 June and 31 December	<u><b>3,780</b></u>	<u>3,780</u>

The Group's investment properties are situated in the PRC and held under medium-term leases. The leases terms of leases whereby the Group lease out its investment properties under operating lease are two years.

## 17. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group entered into a new lease agreement with lease terms of three years. On lease commencement, the Group recognised right-of-use assets of RMB3,945,000 (for the six months ended 30 June 2023, the Group did not enter into any new lease contracts). The balance as at 30 June 2024 relates to office premises.

## 18. TRADE AND OTHER RECEIVABLES

	<b>30.6.2024</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2023 <b>RMB'000</b> (audited)
Trade receivables	<b>242,918</b>	331,119
Less: allowance of impairment	<u><b>(203,324)</b></u>	<u>(226,218)</u>
	<b>39,594</b>	104,901
Other receivables	<b>4,408</b>	4,374
Prepayments	<b>249,438</b>	32,756
Deposits	<u><b>210</b></u>	<u>492</u>
	<u><b>293,650</b></u>	<u>142,523</u>

The settlement periods of the construction related and consultancy services are generally within one to two years after the completion of services. Meanwhile, the credit period granted to sales of LNG customers is 30 days.

The Group has recovered certain overdue trade receivables where full provision was made in prior periods, this has resulted a reversal of allowance on trade receivables of RMB22.89 million recognised in profit and loss in the current period.

The aging analysis of trade receivables net of allowance of impairment on trade receivables, presented based on the invoice dates at the end of the reporting period, which approximate the respective revenue recognition dates, is as follows:

	<b>30.6.2024</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2023 <b>RMB'000</b> <b>(audited)</b>
0–60 days	<b>22,816</b>	65,347
61–180 days	<b>16,778</b>	—
181–270 days	—	18,797
271 days–1 year	—	20,757
Over 1 year but within 2 years	—	—
	<u><b>39,594</b></u>	<u>104,901</u>

The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB.

## 19. SHARE CAPITAL

	<b>Number of shares '000</b>	<b>HK\$'000</b>	<b>RMB'000</b>
<b>Authorised:</b>			
Ordinary shares of HK\$0.00125 each			
At 1 January 2023 (audited),			
31 December 2023 (audited),			
1 January 2024 (audited) and			
30 June 2024 (unaudited)	<u>64,000,000</u>	<u>80,000</u>	<u>—</u>
<b>Issued and fully paid:</b>			
Ordinary shares of HK\$0.00125 each			
At 1 January 2023 (audited),			
31 December 2023 (audited),			
1 January 2024 (audited) and			
30 June 2024 (unaudited)	<u>3,666,936</u>	<u>4,584</u>	<u>3,724</u>

## 20. TRADE AND OTHER PAYABLES

	<b>30.6.2024</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2023 <b>RMB'000</b> (audited)
Trade payables	<b>102,802</b>	102,762
Other payables	<b>13,324</b>	9,258
Accruals	<b>10,171</b>	1,885
	<b>126,297</b>	113,905

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and generally due according to contract terms.

The aging analysis of trade payables based on the invoice date is as follows:

	<b>30.6.2024</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2023 <b>RMB'000</b> (audited)
0–30 days	<b>241</b>	201
31–60 days	—	—
61–90 days	—	—
91–180 days	—	—
Over 180 days	<b>102,561</b>	102,561
	<b>102,802</b>	102,762

The carrying amounts of the Group's trade and other payables are mainly denominated in RMB.

## 21. BANK BORROWING

The bank borrowing carried an interest rate at 5% per annum and denominated in RMB has been fully repaid on 25 May 2024.

## 22. OTHER LOAN

Other loan represents amount payable upon maturity of convertible bond, the Group did not repay the convertible bond within the timeframe as requested by convertible bond holder, therefore, based on the nature and terms of repayment, management has reclassified such from convertible bond to "Other Loan".

As at 31 December 2023, the other loan are carried an interest rate at 8% per annum. The defaulted interest accrued for the six months ended 30 June 2024 is approximately RMB3.03 million.

The other loan is repayable within one year and denominated in HKD.

## 23. SHARE-BASED PAYMENTS

### Equity-settled share option scheme

The Company operates share option schemes (the “Schemes”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The board of directors of the Company may grant options to directors and eligible employees and consultants of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options.

Options granted must be taken up within 28 days for Scheme 2011 and 21 days for Scheme 2023 from the date of grant, upon payment of HK\$1. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the directors at their discretion.

The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to Scheme 2011. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under Scheme 2011 shall not exceed 10% of the shares in issue from time to time. For Scheme 2023, the maximum number of shares of the Company which may be issued in respect of all share options and awards which may be granted at any time under Scheme 2023 together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of shares as equal to 10% of the issued share capital of the Company.

The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time. Each Scheme is valid and effective for a period of 10 years and may continue to be exercisable in accordance with their terms of issue.

### ***Scheme 2011***

Scheme 2011 has become effective on 12 December 2011.

On 25 November 2014, the Company granted 28,000,000 share options to the Company's directors, employees and consultants at the exercise price of HK\$0.81 per option (i.e. 224,000,000 share options with exercise price of HK\$0.10125 each after the share subdivision on 20 May 2016). Further on 9 June 2017, the Company granted 343,536,000 share options to the Company's directors, employees and consultants at the exercise price of HK\$0.289 per option.

On 9 June 2024, the number of shares in respect of which options had been granted under Scheme 2011 of 209,480,000, representing 5.7% of the shares of the Company in issue were lapsed.

Details of specific categories of options under Scheme 2011 are as follows:

<b>Option type</b>	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price</b>	<b>Fair value at grant date</b>
<b>Option to directors</b>				
Option C	09/06/2017	09/06/2018–09/06/2024	HK\$0.289	HK\$0.1262
Option D	09/06/2017	09/06/2019–09/06/2024	HK\$0.289	HK\$0.1273
Option E	09/06/2017	09/06/2020–09/06/2024	HK\$0.289	HK\$0.1287
<b>Option to employees</b>				
Option I	09/06/2017	09/06/2018–09/06/2024	HK\$0.289	HK\$0.1117
Option J	09/06/2017	09/06/2019–09/06/2024	HK\$0.289	HK\$0.1170
Option K	09/06/2017	09/06/2020–09/06/2024	HK\$0.289	HK\$0.1219
<b>Option to consultants</b>				
Option F	09/06/2017	09/06/2018–09/06/2024	HK\$0.289	HK\$0.1320
Option G	09/06/2017	09/06/2019–09/06/2024	HK\$0.289	HK\$0.1320
Option H	09/06/2017	09/06/2020–09/06/2024	HK\$0.289	HK\$0.1320

The following table discloses movement of share options granted under Scheme 2011 for the six months ended 30 June 2024:

Option type	Outstanding	Granted	Exercised	Lapsed	Outstanding
	at 1 January				at 30 June
	2024	'000	'000	'000	2024
	'000	'000	'000	'000	'000
	(audited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Option C	30,944	—	—	(30,944)	—
Option D	30,944	—	—	(30,944)	—
Option E	30,944	—	—	(30,944)	—
Option G	1,664	—	—	(1,664)	—
Option H	28,216	—	—	(28,216)	—
Option I	21,776	—	—	(21,776)	—
Option J	26,776	—	—	(26,776)	—
Option K	38,216	—	—	(38,216)	—
	<u>209,480</u>	<u>—</u>	<u>—</u>	<u>(209,480)</u>	<u>—</u>
Exercisable at the end of the period	<u>209,480</u>				<u>—</u>
Weighted average exercise price (HK\$)	<u>0.289</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

### ***Scheme 2023***

Scheme 2023 has become effective on 14 September 2023.

On 11 December 2023, the Company granted 366,688,000 share options to the Company's directors and employees at the exercise price of HK\$0.16 per option.

On 30 June 2024, the number of shares in respect of which options available for grant, had been granted and remained outstanding under Scheme 2023 was 366,688,000 (31.12.2023: 366,688,000) representing 10% (31.12.2023: 10%) of the shares of the Company in issue at that date.

Details of the specific categories of options under Scheme 2023 are as follows:

<b>Option type</b>	<b>Grant date</b>	<b>Vesting period</b>	<b>Exercise period</b>	<b>Exercise price</b>	<b>Fair value at grant date</b>
Options to directors	11.12.2023	11.12.2023 to 10.12.2024	11.12.2024– 11.12.2033	HK\$0.160	HK\$0.095
Options to employees	11.12.2023	11.12.2023 to 10.12.2024	11.12.2024– 11.12.2033	HK\$0.160	HK\$0.085

The following table discloses movement of share options granted under Scheme 2023 for the six months ended 30 June 2024:

<b>Option type</b>	<b>Outstanding at 1 January 2024 '000</b>	<b>Granted '000</b>	<b>Exercised '000</b>	<b>Outstanding at 30 June 2024 '000</b>
Options to Directors	14,656	—	—	14,656
Options to Employees	352,032	—	—	352,032
	<b>366,688</b>	<b>—</b>	<b>—</b>	<b>366,688</b>
Exercisable at the end of the period	—	—	—	—
Weighted average exercise price (HK\$)	<b>0.160</b>	—	—	<b>0.160</b>

## 24. CONTINGENT LIABILITIES

Up to the authorisation of this condensed consolidated financial information, 6 suppliers of the Group have initiated total 10 claims against the Group's subsidiary in the PRC.

Pursuant to the claims, these suppliers are seeking settlement of approximately RMB11.758 million together with interest of approximately RMB4.169 million for construction works completed in 2018 and 2019.

During periods from 1 April 2023 to 18 October 2023, the court has concluded 8 out of 10 cases, the Group is liable to repay the amount claimed of approximately RMB6.972 million by suppliers together with related interest of approximately RMB1.465 million.

The progress of litigation with the remaining 2 cases is still ongoing at the date of authorisation of this condensed consolidated financial information.

As at 30 June 2024, the Group has recorded in the condensed consolidated statement of financial position an amount of approximately RMB11.565 million (31.12.2023: RMB6.779 million) as amount due to the suppliers and accrued interest of approximately RMB4.169 million (31.12.2023: RMB600,000).

## 25. AMOUNT DUE TO A SHAREHOLDER

The amount due to shareholder is unsecured, non-interest-bearing and repayable on demand.

## 26. RELATED PARTY TRANSACTIONS

Save as disclosed in note 25, the Group had the following significant transactions with related parties.

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

	Six months ended	
	30.6.2024	30.6.2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Directors' fee	363	358
Salaries and other allowances	1,961	1,910
Retirement benefit scheme contributions	76	74
Equity-settled share-based payment	629	—
	<u>3,029</u>	<u>2,342</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the Current Period, the Group's total revenue amounted to approximately RMB64.0 million, decreased approximately 49.8% from approximately RMB127.4 million for the Corresponding Period principally due to the operation of one of the Group's major LNG stations in Tianjin was suspended since October 2023 due to the customer's heat supply station was on the route of the nationwide natural gas network conversion project. The remaining LNG stations operates normally during the Current Period.

The Group continued to recover long outstanding trade receivables but less was collected during the Current Period. As a result, the reversal of allowance on trade receivable decreased from approximately RMB55.5 million for the Corresponding Period to approximately RMB22.9 million for the Current Period.

The Energy Business continued to contribute over 99% to the Group's total revenue. Net loss after tax of approximately RMB6.3 million in the Current Period was recorded compared to net profit of approximately RMB41.2 million for the Corresponding Period. Such increase in net loss after tax was mainly attributable to (i) a decrease in reversal of allowance on trade receivables from approximately RMB55.5 million for the Corresponding period to approximately RMB22.9 million for the Current Period; and (ii) equity-settled share-based expense of approximately RMB14.1 million was recorded in the Current Period (Corresponding period: nil).

#### Energy Business

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

During the Current Period, the Energy Business generated revenue primarily from LNG supply and the management of customers' LNG supply stations. The LNG supply industry continued to experience intense competition. Also, the construction related and consultancy services of the Energy Business did not show sign of improvement and the coal-to-natural gas conversion in Tianjin is also becoming saturated and the Group expects the number of new projects to continue to decrease in the future.

During the Current Period, the Group remains strategic cooperation with a wholly-owned subsidiary of Jiangsu Shagang Group Co., Ltd. and continue the business through the supply of LNG to the partner and the management of its LNG supply station.

The Group remains committed to fostering strategic partnerships with a portfolio of significant partners, with the objective of identifying and pursuing new business opportunities with prospective customers.

## **Property Investments**

The Group owns two office premises on Beijing West Road, Jing An District, Shanghai, the People's Republic of China (the "PRC"). One of the properties was held for investment purpose and it generated rental income. The investment properties were expected to bring stable long-term rental income to the Group.

## **FINANCIAL REVIEW**

### **Revenue**

For the Current Period, revenue of the Group amounted to approximately RMB64.0 million, representing a decrease of 49.8% from approximately RMB127.4 million for the Corresponding Period. The decrease was because the operation of one of the Group's major LNG stations in Tianjin was suspended since October 2023 due to the customer's heat supply station was on the route of the nationwide natural gas network conversion project.

### **Cost of Sales**

The cost of sales for Energy Business amounted to approximately RMB61.3 million (Corresponding Period: approximately RMB130.8 million). The decrease was mainly attributable to the decrease in cost in LNG supply during the Current Period.

### **Gross Profit/(Loss) Margin**

Gross profit/(loss) represents revenue less cost of sales. Gross profit margin of the Energy Business segment was 4.0% in the Current Period (Corresponding Period: gross loss margin of 2.7%). For the Current Period, as the property, plant and equipment was impaired, no depreciation was recorded. Hence, the gross margin increased. For the Corresponding Period, the intense price competition and price fluctuation of LNG led to a thin margin which could not cover the fixed direct cost, a gross loss margin is recorded.

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

### **Other Gains/(Losses)**

Other gains of approximately RMB0.5 million were recorded in the Current Period as compared to other losses of approximately RMB3.8 million in the Corresponding Period, mainly due to the foreign exchange gains of approximately RMB0.5 million recognised in the Current Period (Corresponding Period: mainly due to the fair value losses of Convertible Bonds of approximately RMB1.7 million and the foreign exchange losses of approximately RMB2.1 million).

### **Administrative Expenses**

Administrative expenses increased by 108.7% from approximately RMB12.5 million for the Corresponding Period to approximately RMB26.1 million for the Current Period. The increase was mainly due to equity-settled share-based expenses of approximately RMB14.1 million which related to the share option granted in December 2023 was recorded in Current Period (Corresponding Period: nil).

### **Income Tax Expense**

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

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

Profit and total comprehensive income attributable to non-controlling interests was decreased from approximately RMB6.6 million in the Corresponding Period to approximately RMB4.2 million in the Current Period. This was mainly attributable to a decrease in reversal of allowance on trade receivable and the equity-settled share-based expenses was recorded for the Current Period.

### **(Loss)/profit and Total Comprehensive Income Attributable to Owners of the Company**

Loss and total comprehensive income attributable to owners of the Company was recorded approximately RMB10.4 million for the Current Period (Corresponding Period: profit and total comprehensive income attributable to owners of the Company approximately RMB34.6 million). This was mainly attributable to a decrease in reversal of allowance on trade receivable and the equity-settled share-based expenses was recorded for the Current Period.

Basic and diluted loss per share for the Current Period were both RMB0.003, as compared to basic and diluted earnings per share of RMB0.009 for the Corresponding Period.

## PROSPECTS

Green energy LNG is set to become the dominant energy alternative in the future, with significant domestic growth potential in China. In the first half of 2023, China, replaced Japan as the world's top LNG importer once again. Global trade in LNG reached 404 million tonnes in 2023, representing an increase from 397 million tonnes in 2022. The global demand for natural gas is continuing to grow, with industry estimates indicating that LNG demand could reach 625–685 million tonnes a year by 2040.

China imported 38 million tonnes of LNG for the first half of 2024, representing a 13.9% increase year-on-year, according to data published by the customs department on 18 July 2024. In the first half of 2024, China imported 26.7 million tonnes of pipeline gas, representing a 15% increase year-on-year.

China's appetite for more natural gas and LNG is driven by the government's initiative to reduce coal use, both to combat pollution and to meet its Paris climate conference commitments. At the opening session of the 20th National Congress of the Communist Party of China, the government emphasised the importance of promoting harmony between humans and nature, accelerating the transition to a green development model and working actively and prudently towards the country's climate targets.

China has set a target of peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060. China will implement a comprehensive conservation strategy, boost green and low-carbon industries, encourage green consumption and promote green and low-carbon ways of production and life. It is forecast that the proportion of gas and LNG in China's energy mix will grow from the current 7% to 12% or more by 2040.

In light of the national policy for green energy, the "14th Five-Year Plan" for a modern energy system sets an ambitious target for natural gas production, aiming to reach 230 bcm by 2025. Additionally, the plan outlines a strategy to enhance national storage capacity, aiming to reach 55 to 60 bcm by the same year. The plan's objective is to guarantee the security of the energy supply chain through the promotion of domestic energy generation, while simultaneously advancing the transition to green energy. It calls for the development of new technologies for energy storage and the achievement of the goal of advanced industrial chain modernisation.

China also made significant progress in developing its national gas infrastructure, with an increase of over 3,000 kilometres in the length of long-distance natural gas pipelines and a 5 bcm expansion in gas storage capacity. The country made significant headway on a number of major LNG projects, including the commencement of operations at the Binhai LNG terminal and the commencement of construction on the Beijing Gas and Caofeidian LNG terminals. This presents a significant business opportunity for the Group to establish a presence in the provision of construction, management and supply of LNG. The Group is proactively exploring and collaborating closely with its business partners to prepare for the pipeline gas market.

Furthermore, China is accelerating the development of infrastructure for the transportation of gas and LNG. China has announced plans to expand its LNG terminals along the eastern coast, forming five major regional gas reserve groups. These developments are in line with China's projected gas consumption of up to 400 bcm per year by the end of the decade. Concurrently, China is developing a network of 34 coastal LNG receiving terminals, with an anticipated annual import capacity of 247 million tonnes by 2035, representing a threefold increase from current levels.

In line with the Group's collective understanding of the national policy on the Belt and Road Initiative, which was first presented by President Xi Jinping in 2013 with the goal of restoring the country's historic land and sea trade routes and enhancing economic connectivity between Asia, Europe and Africa. The Group is actively exploring business opportunities in the provision of a stable LNG supply, the management of LNG stations and consultancy services on construction projects in ASEAN countries in line with the government's Belt and Road Initiative. There are indications that Vietnam and the Philippines may start importing LNG to offset domestic gas declines.

The Group's current focus is on recovery, development and expansion of its Energy Business, as well as expansion of its emerging network and geographical footprint in line with China's recovery from the epidemic. While focusing on the LNG business, the Group will develop the pipeline gas market in northern China. It will leverage its solid relationships with upstream and downstream natural gas suppliers to provide safer, greener and more efficient natural gas resources to terminal customers. Additionally, the Group will seek opportunities to enter other overseas markets to expand its market presence.

The Group will pursue further growth through the formation of new joint ventures and mergers and acquisitions. This will include, but is not limited to, the provision of stable LNG supply and LNG supply station management services.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2024, cash and cash equivalents maintained by the Group were approximately RMB58.6 million, representing a decrease of 70.1% from approximately RMB196.1 million as at 31 December 2023.

Trade and other receivables were approximately RMB293.7 million, increased by 106.0% from approximately RMB142.5 million as at 31 December 2023, which mainly represented the effect of increase in prepayments to supplier.

Trade and other payables increased from approximately RMB113.9 million as at 31 December 2023 to approximately RMB126.3 million as at 30 June 2024, by 10.9%, mainly represented the increase in trade payables from the Energy Business.

Tax liabilities amounted to approximately RMB1.4 million as at 30 June 2024 and 31 December 2023.

As a result of the above mentioned, the Group's current assets and current liabilities as at 30 June 2024 were approximately RMB352.3 million and approximately RMB215.9 million (31 December 2023: approximately RMB338.6 million and approximately RMB210.0 million) respectively.

The Group had other loan and amount due to a shareholder of approximately RMB61.9 million and approximately RMB24.6 million as at 30 June 2024. Gearing ratio of the Group, measured as other loan and amount due to a shareholder to total equity, was 58.8% as at 30 June 2024 (31 December 2023: measured as bank borrowing and other loan to total equity, was 67.6%). The Group recorded net assets of approximately RMB147.1 million as at 30 June 2024 as compared to approximately RMB139.2 million as at 31 December 2023. The increase was mainly due to the reversal of allowance on trade receivable recorded during the Current Period. During the Current Period, the Group financed its operations mainly with the funds from its internal resources.

## **FUNDRAISINGS THROUGH ISSUANCE OF CONVERTIBLE BONDS**

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

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

On 16 November 2023, the Convertible Bonds matured and no Convertible Bonds have been converted into new conversion shares of the Company. Pursuant to the terms of the Subscription Agreement, all Convertible Bonds shall be repaid by the Company in Hong Kong dollars on the Maturity Date.

On Maturity Date, the Group did not pay the principal amount. For further details, please refer to the announcements of the Company dated 2 November 2020, 16 November 2020, 16 November 2023, 17 November 2023 published on the websites of the Stock Exchange and the Company and note 2 of the consolidated financial statements in Annual Report 2023.

On 20 May 2024, the Company and the bondholder of the Convertible Bonds has entered into a settlement agreement to vary the repayment terms of the Convertible Bonds and to settle such repayment in stages. For further details, please refer to the announcement of the Company dated 20 May 2024 published on the websites of the Stock Exchange and the Company.

## **USE OF PROCEEDS**

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

As at 30 June 2024, the Company has utilized approximately HK\$45.4 million (equivalent to approximately RMB41.4 million) for general working capital of the Group and approximately HK\$14.3 million (equivalent to approximately RMB13.0 million) for enhancement of the existing business of the Group.

Due to COVID-19, there had been slowdown in the general economy in 2020 to 2023, also travel restrictions measures significantly deferred the implementation of our expansion plans. As such, the Company was unable to fully utilise the net proceeds for the purpose of enhancement of the existing business of the Group by 2023.

As a result of the delay in the use of the net proceeds, the unutilised net proceeds are expected to be fully applied by the end of 2024.

The intended and actual use of proceeds from the issuance of Convertible Bonds up to 30 June 2024 is set out as follows:

Net proceeds raised	Proposed use of proceeds	Utilised proceeds up to 30 June 2024	Unutilised proceeds up to 30 June 2024	Expected timeline for use of unutilised proceeds
approximately HK\$97.5 million (equivalent to approximately RMB82.7 million)	(i) general working capital of the Group (50%)	approximately RMB41.4 million	Nil	N/A
	(ii) enhancement of the existing business of the Group (50%)	approximately RMB13.0 million	approximately RMB28.3 million	By 31 December 2024

## PLANS TO ADDRESS THE DISCLAIMER OPINION IN ANNUAL REPORT 2023

### (1) Execution of the Settlement Agreement and the Securities

The Group has entered into a settlement agreement with the convertible bond holder (the “CB Holder”) on 20 May 2024 (the “Settlement Agreement”), and concluded a repayment schedule of nine installments with principal repayment of approximately RMB4.55 million (equivalent to HK\$5.0 million) per instalment (collectively, the “Monthly Repayment Instalments”) and final principal repayment of approximately RMB48.08 million (equivalent to HK\$52.8 million) together with applicable interest payable by December 2024 (the “Final Repayment”).

Pursuant to the terms of the Settlement Agreement, the Company shall, as soon as practicable, procure its indirect wholly-owned subsidiary, Shanghai Ying Kai Investment Management Limited (上海盈愷投資管理有限公司), as the chargor to enter into and attend to the applicable registration(s) of a charge over the land-use rights of the properties situated in the PRC known as (a) Room 609, No. 1701 Beijing West Road, Shanghai, the PRC (北京西路1701號609室); and (b) Room 1604, No. 1701 Beijing West Road, Shanghai, the PRC (北京西路1701號1604室). Up to the date of approval of the condensed consolidated financial information, the Company is in the process for the charge of both properties.

Further, on 20 May 2024 and pursuant to the terms of the Settlement Agreement, Mr. Hu Yishi (the executive director and substantial shareholder of the Company) and Mr. Song Zhi Cheng (a substantial shareholder of the Company) has each entered into a deed of personal guarantee in favour of the CB Holder (collectively, the “Guarantees”). Pursuant to the Guarantees, each of Mr. Hu Yishi and Mr. Song Zhi Cheng has agreed to provide personal guarantee for an amount of not exceeding HK\$25,000,000 for the purpose of guaranteeing the indebtedness, obligations and liabilities of the Company to the CB Holder under the Settlement Agreement.



## **(2) Monthly Repayment Instalments**

For the purpose of settling the Monthly Repayment Instalments, the Group intends to make remittance from its PRC subsidiary to its Hong Kong subsidiary (the “Remittance”).

As mentioned in the Annual Report 2023, upon completion of the first round of remittance of funds in December 2023, the State Administration of Taxation of the PRC, as part of the post remittance procedure, has raised rounds of requisitions which required the Company to provide certain supporting information and documents. Up to the date of approval of the condensed consolidated financial information, the post remittance requisition procedure is still ongoing as the submitted documents are still reviewing by the State Administration of Taxation. The Company expects to complete the post remittance requisition procedure by end of October 2024.

Despite the post remittance requisition procedure, the Company has been paying the Monthly Repayment Instalments as per the Repayment Schedule on time. Up to the date of approval of the condensed consolidated financial information, the Group has repaid totaling RMB31.847 million (equivalent to HK\$35 million). During the period, Mr. Hu Yishi provided loans for the Company to repay the Monthly Repayment Instalments as per Repayment Schedule. In the event that the Company faces further delay in its remittance of funds, Mr. Hu Yishi would provide further loans to the Company for the purpose of repaying the Monthly Repayment Instalments as per Repayment Schedule.

## **(3) Final Repayment**

For the purpose of settling the Final Repayment, the Company is seeking for bank financing.

As at the date of approval of the condensed consolidated financial information, one of the subsidiaries of the Company, has executed a 貸款意向書 (the “MOU”) with a bank in the PRC (the “Bank”) in relation to a loan (the “Loan”). The Bank has preliminary approved the provision of the Loan. Approval letter (the “Bank Approval Letter”) from the Bank is subject to the Group’s provision of further documents. The Group is actively gathering the requested information as per the MOU. The Company intends to submit all the documents as requested by the Bank under the MOU as soon as practicable. Thereafter, subject to any further requests that the Bank may have, it is expected that the Bank Approval Letter will be executed by November 2024.

## **CAPITAL STRUCTURE**

During the Current Period, there is no change in capital structure. As at 30 June 2024, the Company had an aggregate of 3,666,936,000 shares of HK\$0.00125 each in issue.

## **DIVIDENDS**

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

## **FOREIGN CURRENCY EXPOSURE**

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

## **CONTINGENT LIABILITIES**

Details of the contingent liabilities of the Group are set out in note 24 of the interim financial information.

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

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

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

## **PLEDGE OF ASSETS**

As at 30 June 2024, the Group did not have any mortgage or charge over its assets (31 December 2023: Nil).

## **EMPLOYMENT AND REMUNERATION OF EMPLOYEES**

As at 30 June 2024, the Group has 29 full time employees in the PRC and 16 staffs in Hong Kong. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for reviewing and restructuring our existing business. The remuneration of the Group has maintained at competitive level with discretionary bonuses payable on a merit basis and in line with industrial practice. Apart from salary payments, other staff benefits provided by the Group includes mandatory provident fund, insurance schemes and performance related bonus.

## SHARE OPTION SCHEME

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

### (1) The Old Share Option Scheme

The share option scheme which was effective for a period of 10 years commencing on 12 December 2011 (the "Old Share Option Scheme") has expired on 12 December 2021. The share options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the Old Share Option Scheme. The Board may grant options to Directors and eligible employees and consultants of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options. Options granted must be taken up within 28 days from the date of grant, upon payment of HK\$1.00. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion. The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of option granted pursuant to the Old Share Option Scheme. The maximum number of shares which may be issued upon exercise of all options to be granted under the Old Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as "refreshed" must not exceed 10% of the shares in issue as at the date of approval of the limit. The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Old Share Option Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time.

During the year 2017, the Company granted 343,536,000 share options to the Company's Directors, employees and consultants at the exercise price of HK\$0.289 per option under the Old Share Option Scheme. On 9 June 2024, all outstanding share options of 209,480,000 options under the Old Share Option Scheme were expired and lapsed (31 December 2023: outstanding share options under the Old Share Option Scheme was 209,480,000), representing 5.7% of the shares of the Company in issue at that date.

## **(2) The New Share Option Scheme**

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

The New Share Option Scheme is valid and effective for a period of 10 years commencing on 14 September 2023 and may continue to be exercisable in accordance with their terms of issue. The Board may grant options to Directors, employees and service providers of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options. Options granted must be taken up within 21 days from the date of grant, upon payment of HK\$1.00. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion. The maximum number of shares of the Company which may be issued in respect of all share options and awards which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of shares as equals to 10% of the issued share capital of the Company as at the Adoption Date (the “Scheme Mandate Limit”). The Company may seek approval of the shareholders in general meeting to refresh the Scheme Mandate Limit under the New Share Option Scheme after 3 years from the Adoption Date (or the date of shareholders’ approval for the last refreshment), provided that the limit so refreshed must not exceed 10% of the relevant class of shares in issue as at the date of passing the relevant resolution.

On 11 December 2023, 366,688,000 share options have been granted under the New Share Option Scheme and remained outstanding as at 30 June 2024, representing 10% of the shares of the Company in issue at that date.

During the Current Period, no share options granted under the New Share Option Scheme were lapsed or cancelled in accordance with the terms of the scheme.

Upon adoption of the New Share Option Scheme, 366,688,000 share options were granted on 11 December 2023. As such, as at 1 January 2024 and 30 June 2024, the total number of share options available for grant under the scheme mandate limit (which is 366,693,600 shares, representing 10% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme) and the service provider sublimit (36,669,360 shares, representing 1% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme) of the New Share Option Scheme was 5,600.

As at 30 June 2024, no shares may be issued in respect of share options granted under the all schemes of the Company, as 209,480,000 share options granted under Old Share Option Scheme were lapsed on 9 June 2024 and 366,688,000 share options granted under New Share Option Scheme are not yet exercisable. During the Current Period, the weighted average number of ordinary shares in issue was 3,666,936,000. As such, as at 30 June 2024, the number of shares that may be issued in respect of share options granted under all schemes of the Company during the Current Period divided by the weighted average number of ordinary shares in issue of the Company was 0%.

Details of the movements of share options granted, exercised, cancelled or lapsed during the Current Period and outstanding as at 30 June 2024 are as follows:

	Number of share options						Exercise period	Closing price immediately before the date of grant	
	At 1 January 2024	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 June 2024		price HK\$	of grant HK\$
<b>Directors</b>									
Mr. Hu Yishi	2,880,000	—	—	—	(2,880,000)	—	9 June 2018 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	(2,880,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	(2,880,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
	3,664,000	—	—	—	—	3,664,000	11 December 2024 to 11 December 2033	0.160	0.160
Mr. Chan Wing Yuen, Hubert	11,448,000	—	—	—	(11,448,000)	—	9 June 2018 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	(11,448,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	(11,448,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
	3,664,000	—	—	—	—	3,664,000	11 December 2024 to 11 December 2033	0.160	0.160
Ms. Lin Min, Mindy	2,880,000	—	—	—	(2,880,000)	—	9 June 2018 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	(2,880,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	2,880,000	—	—	—	(2,880,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
	3,664,000	—	—	—	—	3,664,000	11 December 2024 to 11 December 2033	0.160	0.160
Ms. Kwong Wai Man, Karina	11,448,000	—	—	—	(11,448,000)	—	9 June 2018 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	(11,448,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	11,448,000	—	—	—	(11,448,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
	3,664,000	—	—	—	—	3,664,000	11 December 2024 to 11 December 2033	0.160	0.160
Ms. Ma Lee	1,144,000	—	—	—	(1,144,000)	—	9 June 2018 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	(1,144,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	(1,144,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
Mr. Lau Kwok Kee	1,144,000	—	—	—	(1,144,000)	—	9 June 2018 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	(1,144,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	1,144,000	—	—	—	(1,144,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
<b>Total Directors</b>	<b>107,488,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(92,832,000)</b>	<b>14,656,000</b>			
<b>Employees</b>	21,776,000	—	—	—	(21,776,000)	—	9 June 2018 to 9 June 2024	0.289	0.28
	26,776,000	—	—	—	(26,776,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	38,216,000	—	—	—	(38,216,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
	352,032,000	—	—	—	—	352,032,000	11 December 2024 to 11 December 2033	0.160	0.160
<b>Total Employees</b>	<b>438,800,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(86,768,000)</b>	<b>352,032,000</b>			
<b>Consultants</b>	1,664,000	—	—	—	(1,664,000)	—	9 June 2019 to 9 June 2024	0.289	0.28
	28,216,000	—	—	—	(28,216,000)	—	9 June 2020 to 9 June 2024	0.289	0.28
<b>Total Consultants</b>	<b>29,880,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(29,880,000)</b>	<b>—</b>			
<b>Total All Categories</b>	<b>576,168,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(209,480,000)</b>	<b>366,688,000</b>			
<b>Exercisable at the end of the period</b>	<b>209,480,000</b>					<b>—</b>			

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

At 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the ordinary shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

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

#### Notes:

- Mr. Hu Yishi ("Mr. Hu") is deemed to be interested in 448,000,000 shares held by Smart Lane Global Limited, and in 99,184,000 shares held by Front Riches Investments Limited, both companies were 100% controlled by Mr. Hu.
- Ms. Lin Min, Mindy ("Ms. Lin") is deemed to be interested in 448,000,000 shares held by Uprise Global Investments Limited and in 23,056,000 shares held by Gainup Limited respectively, both companies were 100% controlled by Ms. Lin. Ms. Lin also interested in 22,400,000 shares which beneficially owned by herself.

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

Name of Director	Nature of Interest	Number of underlying shares (Note)
Mr. Hu Yishi	Beneficial owner	3,664,000
Mr. Chan Wing Yuen, Hubert	Beneficial owner	3,664,000
Ms. Lin Min, Mindy	Beneficial owner	3,664,000
Ms. Kwong Wai Man, Karina	Beneficial owner	3,664,000

*Note:* The outstanding share options 14,656,000 were granted by the Company to Directors on 11 December 2023 at the exercise price of HK\$0.16 per option. The details of outstanding share options are shown under the section “Share Option Scheme” of this announcement.

Saved as disclosed above, as at 30 June 2024, none of the Directors or chief executives of the Company or their respective associates had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

### **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

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

### **DEED OF NON-COMPETITION**

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

### **SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY**

As at 30 June 2024, so far as is known to the Directors, the following persons not being the Directors or chief executives of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.



## Long position in ordinary shares and underlying shares of the Company

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

### Notes:

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

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

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other person other than the Directors and the chief executives of the Company who had, or was deemed to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

## **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

## **COMMUNICATION WITH SHAREHOLDERS**

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

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

The Company has adopted its code of conduct regarding the securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also has made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding the securities transactions by Directors for the six months ended 30 June 2024.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with all the code provisions under the Corporate Governance Code as set out in Appendix C1 of the GEM Listing Rules (the “Corporate Governance Code”) throughout the Current Period. The Board will continue to review regularly and take appropriate actions to comply with the Corporate Governance Code.

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

## **REVIEWED BY AUDIT COMMITTEE**

The Company established an audit committee (the “Audit Committee”) pursuant to a resolution of the Directors passed on 12 December 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the audit committee was adopted in compliance with paragraph D.3.3 of the Corporate Governance Code as set out in Appendix C1 to the GEM Listing Rules. The primary duties of the audit committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; oversee internal audit functions, internal control procedures and risk management matters of the Company.

As at 30 June 2024, the Audit Committee has three members comprising all the independent non-executive Directors, namely, Ms. Ma Lee (chairlady), Mr. Lau Kwok Kee and Mr. Wang Weijie. The Audit Committee had reviewed the results announcement and interim report for the six months ended 30 June 2024 and is of the opinion that the preparation of such statements complied with the applicable accounting standards and that adequate disclosures have been made. The Audit Committee also monitored the Company’s progress in implementing the code provisions of Corporate Governance Code as required under the GEM Listing Rules.

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT 2023**

Reference is made to the annual report for the year ended 31 December 2023 (the “Annual Report 2023”) of the Company. Unless otherwise defined, capitalised terms used in this section of the announcement have the same meaning as given to them in the Annual Report 2023.

### **Fundraising**

In addition to the disclosures under the section headed “Management discussion and Analysis — Fundraisings through issuance of convertible bonds — Use of Proceeds” in the Annual Report 2023, the Company would like to supplement additional information in relation to the use of proceeds of the Convertible Bonds pursuant to the disclosure requirements of rule 18.32(8)(c) of the GEM Listing Rules as below.

On 16 November 2020, the Company has issued the Convertible Bonds to New York Limited under general mandate. The net proceeds from the issue of the Convertible Bonds are approximately HK\$97.5 million (equivalent to approximately RMB82.7 million) (the “Net Proceeds”). The Net Proceeds were expected to be fully applied by 2023. As at 31 December 2023, RMB28.3 million remained unutilised (the “Unutilised Net Proceeds”).

As disclosed on Annual Report 2023 and the announcement of the Company in relation to the issue of the Convertible Bonds dated 2 November 2020, the Company intends to use the Net Proceeds as to 50% for general working capital of the Group and as to 50% for enhancement of the existing business of the Group. Due to COVID-19, there had been slowdown in the general economy in 2020 to 2023, also travel restrictions measures significantly deferred the implementation of our expansion plans. As such, the Company was unable to fully utilise the Net Proceeds for the purpose of enhancement of the existing business of the Group by 2023.

As a result of the delay in the use of the Net Proceeds, the Unutilised Net Proceeds are expected to be fully applied by the end of 2024.

### **Share schemes**

In addition to the disclosures under the section headed “Share Option Scheme” in the Report of Directors and note 33 to the consolidated financial statements as set out in the Annual Report 2023, the Company would like to supplement additional information in relation to the New Share Option Scheme pursuant to the disclosure requirements of Chapter 23 of the GEM Listing Rules as below.

During the Current Year, 3,000,000 share options granted under the Old Share Option Scheme were forfeited and lapsed due to the resignation of a staff. No share options granted under the New Share Option Scheme were lapsed in accordance with the terms of the schemes.

The Old Share Option Scheme expired on 12 December 2021 and the New Share Option Scheme was not adopted until 14 September 2023. As such, no share options were available for grant as at 1 January 2023. Upon adoption of the New Share Option Scheme, 366,688,000 share options were granted on 11 December 2023. As such, as at 31 December 2023, the total number of share options available for grant under the scheme mandate limit (which is 366,693,600 shares, representing 10% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme) and the service provider sublimit (36,669,360 share, representing 1% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme) of the New Share Option Scheme was 5,600.

As at 31 December 2023, the number of shares that may be issued in respect of share options granted under the all schemes of the Company (including the Old Share Option Scheme and the New Share Option Scheme) were 209,480,000. As at 31 December 2023, the weighted average number of ordinary shares in issue was 3,666,936,000; As such, as at 31 December 2023, the number of shares that may be issued in respect of share options granted under all schemes of the Company divided by the weighted average number of ordinary shares in issue of the Company was 6%.

During the Current Year, the remuneration committee of the Company (the “Remuneration Committee”) have reviewed the material matters relating to the schemes of the Company, including the grant of share options. As disclosed in the announcement of the Company dated 11 December 2023, the Company offered to grant 366,688,000 share options to 19 eligible participants, including Directors and chief executive of the Company, under the New Share Option Scheme (the “Grant”). In reviewing and approving the Grant, the Remuneration Committee took into account of (i) the experience of the grantees of the Grant (the “Grantees”) on the Group’s business; (ii) the length of service of the Grantees with the Group; (iii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Grantees has established with the Group; and (iv) the amount of support, assistance, guidance, advice, efforts and contributions the Grantees has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Grantees is likely to be able to give or make towards the success of the Group in the future. Having considered the above, the Remuneration Committee approved the grant on the basis that it aligns with the purpose of the New Share Option Scheme, and would be able to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants of the New Share Option Scheme (the “Eligible Participants”) and for such other purposes as the Board may approve from time to time, and to provide the Eligible Participants with the opportunity to acquire proprietary interests in

the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the shareholders as a whole.

By order of the Board  
**Zhonghua Gas Holdings Limited**  
**Chan Wing Yuen, Hubert**  
*Chief Executive Officer and Executive Director*

Hong Kong, 20 August 2024

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

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the day of its posting and on the website of the Company at <http://www.8246hk.com>.*