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天倫燃气
TIANLUN GAS

Tian Lun Gas Holdings Limited

天倫燃气控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1600)

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

Highlights of results for the six months ended 30 June 2024:

- Total gas sales volume was 1,100 million m³, representing a slight increase of 1.7% as compared with 1,082 million m³ for the same period of last year. Among the total gas sales volume, gas retail sales volume was 878 million m³, maintaining stability.
- Revenue was RMB3,835 million, representing a slight decrease of 3.3% as compared with RMB3,967 million for the same period of last year.
- Core profit for the Period amounted to RMB157 million, representing a decrease of 29.7% as compared with RMB223 million for the same period of last year. Excluding the factor of rural gasification business, core profit for the Period amounted to RMB167 million, representing a decrease of 24.6% as compared with RMB221 million for the same period of last year.
- The Board declared the payment of an interim dividend of RMB4.79 cents per share.

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited results of the Group for the six months ended 30 June 2024 (the “**Reporting Period**”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	Notes	RMB'000	RMB'000
		Unaudited	Unaudited
Revenue	2	3,834,807	3,966,651
Cost of sales		(3,291,460)	(3,344,545)
Gross profit		543,347	622,106
Distribution costs		(36,207)	(36,897)
Administrative expenses		(111,028)	(105,221)
Net impairment losses on financial assets and contract assets		(2,327)	(1,273)
Other income		2,982	7,232
Other losses — net	3	(19,178)	(33,808)
Operating profit		377,589	452,139
Finance income		5,373	5,417
Finance expenses		(193,349)	(196,719)
Finance expenses — net	6	(187,976)	(191,302)
Share of results of associates and a joint venture	9	21,509	17,372
Profit before income tax		211,122	278,209
Income tax expense	5	(67,709)	(80,579)
Profit for the Period		143,413	197,630
Profit attributable to:			
Owners of the Company		132,210	186,651
Non-controlling interests		11,203	10,979
		143,413	197,630

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2024

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		Unaudited	Unaudited
Profit for the Period		143,413	197,630
Other comprehensive income for the Period, net of tax		—	—
Total comprehensive income for the Period		<u>143,413</u>	<u>197,630</u>
Attributable to:			
Owners of the Company		132,210	186,651
Non-controlling interests		11,203	10,979
		<u>143,413</u>	<u>197,630</u>
Earnings per share for profit attributable to owners of the Company <i>(RMB per share)</i>			
— Basic earnings per share	7	0.14	0.19
— Diluted earnings per share	7	0.14	0.19
		<u>0.14</u>	<u>0.19</u>

The notes on pages 7 to 22 are an integral part of this unaudited interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2024

		Unaudited 2024 30 June RMB'000	Audited 2023 31 December RMB'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	8	3,786,874	3,756,751
Investment properties	8	37,261	38,663
Right-of-use assets	8	262,463	265,252
Intangible assets	8	4,801,848	4,859,397
Investments accounted for using the equity method	9	887,559	866,050
Deferred income tax assets		17,134	8,038
Financial assets at fair value through profit or loss	12(a)	—	11,057
Financial assets at fair value through other comprehensive income	11	41,800	41,800
Prepayments related to other non-current assets		100,244	98,800
		<hr/>	<hr/>
Total non-current assets		9,935,183	9,945,808
Current assets			
Inventories		188,607	180,839
Contract assets		1,926,094	2,141,420
Trade and other receivables	10	2,415,466	2,084,010
Financial assets at fair value through other comprehensive income	11	30,583	14,328
Financial assets at fair value through profit or loss	12(a)	191,938	160,567
Restricted cash		152,231	199,242
Cash and cash equivalents		1,264,593	964,310
		<hr/>	<hr/>
Total current assets		6,169,512	5,744,716
		<hr/>	<hr/>
Total assets		16,104,695	15,690,524
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INTERIM CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

30 June 2024

		Unaudited	Audited
		2024	2023
		30 June	31 December
	<i>Notes</i>	RMB'000	RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	<i>13(a)</i>	8,264	8,264
Treasury share	<i>13(b)</i>	(73,233)	(73,233)
Share premium	<i>13(a)</i>	81,317	81,317
Reserves		979,170	979,170
Retained earnings		4,831,321	4,804,155
		<hr/> 5,826,839	<hr/> 5,799,673
Non-controlling interests		<hr/> 308,333	<hr/> 312,148
Total equity		<hr/> 6,135,172 <hr/>	<hr/> 6,111,821 <hr/>

The notes on pages 7 to 22 are an integral part of this unaudited interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

30 June 2024

		Unaudited	Audited
		2024	2023
		30 June	31 December
	<i>Notes</i>	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	14	4,013,198	3,113,873
Deferred income		18,821	18,951
Lease liabilities		6,131	6,407
Deferred income tax liabilities	15	715,543	735,906
		<hr/>	<hr/>
		4,753,693	3,875,137
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	16	723,618	980,052
Lease liabilities		5,979	3,047
Dividend payables		24,036	29,553
Contract liabilities		500,185	612,176
Current income tax liabilities		373,540	391,157
Borrowings	14	3,588,472	3,687,581
		<hr/>	<hr/>
		5,215,830	5,703,566
		<hr/>	<hr/>
Total liabilities		9,969,523	9,578,703
		<hr/>	<hr/>
Total equity and liabilities		16,104,695	15,690,524
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 22 are an integral part of this unaudited interim condensed consolidated financial information.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2024

1 GENERAL INFORMATION OF THE GROUP

Tian Lun Gas Holdings Limited (the “**Company**”) was incorporated on 20 May 2010 in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands as an exempted company with limited liability. The Company is an investment holding company and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 November 2010.

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the engineering construction service by providing residential, commercial and industrial users with gas pipeline construction and infrastructure laying and installation and transportation, distribution and sales of gases including natural gas and compressed natural gas (“**CNG**”) and production and sales of liquefied natural gas (“**LNG**”) in bulk and in cylinders in certain cities of the People’s Republic of China (the “**PRC**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

This unaudited condensed consolidated interim financial information is presented in RMB unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 29 August 2024.

This condensed consolidated interim financial information is unaudited.

2 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the senior executive management team on monthly basis that are used to make strategic decisions.

The senior executive management team considers the business from a “product” perspective only, as geographically all the products are provided within the PRC, which is considered as one geographic location with similar risks and returns.

The reportable segments derive their revenue and profit primarily from sales of natural gas in cylinders, sales of natural gas in bulk and engineering construction services.

The senior executive management reviews the business performance by using the types of end-users who use its products. For sales made to residential customers, industrial and commercial customers, and transportation customers is classified as sales of natural gas in cylinders; sales to distribution users of city gas enterprises and gas source trading users are classified as natural gas wholesale business. The value added business and other miscellaneous income have been reviewed by the senior executive management, and its results are included in the section all other segments.

2 SEGMENT INFORMATION (Continued)

The senior executive management team assesses performance of the operating segments based on segment results which represent the profit before taxation earned by each segment without allocation of net impairment losses on financial assets and contract assets, other income, other (losses)/gains — net, finance expenses — net and share of results of associates and a joint venture, unallocated corporate expenses such as central administration costs and directors' salaries.

The Group does not allocate assets or liabilities to its segments, as the senior executive management team does not use this information to allocate resources to or evaluate the performance of operating segments. Therefore, the Group does not report a measure of segment assets and liabilities for each reportable segment.

The segment information provided to the senior executive management for the reportable segments for the six-month period ended 30 June 2024 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	2,587,049	640,964	386,994	400,113	(180,313)	—	3,834,807
Inter-segment revenue	—	—	—	180,313	(180,313)	—	—
Revenue from external customers	2,587,049	640,964	386,994	219,800	—	—	3,834,807
Segment profit	<u>158,259</u>	<u>18,143</u>	<u>165,615</u>	<u>79,229</u>	<u>—</u>	<u>—</u>	<u>421,246</u>
Unallocated expenses						(25,134)	(25,134)
Net impairment losses on financial assets and contract assets						(2,327)	(2,327)
Other income						2,982	2,982
Other losses — net						(19,178)	(19,178)
Operating profit							377,589
Finance expenses — net						(187,976)	(187,976)
Share of results of associates and a joint venture						<u>21,509</u>	<u>21,509</u>
Profit before income tax							211,122
Income tax expense						<u>(67,709)</u>	<u>(67,709)</u>
Profit for the Period							<u>143,413</u>

2 SEGMENT INFORMATION (Continued)

The segment information provided to the senior executive management team for the reportable segments for the six-month period ended 30 June 2023 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	2,581,431	620,902	566,072	398,404	(200,158)	—	3,966,651
Inter-segment revenue	—	—	—	200,158	(200,158)	—	—
Revenue from external customers	2,581,431	620,902	566,072	198,246	—	—	3,966,651
Segment profit	164,057	28,755	233,308	75,023	—	—	501,143
Unallocated expenses						(21,155)	(21,155)
Net impairment losses on financial assets and contract assets						(1,273)	(1,273)
Other income						7,232	7,232
Other losses — net						(33,808)	(33,808)
Operating profit							452,139
Finance expenses — net						(191,302)	(191,302)
Share of results of associates and a joint venture						17,372	17,372
Profit before income tax							278,209
Income tax expense						(80,579)	(80,579)
Profit for the Period							<u>197,630</u>

The principal subsidiaries of the Company are domiciled in the PRC. All the external revenue is derived from the PRC, and all the non-current assets are located in the PRC.

For the six months ended 30 June 2024, revenue from a single external customer amounted to approximately RMB181,469,000, representing 4.7% of the total revenue of the Group (six months ended 30 June 2023: RMB243,213,000, representing 6.1% of the total revenue of the Group). The revenue is attributable to the retail business of natural gas (six months ended 30 June 2023: engineering construction service and sales of natural gas in bulk).

3 OTHER LOSSES — NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Net exchange losses	(27,821)	(119,034)
(Losses)/gains on financial assets at fair value through profit or loss	(6,176)	79,102
Other gains	14,819	6,124
	<u>(19,178)</u>	<u>(33,808)</u>

4 PROFIT BEFORE INCOME TAX

The following items have been charged to the profit before income tax:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Raw materials and consumables used	2,955,831	2,861,377
Depreciation on property, plant and equipment (<i>Note 8</i>)	104,228	101,311
Depreciation on investment properties (<i>Note 8</i>)	1,429	1,471
Amortisation of right-of-use assets (<i>Note 8</i>)	7,238	5,212
Amortisation of intangible assets (<i>Note 8</i>)	63,001	62,807
(Gains) on disposal of property, plant and equipment and right-of-use assets	(14,707)	(1,543)

5 INCOME TAX EXPENSE

The amount of income tax expense charged to profit or loss represents:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Current income tax:		
— PRC corporate income tax	97,168	95,180
Deferred income tax	(29,459)	(14,601)
	67,709	80,579

All the Company's subsidiaries incorporated in the PRC are subject to the PRC corporate income tax, which has been provided based on the statutory income tax rate of the assessable income of each of such companies during the six months ended 30 June 2024 and 30 June 2023, as determined in accordance with the relevant PRC income tax rules and regulations. The CIT rate of the relevant subsidiaries operating in the PRC is 25% (six months ended 30 June 2023: 25%). Certain subsidiaries are entitled to the Development of the Western Regions CIT preferential policies and subject to a preferential CIT rate of 15% (six months ended 30 June 2023: 15%). Besides that, certain subsidiaries are also entitled to the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises CIT preferential policies and subject to a preferential CIT rate of 5% (six months ended 30 June 2023: 5%).

6 FINANCE EXPENSES — NET

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Finance income		
Income from bank deposits and bank financial products	(5,373)	(5,417)
Finance expenses		
Interest expense on borrowings	199,308	203,141
Leasing interests	297	234
Others	3,917	3,915
Less: amounts capitalised on qualifying assets	(10,173)	(10,571)
	<u>193,349</u>	<u>196,719</u>
	<u>187,976</u>	<u>191,302</u>

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024	2023
	Unaudited	Unaudited
Profit attributable to owners of the Company (<i>RMB'000</i>)	132,210	186,651
Weighted average number of ordinary shares in issue (<i>thousands</i>)	969,066	969,101
Basic earnings per share (<i>RMB per share</i>)	<u>0.14</u>	<u>0.19</u>

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2024, the Company had no dilutive potential shares (six months ended 30 June 2023: no dilutive).

8 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the Period, the changes of property, plant and equipment, investment properties, right-of-use assets and intangible assets of the Group are as follows:

	Property, plant and equipment	Investment properties	Right-of-use assets	Intangible assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the six months ended 30 June 2024					
Net carrying amount as at 1 January 2024	3,756,751	38,663	265,252	4,859,397	8,920,063
Additions	140,579	27	2,221	5,452	148,279
Transfer from property, plant and equipment	—	—	2,228	—	2,228
Transfer to right-of-use assets	(2,228)	—	—	—	(2,228)
Disposals	(4,000)	—	—	—	(4,000)
Depreciation charge	(104,228)	(1,429)	(7,238)	(63,001)	(175,896)
	<u>3,786,874</u>	<u>37,261</u>	<u>262,463</u>	<u>4,801,848</u>	<u>8,888,446</u>
For the six months ended 30 June 2023					
Net carrying amount as at 1 January 2023	3,646,105	41,576	268,115	4,980,409	8,936,205
Additions	140,228	—	—	2,955	143,183
Transfer from property, plant and equipment	—	—	3,507	—	3,507
Transfer to right-of-use assets	(3,507)	—	—	—	(3,507)
Disposals	(5,814)	—	—	—	(5,814)
Depreciation charge	(101,311)	(1,471)	(5,212)	(62,807)	(170,801)
	<u>3,675,701</u>	<u>40,105</u>	<u>266,410</u>	<u>4,920,557</u>	<u>8,902,773</u>

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Beginning of the period	866,050	801,015
Additions	—	184,889
Share of results of associates	32,841	34,667
Share of result of a joint venture	(11,332)	(17,295)
	<hr/>	<hr/>
End of the period	887,559	1,003,276
	<hr/> <hr/>	<hr/> <hr/>

The assets, liabilities and revenue of associates and a joint venture, all of which are unlisted, are shown below:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Assets	44,760,668	42,073,660
Liabilities	(39,256,059)	(36,971,409)
Revenue	912,789	806,771
Share of results of associates and a joint venture	21,509	17,372
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10 TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	Unaudited	Audited
Trade receivables	672,567	550,416
Receivables due from related parties	1,368,021	1,131,612
Less: provision for impairment	(171,901)	(169,574)
Notes receivables	35,335	44,586
Other receivables	125,775	102,203
Less: provision for impairment	(302)	(302)
Value-added-tax to be offset and prepaid income tax	24,727	35,625
	2,054,222	1,694,566
Prepayments	361,244	389,444
	2,415,466	2,084,010

The credit period generally granted to customers in relation to sales of gas is up to 2 months. As for customers in relation to engineering construction services, the Group generally requests advance payments, and in circumstances of credit sales, management closely monitors the credit quality of the customers, and the credit period is granted case by case with a maximum of 2 years in general. An aging analysis of trade receivables and receivables due from related parties in trade nature based on billing date is as follows:

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	Unaudited	Audited
Less than 1 year	1,594,503	1,363,006
1 year to 2 years	388,505	266,167
Over 2 years	43,984	39,259
	2,026,992	1,668,432

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	Unaudited	Audited
Non-current assets		
Equity instrument — unlisted		
— Gas industry equity interest (i)	41,800	41,800
	=====	=====
Current assets		
Debt instrument		
— Notes receivable (ii)	30,583	14,328
	=====	=====

- (i) The fair values of unlisted equity securities are calculated by using the market approach to determine the fair value of the assets by reference to the transaction prices, or “valuation multiples” implicit in the transaction prices, of identical or similar assets on the market, which results in these measurements being classified as Level 3 in the fair value hierarchy.
- (ii) Debt investments at fair value through other comprehensive income comprise notes receivable. The Group measures the fair value of the notes receivable within Level 3 of the fair value hierarchy using the discounted cash flow method, which gives rise to fair values approximating the cost.

12 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) Financial Assets at Fair Value through Profit or Loss

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	Unaudited	Audited
Non-current assets		
Cross currency swap and interest rate swap contracts (i)	—	11,057
Current assets		
Total return swap (the TRS) (ii)	176,256	82,037
Cross currency swap and interest rate swap contracts (i)	15,682	78,530
	191,938	160,567
	191,938	171,624

- (i) In order to deconcentrate the Group's foreign exchange risk among USD and its functional currency RMB, the Group entered into RMB/USD foreign exchange instruments contract. The foreign exchange instruments are measured at fair value at the end of the reporting period which is determined by reference to the prices as quoted by the counterparty financial institution.
- (ii) The Company entered into the TRS Transaction with the TRS Counterparty to hedge the risk of future share price appreciation in relation to the Share Award Scheme. The total Equity Notional Amount of the TRS Transaction is HK259,989,145. For details, please refer to the announcements of the Company dated 30 January 2024, 7 June 2024 and 17 June 2024.

The TRS Transaction is measured at fair value which is determined by reference to the quoted prices for similar assets in an active market.

13 SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

(a) Share capital and share premium

	Number of shares (Thousands)	Ordinary shares RMB'000 Unaudited	Share premium RMB'000 Unaudited	Total RMB'000 Unaudited
Issued and fully paid:				
As at 30 June 2024 (Nominal value of HK\$0.01 per share)	981,885	8,264	81,317	89,581
At 1 January 2024 (Nominal value of HK\$0.01 per share)	981,885	8,264	81,317	89,581

(b) Treasury shares

	Number of shares (Thousands)	Total RMB'000 Unaudited
At 1 January 2023	40,080	158,925
Repurchase of shares	881	3,199
Cancellation of shares	(28,142)	(88,891)
At 31 December 2023	12,819	73,233
At 1 January 2024	12,819	73,233
As at 30 June 2024	12,819	73,233

14 BORROWINGS

	30 June 2024	31 December 2023
	RMB'000	RMB'000
	Unaudited	Audited
Non-current	4,013,198	3,113,873
Current	3,588,472	3,687,581
	7,601,670	6,801,454

Changes in borrowings are analysed as follows:

	RMB'000
Opening balance at 1 January 2024	6,801,454
Proceeds from new loans	3,208,243
Less: financing expenses paid	(28,170)
Repayments of borrowings	(2,410,316)
Exchange losses	20,802
Amortisation of financing expenses	9,657
Closing balance as at 30 June 2024	7,601,670
	RMB'000
Opening balance as at 1 January 2023	7,203,064
Proceeds from new loans	1,576,954
Less: financing expenses paid	(365)
Repayments of borrowings	(1,429,579)
Exchange losses	133,450
Amortisation of financing expenses	7,701
Closing balance as at 30 June 2023	7,491,225

Interest expense on borrowings for the six months ended 30 June 2024 is RMB199,308,000 (six months ended 30 June 2023: RMB203,141,000).

15 DEFERRED INCOME TAX LIABILITIES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Balance as at 1 January	735,906	745,495
Credited to profit or loss	(20,363)	(10,547)
	<hr/>	<hr/>
Closing balance as at 30 June	715,543	734,948
	<hr/> <hr/>	<hr/> <hr/>

16 TRADE AND OTHER PAYABLES

	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Trade payables	282,335	344,181
Amounts due to related parties	5,473	6,689
Notes payable	107,000	219,308
Accrued payroll and welfare	2,620	7,676
Interest payables	22,743	16,090
Other taxes payables	239,619	289,631
Contingent consideration payables (i)	9,993	9,993
Other payables	53,835	86,484
	<hr/>	<hr/>
	723,618	980,052
	<hr/> <hr/>	<hr/> <hr/>

- (i) The fair values of contingent consideration payables were measured by the discounted method and included in Level 3 of the fair value hierarchy.

16 TRADE AND OTHER PAYABLES (Continued)

An aging analysis of trade payables and payables due to related parties in trade nature based on billing date is as follows:

	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
Less than 1 year	239,797	302,272
1 year to 2 years	17,891	15,298
2 years to 3 years	14,490	14,890
Over 3 years	10,157	11,721
	282,335	344,181

17 DIVIDENDS

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Final dividend for the year 2023 of RMB10.82 cents per share paid to ordinary shares (2022: RMB11.00 cents per share)	106,433	105,336

Pursuant to the resolutions of the Board on 29 August 2024, the Board of the Company recommended the payment of a total interim dividend of RMB47,032,000 (RMB4.79 cents per share) for the six months ended 30 June 2024 (for the six months ended 30 June 2023: a total of RMB66,965,000 (RMB6.82 cents per share)), and this interim dividend was not recognised as a liability in this interim financial information.

18 BASIS OF PREPARATION OF THE INTERIM REPORT

This interim condensed consolidated financial information for the half-year ended 30 June 2024 has been prepared in accordance with Accounting Standard HKAS 34 Interim Financial Reporting.

This interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended 31 December 2023 and all other public announcements made by the Group during the Period.

New and amended standards and interpretations' announcements adopted by the Group:

The International Accounting Standards Board issued the following amendments to standards, which became effective for the first time during this financial reporting period:

- To issue the *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* ("2020 Amendment") and complete the amendment to IAS 1.
- To issue the *Presentation of Financial Statements: Non-current Liabilities with Covenants* ("2022 Amendment") and complete the amendment to IAS 1.

The Group has not adopted any new standards or interpretations' announcements that are not effective in the current accounting period. The impacts of adopting the newly revised International Financial Reporting Standards are discussed as follows:

To issue the *Presentation of Financial Statements* ("2020 and 2022 Amendments", collectively referred to as "Amendments to IAS 1") and complete the amendment to IAS 1:

These amendments affected the way liabilities are classified as current liabilities or non-current liabilities, and these amendments need to be applied retrospectively.

The amendment in 2020 mainly clarified the classification of liabilities that can be settled using the issuer's own equity instruments. If the terms of a liability permit the counterparty to choose to settle the liability by transferring the issuer's own equity instruments, and the conversion option is accounted for as an equity instrument, then these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments will constitute the settlement of the liability and affect the classification.

The amendment in 2022 clearly stipulated that conditions to be complied with by the entity after the reporting date do not affect the classification of liabilities as current or non-current liabilities. However, entities should disclose information about non-current liabilities subject to such conditions in a complete set of financial statements.

After adopting the above amendments, the Group has reassessed the classification of liabilities into current and non-current and has not found any need for reclassification.

INDUSTRY REVIEW

The year 2024 comes as a critical year for realizing the objectives and tasks of the “14th Five-Year Plan” and marks the 10th anniversary of the in-depth implementation of the new energy security strategy marked by “four revolutions and one cooperation”. In the first half of the year, weathering the complex and severe big picture, China’s economy continued its pickup. The effects of China’s macro policies continued to work and external demand rebounded. In the first half of the year, the National Energy Administration issued the 2024 Energy Work Guidance(《2024年能源工作指導意見》), which pointed out that efforts shall be made to seek the coordinated development of new energy and traditional energy, prioritize the green and low-carbon transformation of energy and deepen the reform and innovation of energy. Under the current “dual-carbon” goal, natural gas serves as an energy source available to help achieve the goal of carbon neutrality, and it, thanks to flexibility and efficiency, supports the synergistic development of various energy sources, which will continue to play its part in the carbon peaking and even carbon neutrality. In the first half of the year, the State continued to expand the scale of natural gas supply and utilization to secure the orderly and sound development of the natural gas industry. Ramping up its energy, production and consumption reform, China saw accelerating new urbanization and the powerful advancement of the reform of the oil and gas system, leaving growing capacities for natural gas supply with better development quality and resilience. Natural gas is embracing its rapid development.

Over the past decade, China’s natural gas industry has continued to improve its system of production, supply, storage and marketing and solidly push forward the reform of institutions and mechanisms and market construction, which has yielded a doubled growth across the sectors above, together with remarkable performance in provision guarantee and price stability in the industry. In the first half of the year, China’s economy withstood the pressure imposed by the global economy and figured prominently as a “stabilizer” and “power source”, with GDP reaching RMB61.7 trillion, up 5.0% year on year, and the China’s economic operation witnessed steady progress. With the back-on-track production and living order and China’s macroeconomic recovery growth, natural gas production remains high and gas demand recorded a faster growth, which made possible the ongoing turnaround of China’s natural gas market. In the first half of the year, the national natural gas consumption reached 210.8 billion m³, up 8.7% year on year. Natural gas production stood at 123.5 billion m³, up 4.4% year on year. Natural gas imports were 90.2 billion m³, up 14.8% year on year. The long-term trend of natural gas consumption has gotten back on track for growth.

In 2024, the natural gas industry will commit itself to the new energy security strategy. To that end, it will continue to increase storage and production and work on the production, supply, storage and marketing system to ramp up the integration of natural gas and new energy for further development and better coordinate the high-quality development and high-level security for a solid foundation for energy security. Currently, China is working on energy transformation, which presents further space and opportunities for the development of natural gas. In the first half of the year, in order to promote the high-quality development of the natural gas industry, the National Development and Reform Commission issued the Measures for the Administration of Natural Gas Utilization (《天然氣利用管理辦法》), aiming to “regulate the use of natural gas, optimize the consumption structure, improve the efficiency of its use, promote its economic use, and safeguard energy security” as the goal and further guide the regulated and effective development of the natural gas market. Going forward, China’s natural gas industry will continue to follow the new energy security strategy. To do that, it will strengthen its ability of supply security, improve the market system and institutional construction, and stimulate the potential of the new quality productive force of the industry for higher-level and higher-quality development, providing strong support for guaranteeing national energy security and green and low-carbon transformation and accelerating the construction of a new energy system.

BUSINESS REVIEW

For the six months ended 30 June 2024, the Group has always followed the corporate vision of “committing to the cause of people’s livelihood and building a brand with enduring success” and fulfilled the mission of “improving our living environment through developing clean energy”. While focusing on the core business of providing high-quality natural gas, we will accelerate the trend towards cleaner, lower carbon and distributed transformation and develop integrated energy services aligning with our core gas business to further the transformation from “gas” to “energy”.

The key results and operating data of the Group for the six months ended 30 June 2024 and their comparison against the figures for the same period of last year are as follows:

	Six months ended 30 June		
	2024	2023	Change
Revenue (<i>RMB'000</i>)	3,834,807	3,966,651	(3.3)%
Gross profit (<i>RMB'000</i>)	543,347	622,106	(12.7)%
Profit attributable to owners of the Company (<i>RMB'000</i>)	132,210	186,651	(29.2)%
Weighted average number of shares (<i>'000</i>)	969,066	969,101	0.0%
Earnings per share — basic (<i>RMB</i>)	0.14	0.19	(26.3)%
New pipeline gas customers:	130,092	148,894	(12.6)%
— City gas residential customers (<i>households</i>)	126,757	138,094	(8.2)%
— Rural gasification residential customers (<i>households</i>)	1,432	9,333	(84.7)%
— Industrial and commercial customers (<i>households</i>)	1,903	1,467	29.7%
Total pipeline gas customers:	5,730,017	5,443,209	5.3%
— City gas residential customers (<i>households</i>)	3,720,643	3,447,405	7.9%
— Rural gasification residential customers (<i>households</i>)	1,960,641	1,952,025	0.4%
— Industrial and commercial customers (<i>households</i>)	48,733	43,779	11.3%
Natural gas sales volume (<i>in ten thousand m³</i>):	110,020	108,215	1.7%
Sales volume of retail business of natural gas (<i>in ten thousand m³</i>)	87,781	87,180	0.7%
— Natural gas sales volume to residential customers (<i>in ten thousand m³</i>)	28,168	26,670	5.6%
— Natural gas sales volume to industrial and commercial customers (<i>in ten thousand m³</i>)	55,165	55,870	(1.3)%
— Natural gas sales volume to transportation customers (<i>in ten thousand m³</i>)	4,448	4,640	(4.1)%
Sales volume of wholesale business of natural gas (<i>in ten thousand m³</i>)	22,239	21,035	5.7%
Long-haul pipeline gas transmission volume (<i>in ten thousand m³</i>)	30,935	33,897	(8.7)%
Total length of medium and high-pressure pipelines (<i>kilometre</i>)	9,332	9,003	3.7%

Gas Source Optimization

In the first half of the year, natural gas demand in Asia recorded an 8% year-on-year growth, whose main driver was China thanks to its domestic industrial recovery, increased commercial activity and rising gas use. In the first half of the year, the Group refreshed its efforts to enhance the competitiveness of its gas sources and work on source optimization to maximize the availability of low-priced and sufficient gas sources from various perspectives, including resource acquisition, pipeline construction and gas storage for supply peak adjustment. Furthermore, the Group has improved its ability to coordinate the supply of gas sources by establishing an interconnected gas source network for the operating regions where synergies can be generated. As of 30 June 2024, the Group's total length of medium and high-pressure pipelines reached 9,332 kilometers.

Value-added Services

In the first half of the year, the Group vigorously expanded its value-added services business. In addition to traditional value-added businesses such as modification business, gas appliance sales and insurance business, the Company also actively built its own brand and co-built its own brand production base, so as to form a win-win cooperation model between suppliers and Tianlun. At the same time, the Company continued to promote technological innovation, optimize product system, and promote the coordinated development of online and offline channels. As at 30 June 2024, the Group's revenue from value-added business amounted to RMB181 million, representing an increase of 18.4% compared with RMB153 million for the same period of last year, while gross profit amounted to RMB81 million, representing an increase of 6.6% compared with RMB76 million for the same period of last year.

FINANCIAL REVIEW

During the Period, the Group's revenue amounted to RMB3,835 million, representing a slight decrease of 3.3% as compared with RMB3,967 million for the same period of last year. The margin was RMB543 million, representing a year-on-year decrease of 12.7% as compared with RMB622 million for the same period of last year. Overall gross profit margin was 14.2%. Profit attributable to owners of the Company amounted to RMB132 million, representing a year-on-year decrease of 29.2% as compared with RMB187 million for the same period of last year. Basic earnings per share amounted to RMB0.14, representing a year-on-year decrease of 26.3% as compared with RMB0.19 for the same period of last year.

Revenue from Engineering Construction Services

During the Reporting Period, the Group's revenue from engineering construction services amounted to RMB387 million, representing a year-on-year decrease of 31.6% as compared with RMB566 million for the same period of last year.

Revenue from Gas Retail Business

For the six months ended 30 June 2024, revenue from retail business of the Group amounted to RMB2,587 million, maintaining the same as the same period of last year.

Revenue from Gas Wholesale Business

For the six months ended 30 June 2024, revenue from wholesale business of the Group amounted to RMB641 million, representing a year-on-year increase of 3.2% as compared with RMB621 million for the same period of last year.

Revenue from Other Business

Most of the revenue from other business comes from value-added services. During the Reporting Period, the Group continued to enrich the product range of value-added business and promote the personalised modification business, which contributed to a revenue of RMB220 million from other business, representing an increase of 10.9% as compared with RMB198 million for the same period of last year.

Gross Profit and Profit

During the Reporting Period, the Group realized gross profit of RMB543 million, representing a year-on-year decrease of 12.7% as compared with RMB622 million for the same period of last year. Overall gross profit margin of the Group was 14.2%, slightly lower to the same period of last year.

Distribution Cost and Administrative Expenses

The Group's distribution cost for the Reporting Period was RMB36 million, and administrative expenses were RMB111 million.

Other Losses — Net

During the Reporting Period, other losses — net of the Group amounted to RMB19 million, representing a decrease of RMB15 million as compared with the same period of last year.

Finance Expenses — Net

During the Reporting Period, finance expenses — net of the Group amounted to RMB188 million, representing a decrease of RMB3 million as compared with RMB191 million for the same period of last year.

Share of Results of Associates and a Joint Venture

During the Reporting Period, the Group's share of profit after tax of associates and a joint venture amounted to RMB22 million.

Profit for the Period

During the Reporting Period, excluding other losses — net and impairment losses on financial and contract assets, net, the adjusted core profit amounted to RMB157 million, representing a decrease of 29.7% as compared with RMB223 million for the same period of last year. Excluding the factor of rural gasification business, core profit for the Period amounted to RMB167 million, representing a decrease of 24.6% as compared with RMB221 million for the same period of last year.

During the Reporting Period, profit for the Period of the Group amounted to RMB143 million, representing a decrease of 27.4% as compared with RMB198 million for the same period of last year.

Net Profit Attributable to Owners of the Company

During the Reporting Period, net profit attributable to owners of the Company was RMB132 million, representing a year-on-year decrease of 29.2% as compared with the same period of last year.

Financial Position

The Group has been adopting prudent policies in respect of financial resources management, including maintaining an appropriate level of cash and cash equivalents as well as sufficient credit limits, in order to cope with the needs of daily operation and business development and control the borrowing at a healthy level.

For the six months ended 30 June 2024, the Group incurred capital expenditure of RMB147 million, which was used for continuously improving businesses of city gas and long-haul pipeline. The above capital expenditure was financed by the Group's operating cash flows and bank borrowings.

As at 30 June 2024, the Group held cash and cash equivalents of RMB1,265 million in total (among which 99.8% was denominated in RMB, 0.2% was denominated in HK dollars), so as to safeguard the capital needs for the project expansion and acquisition of business of the Group.

As at 30 June 2024, the Group's total borrowings were RMB7,602 million, among which loans denominated in RMB were RMB4,740 million, loans denominated in HK dollars were RMB1,582 million and loans denominated in US dollars were RMB1,280 million. Among those borrowings, 52.8% of which were classified as non-current liabilities, and 47.2% of which were classified as current liabilities. As at 30 June 2024, the gearing ratio of the Group, calculated based on the percentage of total liabilities over total assets, was 61.9%.

Finance Cost and Exchange Risk Management

For the six months ended 30 June 2024, the Group's interest expense on borrowings was RMB199 million, representing a decrease of 1.9% as compared with the same period of last year.

As of 30 June 2024, the Group's borrowings denominated in foreign currencies accounted for 37.6% of its total borrowings. The Group will continue to closely monitor the changes in exchange rates and strive to lower its finance costs through diversified arrangements, and will adopt necessary measures to lower its exchange risk as and when necessary.

OUTLOOK

The world is facing accelerating changes never seen in a century, which advances social progress and economic development as whole. Looking into the second half of 2024, China will continue its momentum from rapid growth to high-quality development, which will sustain China's international economic leadership, serving as an important stabilizer and engine driving world economic growth.

Furthermore, China is moving forward faster to plan and construct a new type of energy system for high-quality energy development that is safe and stable, economically efficient, clean and low-carbon. Down the road, China will align itself with the long-term goal of carbon peaking and carbon neutrality to coordinate safe energy supply and green and low-carbon development for greater new results in the development of renewable energy.

Embracing new development pictures and new development issues, in the second half of the year, we will take the initiative to seek changes and adjust our business initiatives based on the current realities. This aims to stretch the execution capability and adaptability thanks to the efficient organizational structure, and only by strengthening the work on a sustainable business system can we seize and make good use of the opportunities and win the initiative for future development. At the same time, we will be also prepared for the response to the long-term complex and volatile business profiles. That requires all employees to keep hard work to play their own job value with their mind and actions focusing on the corporate development for improved quality and efficiency, aiming to steadily improve the profitability of the gas group.

While underscoring the high-quality development of the gas business, we will demonstrate the social responsibility as a responsible first-class urban gas enterprise. We're always convinced that safety underpins the presence and development of gas companies. To that end, we will stay focused on gas safety and joint efforts based on consensus to improve internal management mechanisms and strengthen digital technology empowerment. This aims to build a strong safety line of defense and improve the quality of investigation and remediation and the level of safety across the board to take further the efforts in safety.

In terms of other business segments, in the first half of the year, we stood up to shoulder a heavy burden to align with the trend and sought to respond to the initiative, and presented a high-quality development paper with solid efforts and performance. In the future, we will proceed with confidence and learn from the advanced to find ways to secure robust and steady growth in results throughout the year.

Moving forward, we will also continue to play an exemplary role in fulfilling our social responsibilities. Utilities, concerning the national economy and people's livelihood, work as fundamental guarantees in numerous important industries and key areas. Therefore, we will fulfill our social responsibility for the long haul as the front-runner and vanguard in serving society and securing people's livelihoods. The Group will create greater value and contribute more to accelerate the construction of an ecological civilization system and promote rural revitalization across the board to embody a new role and show a new performance in the new era.

PURCHASE, SELL OR REDEEM ANY LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDENDS

The Group has established a long-term steady dividend policy. Pursuant to the resolutions of the Board on 29 August 2024, the Board declared the payment of an interim dividend for the six months ended 30 June 2024 of RMB4.79 cents per share (the “**Interim Dividend**”).

The Interim Dividend will be paid in Hong Kong dollars on or about Friday, 29 November 2024 to the shareholders whose names appear on the register of members of the Company on Thursday, 31 October 2024. Further announcement will be made by the Company in relation to the exact amount of the Interim Dividend in Hong Kong dollars when the conversion rate for Renminbi to Hong Kong dollars to be adopted has been determined by the Board.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the shareholders' entitlement to the proposed Interim Dividend, the register of members of the Company will be closed from Monday, 28 October 2024 to Thursday, 31 October 2024 (both days inclusive).

In order to be qualified for the entitlement to the proposed Interim Dividend, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 25 October 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries made to all the Directors, each of them confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company has adopted and been in compliance with the code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules during the Reporting Period.

AUDIT COMMITTEE

During the Reporting Period, the audit committee of the Company (the “**Audit Committee**”) consisted of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Mr. Lei Chunyong and Ms. Zhou Lin. The Audit Committee has reviewed this announcement and the unaudited consolidated financial statements of the Group for the Reporting Period.

INTERIM REPORT

The Company’s interim report for the Reporting Period will be published on the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company’s website (www.tianlungas.com), and copies of the interim report will be dispatched to the shareholders of the Company in due course.

By order of the Board
Tian Lun Gas Holdings Limited
Zhang Yingcen
Chairman

Zhengzhou, the PRC, 29 August 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan (Chief Executive), Mr. Liu Min and Ms. Li Tao; the non-executive Directors are Ms. Chen Hong and Mr. Zhang Daoyuan; and the independent non-executive Directors are Mr. Li Liuqing, Ms. Ou Yaqun, Mr. Lei Chunyong and Ms. Zhou Lin.