



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

(Incorporated in the Cayman Islands with limited liability)  
08246.HK

2021 Interim Report  
二零二一年中期報告



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

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**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.**

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*This report, 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 the 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 report 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 report misleading.*



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# Corporate Information

## Board of Directors

### Executive Directors

Mr. Hu Yishi (*Executive Chairman*)  
Mr. Chan Wing Yuen, Hubert (*Chief Executive Officer*)  
Ms. Lin Min, Mindy  
Ms. Kwong Wai Man, Karina (*Chief Financial Officer*)

### Independent non-executive Directors

Ms. Ma Lee  
Mr. Lau Kwok Kee  
Ms. Qin Xuwen

## Company Secretary

Mr. Wong Lok Man (appointed on 24 June 2021)  
Mr. Lam Shun Yip (resigned on 24 June 2021)

## Compliance Officer

Mr. Chan Wing Yuen, Hubert

## Board Committees

### Audit Committee

Ms. Ma Lee (*Chairlady*)  
Mr. Lau Kwok Kee  
Ms. Qin Xuwen

### Remuneration Committee

Ms. Ma Lee (*Chairlady*)  
Ms. Lin Min, Mindy  
Mr. Lau Kwok Kee  
Ms. Qin Xuwen

### Nomination Committee

Ms. Ma Lee (*Chairlady*)  
Ms. Lin Min, Mindy  
Mr. Lau Kwok Kee  
Ms. Qin Xuwen

## Authorised Representatives

Mr. Chan Wing Yuen, Hubert  
Ms. Kwong Wai Man, Karina

## Registered Office

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman KY1-1111,  
Cayman Islands

## Principal Place of Business in Hong Kong

23/F,  
Chinachem Century Tower,  
178 Gloucester Road,  
Wan Chai,  
Hong Kong

## Share Registrar and Transfer Office in Cayman Islands

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

## Hong Kong Share Registrar

**Boardroom Share Registrars (HK) Limited**  
Room 2103B, 21/F, 148 Electric Road,  
North Point,  
Hong Kong

## Legal Advisers to the Company

Angela Ho & Associates  
Conyers Dill & Pearman

## Auditor

RSM Hong Kong

## Principal Bankers

The Hong Kong & Shanghai Banking Corporation Limited  
Huaxia Bank  
Shanghai Pudong Development Bank  
Bank of China Limited

## Company Website

<http://www.8246hk.com>

## GEM Stock Code

8246

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 2021 (the “Current Period”), together with the unaudited comparative figures for the six months ended 30 June 2020 (the “Corresponding Period”) as follows:

## Financial Highlights

	For the six months ended 30.6.2021		For the six months ended 30.6.2020		Increase/ (decrease)
	RMB'000	HK\$'000 <sup>a</sup>	RMB'000	HK\$'000 <sup>a</sup>	
Revenue	<b>216,837</b>	<b>260,595</b>	68,762	75,281	215.3%
Gross (loss)/profit <sup>(b)</sup>	<b>(3,924)</b>	<b>(4,716)</b>	186	204	(2,209.7%)
Loss and total comprehensive income for the period	<b>(123,572)</b>	<b>(148,509)</b>	(20,273)	(22,195)	509.5%
Loss and total comprehensive income attributable to owners of the Company	<b>(109,896)</b>	<b>(132,073)</b>	(19,412)	(21,252)	466.1%
Loss before tax	<b>(128,876)</b>	<b>(154,883)</b>	(20,945)	(22,931)	515.3%
Loss before tax and depreciation	<b>(121,632)</b>	<b>(146,177)</b>	(14,767)	(16,167)	723.7%
Loss per share basic and diluted	<b>RMB(0.030)</b>	<b>HK\$(0.036)</b>	RMB(0.005)	HK\$(0.005)	500.0%
Dividend	<b>Nil</b>	<b>Nil</b>	Nil	Nil	N/A

  

	As at 30.6.2021		As at 31.12.2020		(Decrease)
	RMB'000	HK\$'000 <sup>a</sup>	RMB'000	HK\$'000 <sup>a</sup>	
Total assets	<b>441,121</b>	<b>530,139</b>	595,030	707,015	(25.9%)
Net assets	<b>230,977</b>	<b>277,588</b>	354,549	421,275	(34.9%)
Cash and cash equivalents	<b>62,915</b>	<b>75,611</b>	85,484	101,572	(26.4%)
Equity attributable to owners of the Company	<b>192,730</b>	<b>231,623</b>	302,626	359,580	(36.3%)

<b>Key Financial Indicators</b>	<b>For the six months ended 30.6.2021/ As at 30.6.2021</b>	For the six months ended 30.6.2020/ As at 31.12.2020
Gross (loss)/profit margin <sup>(b)</sup>	<b>(1.8%)</b>	0.3%
Net loss margin <sup>(c)</sup>	<b>(57.0%)</b>	(29.5%)
Loss on average equity <sup>(d)</sup>	<b>(44.4%)</b>	(4.8%)
Current ratio (times) <sup>(e)</sup>	<b>2.9</b>	3.7
Net gearing ratio <sup>(f)</sup>	<b>36.1%</b>	27.2%

Notes:

- (a) The calculation of gross (loss)/profit is based on revenue minus cost of sales.
- (b) The calculation of gross (loss)/profit margin is based on gross (loss)/profit divided by revenue.
- (c) The calculation of net loss margin is based on loss for the period divided by revenue.
- (d) The calculation of loss on average equity is based on loss attributable to the 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 total debt divided by total equity.
- # Converted to HK\$ at exchange rate of RMB1 = HK\$1.2018 on 30 June 2021 for reference.
- \* Converted to HK\$ at exchange rate of RMB1 = HK\$1.0948 on 30 June 2020 for reference.
- △ Converted to HK\$ at exchange rate of RMB1 = HK\$1.1882 on 31 December 2020 for reference.

# Independent Review Report

## TO THE BOARD OF DIRECTORS OF ZHONGHUA GAS HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

### Introduction

We have reviewed the interim financial information of Zhonghua Gas Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 7 to 28, which comprises the condensed consolidated statement of financial position as at 30 June 2021 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### RSM Hong Kong

*Certified Public Accountants*

Hong Kong

10 August 2021

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

	NOTES	Six months ended	
		30.6.2021 RMB'000 (unaudited)	30.6.2020 RMB'000 (unaudited)
Revenue	5	216,837	68,762
Cost of sales		(220,761)	(68,576)
<b>Gross (loss)/profit</b>		<b>(3,924)</b>	186
Other income	6	5,728	11,311
Other gains	7	8,823	24
Allowance for impairment of trade receivables		(126,904)	(19,380)
Administrative expenses		(12,452)	(13,022)
<b>Loss from operations</b>		<b>(128,729)</b>	(20,881)
Finance costs	8	(147)	(64)
<b>Loss before tax</b>		<b>(128,876)</b>	(20,945)
Income tax credit	10	5,304	672
<b>Loss and total comprehensive income for the period</b>	11	<b>(123,572)</b>	(20,273)
<b>Attributable to:</b>			
Owners of the Company		(109,896)	(19,412)
Non-controlling interests		(13,676)	(861)
		<b>(123,572)</b>	(20,273)
<b>Loss per share attributable to owners of the Company</b>	13		
Basic		<b>RMB(0.030)</b>	RMB(0.005)
Diluted		<b>RMB(0.030)</b>	RMB(0.005)



# Condensed Consolidated Statement of Financial Position

At 30 June 2021

	NOTES	30.6.2021 RMB'000 (unaudited)	31.12.2020 RMB'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	60,920	57,862
Investment properties	15	9,910	9,910
Right-of-use assets	16	7,308	5,181
Rental deposits		689	341
Deferred tax assets		7,952	3,954
<b>Total non-current assets</b>		<b>86,779</b>	77,248
<b>Current assets</b>			
Trade and other receivables	17	291,427	432,298
Cash and cash equivalents		62,915	85,484
<b>Total current assets</b>		<b>354,342</b>	517,782
<b>TOTAL ASSETS</b>		<b>441,121</b>	595,030
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	3,678	3,678
Reserves		189,052	298,948
		192,730	302,626
Non-controlling interests		38,247	51,923
<b>TOTAL EQUITY</b>		<b>230,977</b>	354,549
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		4,381	3,079
Convertible bonds	19	83,382	96,420
<b>Total non-current liabilities</b>		<b>87,763</b>	99,499
<b>Current liabilities</b>			
Trade and other payables	20	116,784	119,957
Amount due to a related company		1,001	1,802
Contract liabilities		1,570	14,714
Lease liabilities		3,019	2,111
Income tax payables		7	2,398
<b>Total current liabilities</b>		<b>122,381</b>	140,982
<b>TOTAL LIABILITIES</b>		<b>210,144</b>	240,481
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>441,121</b>	595,030
<b>NET CURRENT ASSETS</b>		<b>231,961</b>	376,800

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Special reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>At 1 January 2020 (audited)</b>	3,635	38,232	25,193	528	354,504	422,092	64,370	486,462
Total comprehensive income for the period	—	—	—	—	(19,412)	(19,412)	(861)	(20,273)
Exercise of share options	31	9,915	(2,857)	—	—	7,089	—	7,089
Recognition of equity-settled share based payments	—	—	1,820	—	—	1,820	—	1,820
Changes in equity for the period	31	9,915	(1,037)	—	(19,412)	(10,503)	(861)	(11,364)
<b>At 30 June 2020 (unaudited)</b>	3,666	48,147	24,156	528	335,092	411,589	63,509	475,098
<b>At 1 January 2021 (audited)</b>	<b>3,678</b>	<b>50,935</b>	<b>23,998</b>	<b>—</b>	<b>224,015</b>	<b>302,626</b>	<b>51,923</b>	<b>354,549</b>
Total comprehensive income for the period	—	—	—	—	(109,896)	(109,896)	(13,676)	(123,572)
Changes in equity for the period	—	—	—	—	(109,896)	(109,896)	(13,676)	(123,572)
<b>At 30 June 2021 (unaudited)</b>	<b>3,678</b>	<b>50,935</b>	<b>23,998</b>	<b>—</b>	<b>114,119</b>	<b>192,730</b>	<b>38,247</b>	<b>230,977</b>

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Six months ended	
	30.6.2021 RMB'000 (unaudited)	30.6.2020 RMB'000 (unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash used in operations	(6,225)	(9,546)
Income tax paid	(1,085)	(8,771)
Net cash used in operating activities	(7,310)	(18,317)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,670)	—
Increase in rental deposits paid	(13)	(398)
Interest income on bank deposits received	72	14
Net cash used in investing activities	(8,611)	(384)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of interest of convertible bonds	(3,259)	—
Payment of lease liabilities	(1,485)	(803)
Proceeds from exercise of share options	—	7,089
Interest paid on lease liabilities	(147)	(64)
Decrease in amount due to a related company	(801)	—
Net cash (used in)/generated from financing activities	(5,692)	6,222
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(21,613)</b>	<b>(12,479)</b>
Effect of foreign exchange rate charges	(956)	24
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>85,484</b>	<b>19,607</b>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>62,915</b>	<b>7,152</b>

# Notes to the Interim Financial Information

For the six months ended 30 June 2021

## 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 new energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, coupled with trading of new energy related industrial products and liquefied natural gas ("LNG") ("New Energy Business"); and
- (ii) the leasing of investment properties located in Shanghai, China ("Property Investments").

## 2. BASIS OF PREPARATION

This interim financial information is unaudited and has been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. It was authorised for issue on 10 August 2021.

This interim financial information should be read in conjunction with the 2020 annual financial statements, which were prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the IASB. IFRSs comprises International Financial Reporting Standards ("IFRS"); IAS; and Interpretations. 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 this interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2020.

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies applied in this interim financial information are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020. In the current interim period, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective from 1 January 2021 but these developments do not have a material effect on this interim financial information.

A number of new IFRSs and amendments to IFRSs is effective from 1 January 2021 and earlier application is permitted. The Group has not early adopted any new IFRSs or amendments to IFRSs that are not effective for the current interim period.

## 4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's assets and 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 2021 and 2020, 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.

The following table shows the carrying amounts and fair value of assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current period the fair value disclosure of lease liabilities is also not required.

### (a) Disclosures of level in fair value hierarchy:

Description	Fair value measurements as at 30 June 2021 Level 3 RMB'000 (unaudited)
<b>Recurring fair value measurements:</b>	
<b>Financial assets</b>	
<b>Investment properties</b>	
Commercial units — the People's Republic of China (the "PRC") (note 15)	9,910
<b>Recurring fair value measurements:</b>	
<b>Financial liabilities</b>	
Convertible bonds (note 19)	83,382

## 4. FAIR VALUE MEASUREMENTS (CONTINUED)

### (a) Disclosures of level in fair value hierarchy: (Continued)

Description	Fair value measurements as at
	31 December 2020
	Level 3
	RMB'000
	(audited)

#### Recurring fair value measurements:

##### Financial assets

##### Investment properties

Commercial units – the PRC (note 15)	9,910
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#### Recurring fair value measurements:

##### Financial liabilities

Convertible bonds (note 19)	96,420
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### (b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020:

The Group's Financial Controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes and reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Financial Controller and the Board of Directors regularly.

For level 3 fair value measurements, the following valuation techniques were applied:

#### (i) *Investment properties*

Income approach by capitalising the net rental income of the properties derived from the existing leases and leases of similar properties in close proximity.

#### (ii) *Convertible bonds*

Binomial model by taking into account of risk-free rate, historical volatility of the Company, and discount rate with reference to market comparable corporate bonds with similar maturity and credit risk under market approach.

#### 4. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020: (Continued)

*Level 3 fair value measurements*

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 30 June 2021 RMB'000 (unaudited)
<b>(i) Investment properties</b>					
Commercial units – the PRC	Income approach	Average monthly rental of the properties derived from the existing leases and leases of similar properties in close proximity	RMB6.4 per square metre	Increase	<b>9,910</b>
		Discount rate	5%	Decrease	
<b>(ii) Convertible bonds</b>					
Convertible bonds	Binomial model	Risk-free rate	0.22%	Decrease	<b>83,382</b>
		Historical volatility of the Company	37.61%	Increase	
		Discount rate	18%	Decrease	

## 4. FAIR VALUE MEASUREMENTS (CONTINUED)

### (b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021 and 31 December 2020: (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation techniques	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2020 RMB'000 (audited)
<b>(i) Investment properties</b>					
Commercial units – the PRC	Income approach	Average monthly rental of the properties derived from the existing leases and leases of similar properties in close proximity	RMB6.4 per square metre	Increase	9,910
		Discount rate	5%	Decrease	
<b>(ii) Convertible bonds</b>					
Convertible bonds	Binomial model	Risk-free rate	0.12%	Decrease	96,420
		Historical volatility of the Company	45.84%	Increase	
		Discount rate	24%	Decrease	

### (c) The reconciliations of investment properties and convertible bonds measured at fair value based on Level 3 are stated at notes 15 and 19 to the interim financial information.

Gains recognised in profit or loss are presented in other gains in the condensed consolidated statement of profit or loss and other comprehensive income.



## 5. REVENUE

Revenue from each type of business for the six months ended 30 June 2021 and 2020 is as follows:

	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>New Energy Business</b>		
Trading of LNG	<b>216,593</b>	68,510
<b>Property Investments</b>	<b>244</b>	252
	<b>216,837</b>	68,762
	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Time of revenue recognition</b>		
At a point in time	<b>216,593</b>	68,510
Over time	<b>244</b>	252
	<b>216,837</b>	68,762

Contract liabilities of RMB14,592,000 recognised at 1 January 2021 was recognised as revenue for the six months ended 30 June 2021.

## 6. OTHER INCOME

	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Rental and operation management service income	<b>5,367</b>	5,486
Government subsidies (note)	<b>51</b>	5,702
Interest income on bank deposits	<b>72</b>	14
Others	<b>238</b>	109
	<b>5,728</b>	11,311

Note: For the six months ended 30 June 2021, the Group received subsidies of RMB51,000 (for the six months ended 30 June 2020: RMB5,562,000) from the PRC's local government for encouragement of its New Energy Business. There were no other specific conditions attached to the incentives and, therefore the Group recognised the incentives upon receipt.

For the six months ended 30 June 2020, the Group also received subsidies of RMB140,000 related to Employment Support Scheme from the Government of Hong Kong Special Administrative Region which was a time-limited compensation for expenses incurred without unfulfilled conditions during the economic instability under pandemic of novel coronavirus.

## 7. OTHER GAINS

	Six months ended	
	30.6.2021	30.6.2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net foreign exchange (loss)/gain	(18)	24
Fair value gains of convertible bonds (note 19)	8,841	—
	<b>8,823</b>	<b>24</b>

## 8. FINANCE COSTS

	Six months ended	
	30.6.2021	30.6.2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on lease liabilities	147	64

## 9. 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) New 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 (loss)/profit of each segment without allocation of administrative expenses, finance costs, other income, other gains, allowance for impairment of trade receivables, and income tax credit. 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 (losses)/gains 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.

## 9. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2021 and 2020 is as follows:

### Six months ended 30 June 2021

	New Energy Business RMB'000 (unaudited)	Property Investments RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	216,593	244	216,837
Cost of sales	(220,761)	—	(220,761)
Segment results	(4,168)	244	(3,924)
Other income			5,728
Other gains			8,823
Allowance for impairment of trade receivables			(126,904)
Administrative expenses			(12,452)
Finance costs			(147)
Income tax credit			5,304
Loss for the period			(123,572)

### Six months ended 30 June 2020

	New Energy Business RMB'000 (unaudited)	Property Investments RMB'000 (unaudited)	Total RMB'000 (unaudited)
Revenue	68,510	252	68,762
Cost of sales	(68,576)	—	(68,576)
Segment results	(66)	252	186
Other income			11,311
Other gains			24
Allowance for impairment of trade receivables			(19,380)
Administrative expenses			(13,022)
Finance costs			(64)
Income tax credit			672
Loss for the period			(20,273)

## 10. INCOME TAX CREDIT

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

	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Current tax</b>		
Provision for the period — the PRC	—	(3,038)
Over-/ (under-) provision in prior periods	<b>1,306</b>	(5)
	<b>1,306</b>	(3,043)
<b>Deferred tax</b>	<b>3,998</b>	3,715
	<b>5,304</b>	672

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the six months ended 30 June 2021 and 2020.

No provision for PRC Corporate Income Tax was required since the Group had no assessable profits for the six months ended 30 June 2021. PRC Corporate Income Tax has been provided at a rate of 25% for the six months ended 30 June 2020, except for a subsidiary eligible to be a "Small and Low-profit Enterprise" under PRC Corporate Income Tax Law to enjoy a beneficial rate of 20%.

Tax charged on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

## 11. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging:

	<b>Six months ended</b>	
	<b>30.6.2021</b>	30.6.2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Directors' and chief executive's emoluments	<b>1,944</b>	2,758
Salaries and other allowances, excluding those of Directors	<b>3,748</b>	4,048
Retirement benefit scheme contributions, excluding those of Directors	<b>577</b>	314
Equity-settled share-based payments, excluding those of Directors	—	1,290
<b>Total staff costs</b>	<b>6,269</b>	8,410
Auditors' remuneration	<b>209</b>	184
Depreciation of property, plant and equipment	<b>5,612</b>	5,357
Less: included in cost of sales	<b>(5,166)</b>	(5,166)
	<b>446</b>	191
Depreciation of right-for-use assets	<b>1,632</b>	821
Cost of inventories recognise as an expense	<b>215,595</b>	63,410

## 12. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the six months ended 30 June 2021 and 2020.

## 13. LOSS PER SHARE

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

	Six months ended	
	30.6.2021	30.6.2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Loss attributable to owners of the Company</b>		
Loss for the purpose of calculating basic and diluted loss		
per share	<b>(109,896)</b>	(19,412)
	Six months ended	
	30.6.2021	30.6.2020
	'000	'000
	(unaudited)	(unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the		
purpose of calculating basic and diluted loss per		
share	<b>3,622,136</b>	3,597,402

The computation of diluted loss per share for the six months ended 30 June 2021 did not assume the exercises of the Company's outstanding share options and convertible bonds (for the six months ended 30 June 2020: outstanding share options) as these are anti-dilutive.

## 14. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2021, the Group acquired property, plant and equipment of RMB8,670,000, mainly related to items of motor vehicles.

## 15. INVESTMENT PROPERTIES

	30.6.2021	31.12.2020
	RMB'000	RMB'000
	(unaudited)	(audited)
At beginning and end of the period/year	<b>9,910</b>	9,910

The Group's investment properties are situated in the PRC and held under medium-term leases. The lease terms of leases whereby the Group leases out its investment properties under operating leases are two years (31 December 2020: two years).

Valuations of the Group's investment properties as at 30 June 2021 and 31 December 2020 were performed by the management of the Group and Masterpiece Valuation Advisory Limited respectively to assist on the fair value determinations using income approach by capitalising the net rental income of the properties derived from the existing leases and leases of similar properties in close proximity.

## 16. RIGHT-OF-USE ASSETS

For the six months ended 30 June 2021, the Group entered into several new lease arrangements of one to three years with an aggregated amount of RMB3,864,000. The balance as at 30 June 2021 relates to office premises.

## 17. TRADE AND OTHER RECEIVABLES

	<b>30.6.2021</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2020 RMB'000 (audited)
Trade receivables	<b>282,296</b>	366,344
Other receivables and deposits	<b>9,131</b>	65,954
	<b>291,427</b>	432,298

### Trade receivables

	<b>30.6.2021</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2020 RMB'000 (audited)
Trade receivables	<b>536,152</b>	493,296
Less: allowance for impairment of trade receivables	<b>(253,856)</b>	(126,952)
	<b>282,296</b>	366,344

For the construction related and consultancy services under New Energy Business, the settlement period is generally within one to two year after the completion of construction related and consultancy services.

For the trading of industrial products and LNG under New Energy Business, the credit period granted to customers are 60 to 180 days.

The aging analysis of trade receivables net of allowance for impairment of 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>30.6.2021</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2020 RMB'000 (audited)
0–60 days	<b>82,301</b>	75,361
61–180 days	<b>47,939</b>	73,416
181–270 days	<b>22,923</b>	29,337
271 days–1 year	<b>70,181</b>	71,168
Over 1 year but within 2 years	<b>58,952</b>	117,062
Over 2 years	—	—
	<b>282,296</b>	366,344

## 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

### Other receivables and deposits

	<b>30.6.2021</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2020 RMB'000 (audited)
Prepayments to suppliers	<b>2,074</b>	45,260
Prepayments for operating expenses	<b>621</b>	747
Value-added and other taxes' credits	<b>6,357</b>	6,791
Rental deposits	<b>15</b>	396
Other receivables	<b>64</b>	510
Bills receivables	—	12,250
	<b>9,131</b>	65,954

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

## 18. SHARE CAPITAL

	<b>2021 and 2020</b>		
	<b>Number of shares</b>	<b>HK\$'000</b>	<b>RMB'000</b>
	'000		
Authorised:			
Ordinary shares of HK\$0.00125 each			
At 1 January (audited) and 30 June (unaudited)	64,000,000	80,000	—
Issued and fully paid:			
Ordinary shares of HK\$0.00125 each			
At 1 January 2020 (audited)	3,585,032	4,482	3,635
Exercise of share options (note 21) (note)	27,104	34	31
At 30 June 2020 (unaudited)	3,612,136	4,516	3,666
At 1 January 2021 (audited) and 30 June 2021 (unaudited)	3,622,136	4,528	3,678

Note: For the six months ended 30 June 2021, none of the share options with exercise price of HK\$0.10125 granted on 25 November 2014 was exercised (for the six months ended 30 June 2020: none was exercised), and none of the share options with exercise price of HK\$0.289 granted on 9 June 2017 was exercised (for the six months ended 30 June 2020: 27,104,000 new shares was issued and allotted upon exercise). The gross proceeds from the exercise of share options are HK\$Nil (equivalent to RMBNil) (for the six months ended 30 June 2020: HK\$7,833,000 (equivalent to RMB7,089,000)).

## 19. CONVERTIBLE BONDS

On 16 November 2020, the Group issued convertible bonds with a principal amount of HK\$97,800,000, bearing interest at a coupon rate of 8% per annum payable semi-annually, at a consideration of HK\$97,800,000 to New York Limited, a company wholly owned by Kai Yuan Holdings Limited listed on the Main Board of the Stock Exchange (the "Subscriber"), of which Mr. Hu Yishi (the Executive Director of the Company) as a substantial shareholder having no control or significant influence and Ms. Lin Min, Mindy (the Executive Director of the Company and the spouse of Mr. Hu Yishi) as also deemed to be a substantial shareholder having no control or significant influence. The Subscriber has the option to convert the convertible bonds into ordinary shares of the Company on or after 16 November 2020 up to and including 16 November 2023 at an initial conversion price of HK\$0.27 per share, subject to adjustments from certain terms and conditions. Any convertible bonds not converted will be redeemed on 16 November 2023 at 100% of the principal amount.

The convertible bonds was designated and initially recognised as financial liabilities at fair value through profit or loss, and the valuations of which were performed by Avista Valuation Advisory Limited, an independent qualified professional valuer engaged by the Group to assist on the fair value determination as at 30 June 2021 and 31 December 2020 using Binomial model.

The movement of the convertible bonds is as follows:

	<b>RMB'000</b>
At 16 November 2020 (date of issuance) (audited)	83,000
Fair value losses	14,166
Exchange difference	(746)
At 31 December 2020 (audited) and 1 January 2021 (audited)	96,420
Payment of interest	(3,259)
Fair value gains (note 7)	(8,841)
Exchange difference	(938)
At 30 June 2021 (unaudited)	83,382

## 20. TRADE AND OTHER PAYABLES

	<b>30.6.2021</b>	31.12.2020
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Trade payables	<b>109,095</b>	111,231
Accruals	<b>95</b>	346
Other payables	<b>7,303</b>	8,057
Employee benefits payable	<b>137</b>	79
Other taxes payable	<b>154</b>	244
	<b>116,784</b>	119,957



## 20. TRADE AND OTHER PAYABLES (CONTINUED)

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>30.6.2021</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2020 RMB'000 (audited)
0-30 days	<b>99</b>	3,043
31-60 days	<b>57</b>	—
61-90 days	<b>20</b>	—
91-180 days	<b>297</b>	11,779
Over 180 days	<b>108,622</b>	96,409
	<b>109,095</b>	111,231

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

## 21. SHARE-BASED PAYMENTS

### Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") 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 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 the Scheme. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 10% of the shares in issue from time to time.

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. The Scheme is valid and effective for a period of 10 years commencing on 30 December 2011 and may continue to be exercisable in accordance with their terms of issue.

The Scheme has become effective on 12 December 2011.

## 21. SHARE-BASED PAYMENTS (CONTINUED)

### Equity-settled share option scheme (Continued)

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 the exercise price of HK\$0.10125 each after the share subdivision on 20 May 2016). 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 30 June 2021, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 257,280,000 (30 June 2020: 267,280,000), representing 7.1% (30 June 2020: 7.4%) of the shares of the Company in issue at that date.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price	Fair value at grant date
<b>Option to Directors</b>				
Option A	25/11/2014	25/11/2014– 24/11/2021	HK\$0.10125*	HK\$0.0501*
Option C <sup>(note 1)</sup>	09/06/2017	09/06/2018– 09/06/2024	HK\$0.289	HK\$0.1262
Option D <sup>(note 2)</sup>	09/06/2017	09/06/2019– 09/06/2024	HK\$0.289	HK\$0.1273
Option E <sup>(note 3)</sup>	09/06/2017	09/06/2020– 09/06/2024	HK\$0.289	HK\$0.1287
<b>Option to employees</b>				
Option B	25/11/2014	25/11/2014– 24/11/2021	HK\$0.10125*	HK\$0.0455*
Option I <sup>(note 1)</sup>	09/06/2017	09/06/2018– 09/06/2024	HK\$0.289	HK\$0.1117
Option J <sup>(note 2)</sup>	09/06/2017	09/06/2019– 09/06/2024	HK\$0.289	HK\$0.1170
Option K <sup>(note 3)</sup>	09/06/2017	09/06/2020– 09/06/2024	HK\$0.289	HK\$0.1219
<b>Option to consultants <sup>(note 4)</sup></b>				
Option F <sup>(note 1)</sup>	09/06/2017	09/06/2018– 09/06/2024	HK\$0.289	HK\$0.1320
Option G <sup>(note 2)</sup>	09/06/2017	09/06/2019– 09/06/2024	HK\$0.289	HK\$0.1320
Option H <sup>(note 3)</sup>	09/06/2017	09/06/2020– 09/06/2024	HK\$0.289	HK\$0.1320

## 21. SHARE-BASED PAYMENTS (CONTINUED)

### Equity-settled share option scheme (Continued)

Notes:

- Option vested upon the first anniversary of the date of granted, being 9 June 2018, which shall be exercisable immediately until expiry of the period from 9 June 2018 to 9 June 2024 (both dates inclusive).
  - Option vested upon the second anniversary of the date of granted, being 9 June 2019, which shall be exercisable immediately until expiry of the period from 9 June 2019 to 9 June 2024 (both dates inclusive).
  - Option vested upon the third anniversary of the date of granted, being 9 June 2020, which shall be exercisable immediately until expiry of the period from 9 June 2020 to 9 June 2024 (both dates inclusive).
  - Equity-settled share-based payments to consultants are initially recognised and subsequently accounted for resembling to accounting policy for equity-settled share-based payments to certain Directors and employees taking into consideration by the management of the Group the services rendered from the consultants to be in substance as the outputs from employees.
- \* Adjusted by Share Subdivision on 20 May 2016.

The following table discloses movement of the Company's share options during the six months ended 30 June 2021 and 2020:

Option type	Outstanding at 1 January		Granted	Exercised	Forfeited	Outstanding at 30 June	
	2021 '000 (audited)	'000 (unaudited)				2021 '000 (unaudited)	'000 (unaudited)
Option A	44,800	—	—	—	—	44,800	
Option B	—	—	—	—	—	—	
Option C	30,944	—	—	—	—	30,944	
Option D	30,944	—	—	—	—	30,944	
Option E	30,944	—	—	—	—	30,944	
Option F	—	—	—	—	—	—	
Option G	1,664	—	—	—	—	1,664	
Option H	28,216	—	—	—	—	28,216	
Option I	22,776	—	—	—	—	22,776	
Option J	27,776	—	—	—	—	27,776	
Option K	39,216	—	—	—	—	39,216	
	<b>257,280</b>	—	—	—	—	<b>257,280</b>	
Exercisable at the end of the period	<b>257,280</b>					<b>257,280</b>	
Weighted average exercise price (HK\$)	<b>0.256</b>	—	—	—	—	<b>0.256</b>	

## 21. SHARE-BASED PAYMENTS (CONTINUED)

### Equity-settled share option scheme (Continued)

Option type	Outstanding	Granted	Exercised	Forfeited	Outstanding
	at 1 January				at 30 June
	2020	'000	'000	'000	2020
	'000	'000	'000	'000	'000
	(audited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Option A	44,800	—	—	—	44,800
Option B	—	—	—	—	—
Option C	30,944	—	—	—	30,944
Option D	30,944	—	—	—	30,944
Option E	30,944	—	—	—	30,944
Option F	—	—	—	—	—
Option G	5,328	—	(3,664)	—	1,664
Option H	28,216	—	—	—	28,216
Option I	27,776	—	(5,000)	—	22,776
Option J	46,216	—	(18,440)	—	27,776
Option K	49,216	—	—	—	49,216
	294,384	—	(27,104)	—	267,280
Exercisable at the end of the period	186,008				267,280
Weighted average exercise price (HK\$)	0.262	—	0.289	—	0.258

In respect of the share options exercised for the six months ended 30 June 2020, the weighted average share price at the date of exercise is HK\$0.2897.

The Group recognised the total expense of RMB1,820,000 for the six months ended 30 June 2020 in relation to share options granted by the Company.

## 22. CONTINGENT LIABILITIES

As at 30 June 2021 and 31 December 2020, the Group did not have any material contingent liabilities.

## 23. RELATED PARTY TRANSACTIONS

- (a) Apart from the related party balance disclosed below, the Group had no other transactions with its related parties for the six months ended 30 June 2021 and 30 June 2020.

### Related party balance

	<b>30.6.2021</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2020 RMB'000 (audited)
Amount due to a related company	<b>1,001</b>	1,802

順盈貿易(上海)有限公司 is a related company indirectly held by Mr. Hu Yishi (the Executive Director of the Company). The balance is for funding the initial set-up of a subsidiary engaging in the trading of LNG in Shanghai, China.

- (b) The remuneration of the Directors and key management members of the Group during the period was as follows:

	<b>Six months ended</b>	
	<b>30.6.2021</b> <b>RMB'000</b> <b>(unaudited)</b>	30.6.2020 RMB'000 (unaudited)
Directors' fee	<b>579</b>	637
Salaries and other allowances	<b>1,302</b>	2,586
Retirement benefit scheme contributions	<b>63</b>	126
Equity-settled share-based payments	<b>—</b>	544
	<b>1,944</b>	3,893

## 24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

# Management Discussion and Analysis

## BUSINESS REVIEW

For the six months ended 30 June 2021 (the “Current Period”), the Group’s total revenue amounted to approximately RMB216.8 million, registering a sharp increase of 215.3% from approximately RMB68.8 million for the six months ended 30 June 2020 (the “Corresponding Period”), primarily driven by the new liquefied natural gas (“LNG”) trading operation in Shanghai which have been set up during the third quarter of 2020.

However, gross profit margin dropped from 0.3% to a gross loss margin of 1.8% as the LNG price competition among market players remained intense, along with the continuous poor market condition that led to a thin profit margin and the gross profit could not cover the fixed cost. A net loss after tax of approximately RMB123.6 million was recorded as compared with approximately RMB20.3 million for the Corresponding Period. This was mainly attributable to the allowance for impairment of trade receivables of approximately RMB126.9 million for the Current Period, from approximately RMB19.4 million for the Corresponding Period. Loss attributable to the owners of the Company was approximately RMB109.9 million as compared approximately RMB19.4 million for the Corresponding Period.

### New Energy Business

The Group strived to develop its New Energy Business during the Current Period and continued to dedicate its efforts to ensuring a smooth operation amid the difficult operating environment via optimizing costs and securing a stable supply of LNG for customers. The only source of revenue contributing to the New Energy Business was from LNG supply although the keen LNG price competition and fluctuation resulted in lower gross profit and dragged the profit-making capability. Despite this, the Group facilitated the progress of LNG supply development outside of the Group’s main base in Tianjin and the new LNG business driver established in Shanghai contributed around two-third of total revenue for the Current Period. The Group planned to continue to develop the Shanghai business engine and grow it into a major business point that contributes revenue to the Group.

The general demand for integrated new energy products and services remained low. There was no new service contracts nor new projects secured from the construction related and consultancy services in relation to heat supply in the New Energy Business during the reporting period. The coal to gas conversion in Tianjin district has also come to a saturated state. The Group has been cautiously assessing the situation and reviewing its strategies accordingly.

Eyeing on reaching out to the European markets, the Group continued to maintain strategic partnerships with Tractebel Engineering S.A. from France and several other vital partners in a hope to meet with potential clients to explore collaboration opportunities.

### Property Investments

The Group owned two office premises on Beijing Road West, Jing An District in Shanghai as at the end of 30 June 2021. Both premises continued to be on medium term lease and generated long-term stable rental income for the Group.

## FINANCIAL REVIEW

### Revenue

For the Current Period, revenue of the Group amounted to approximately RMB216.8 million, representing an increase of 215.3% from approximately RMB68.8 million for the Corresponding Period. The increase was mainly attributable to the increase in revenue of approximately RMB148.1 million from New Energy Business during the Current Period with a new LNG supply location in Shanghai during the third quarter of 2020.

### Cost of Sales

The cost of sales for New Energy Business amounted to approximately RMB220.8 million (Corresponding Period: approximately RMB68.6 million). The increase mainly attributable to the increase in cost from New Energy Business with a new LNG supply location in Shanghai during the third quarter of 2020.

### Gross (Loss)/Profit Margin

Gross (loss)/profit represents revenue less cost of sales. Gross margin of the New Energy Business segment decreased from gross loss margin of 0.1% for the Corresponding Period to gross loss margin of 1.9% for the Current Period, mainly due to the intense price competition and price fluctuation of LNG led to a thin gross profit margin which could not cover the fixed direct cost during the Current Period.

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

### Other Gains

Other gains of approximately RMB8.8 million were recorded in the Current Period as compared to other gains of approximately RMB0.02 million in the Corresponding Period, mainly due to the fair value gains of Convertible Bonds of approximately RMB8.8 million recognised in the Current Period (Note 19 of the interim financial information).

### Administrative Expenses

Administrative expenses decreased by 4.4% from approximately RMB13.0 million for the Corresponding Period to approximately RMB12.5 million for the Current Period. The decrease was owing to a reduction in the amortized cost of share-based payment expenses in the Current Period in connection with the grant of share options in June 2017 which vested in June 2020.

## **Income Tax Credit**

Income tax credit was recorded approximately RMB5.3 million (Corresponding Period: income tax credit approximately RMB0.7 million). It was derived from the effect of deferred tax asset provided on the allowance for impairment of trade receivables and over-provision of PRC income tax in prior periods.

## **Loss and Total Comprehensive Income Attributable to Non-controlling Interests**

Non-controlling interests decreased by 1,488.4% from net loss attributable to non-controlling interest of approximately RMB0.9 million for the Corresponding Period to approximately RMB13.7 million for the Current Period. This was mainly attributable to the net loss recorded by the non-wholly owned subsidiaries in Tianjin for the Current Period.

## **Loss and Total Comprehensive Income Attributable to the Owners of the Company**

Loss and total comprehensive income attributable to the owners of the Company recorded a decrease by 466.1% from loss of approximately RMB19.4 million for the Corresponding Period to loss of approximately RMB109.9 million for the Current Period. Basic and diluted loss per share were both RMB3.0 cents, as compared to basic and diluted loss per share of RMB0.5 cents for the Corresponding Period.

## **Related Party Transactions and Connected Transactions**

During the Current Period, all transactions as set out in note 23 of the interim financial information were entered into by the Group in the ordinary and usual course of business and on normal commercial terms.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2021, cash and cash equivalent maintained by the Group were approximately RMB62.9 million, representing a decrease of 26.4% from approximately RMB85.5 million as at 31 December 2020.

Trade and other receivables were approximately RMB291.4 million, decreased by 32.6% from approximately RMB432.3 million as at 31 December 2020, which mainly represented the increase in trade receivables in LNG supply business net off the effect of allowance for impairment of trade receivables and collection of trade receivables.

Trade and other payables decreased from approximately RMB120.0 million as at 31 December 2020 to approximately RMB116.8 million as at 30 June 2021, by 2.6%, which mainly represented the decrease in trade payables from the New Energy Business.

Tax liabilities decreased from approximately RMB2.4 million as at 31 December 2020 to approximately RMB0.01 million as at 30 June 2021, by 99.7%, due to that settlement of tax payable for last year and over-provision of PRC income tax in prior periods.

As a result, the Group's current assets and current liabilities as at 30 June 2021 were approximately RMB354.3 million and RMB122.4 million (31 December 2020: approximately RMB517.8 million and RMB141.0 million) respectively.



The Group has no bank borrowings as at 30 June 2021. Gearing ratio of the Group, measured as total debt to total equity, was 36.1% as at 30 June 2021 (31 December 2020: 27.2%). The Group recorded net assets of approximately RMB231.0 million as at 30 June 2021 as compared to approximately RMB354.5 million as at 31 December 2020. The decrease was mainly due to the net loss recorded during the Current Period. During the Current Period, the Group financed its operations mainly with the funds from issuance of the Convertible Bonds and its internal resources.

## PROSPECTS

The year of 2021 continued to pose challenges for the businesses around the world. Although the Group went through many challenges during this pandemic storm, it also presented new opportunities for the Group. The Group believes that the growth potentials of the new energy sector will remain robust thanks to the favorable national environmental protection policies and measures in the PRC. The second quarter of 2021 has also seen a 7.9% growth in GDP in the PRC from the previous year, implicating a steady economic recovery to be on track.

While tackling with the difficulties caused by COVID-19, the Group will endeavor to expand its sales channels, set up tactical plans to consolidate business scale, explore deeper into project development opportunities and strengthen its marketing tactics to enhance the Group's market foothold. The Group will aggressively deepen mutual understanding of elite industry players in order to line up new collaboration. With a clear goal of growing the New Energy Business, the Group is ready to grasp any opportunities to expand in the market, while adhering to the promotion of clean and low-carbon development in society.

Meanwhile, the new capital generated from the issue of Convertible Bonds enabled the Group to gain the necessary capital for exploring development opportunities to strengthen its existing core businesses and facilitate potential strategic alliances. Aside from the new Shanghai LNG supply location, the Group targets to step up on enlarging its LNG supply network to other districts of the PRC and keep on pursuing progress through new joint ventures and merger and acquisition. Seizing new alliance with domestic and overseas LNG suppliers outside of its main base in Tianjin will be essential to the Group's business expansion.

At this stage, it is still uncertain how much longer the COVID-19 pandemic will impact on the Group's businesses. Nevertheless, the Group is convinced that its solid regional presence in the PRC and deep-rooted market position will aid in navigating the upcoming challenges and lead the business back to normal level as soon as possible. The Group will stay focused to expand its New Energy Business and aggressively seize new energy related projects and widen its business scopes in various areas to create additional income sources. In addition, the Group will implement a set of comprehensive business strategies to ensure a smooth operation in the post-pandemic times and continuously enhance its corporate value through careful and well-planned expansion in order to bring stable returns to its shareholders.

## FUNDRAISINGS THROUGH ISSUANCE OF CONVERTIBLE BONDS

On 16 November 2020, 3-year Convertible Bonds were issued by the Company to 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.

As at 30 June 2021, no Convertible Bonds have been converted into new conversion shares of the Company.

For further details, please refer to the announcements of the Company dated 2 November 2020 and 16 November 2020 published on the websites of the Company and the Stock Exchange.

## 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 2021, the Company has utilized approximately HK\$23.5 million (equivalent to approximately RMB19.5 million) for general working capital of the Group and approximately HK\$15.7 million (equivalent to approximately RMB13.0 million) for enhancement of the existing business of the Group.

The intended and actual use of proceeds from the issuance of Convertible Bonds up to 30 June 2021 is set out as follows:

Net proceeds raised	Proposed use of proceeds	Utilised proceeds up to 30 June 2021	Unutilised proceeds up to 30 June 2021	Expected timeline for use of unutilized proceeds
approximately HK\$97.5 million (equivalent to approximately RMB82.7 million)	(i) general working capital of the Group (50%)	approximately RMB19.5 million	approximately RMB21.9 million	By 2023
	(ii) enhancement of the existing business of the Group (50%)	approximately RMB13.0 million	approximately RMB28.3 million	By 2023

## CAPITAL STRUCTURE

During the Current Period, no shares was issued and allotted. As at 30 June 2021, the Company had an aggregate of 3,622,136,000 shares of HK\$0.00125 each in issue.

## DIVIDENDS

The Board did not recommend the payment of any dividend for the Current Period (Corresponding Period: Nil).

## **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).

## **LITIGATION**

As at 30 June 2021, the Group did not have any litigation.

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group did not have any material contingent liabilities.

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

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

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

## **PLEDGE OF ASSETS**

As at 30 June 2021, the Group did not have any pledged assets. (31 December 2020: Nil).

## **EMPLOYMENT AND REMUNERATION OF EMPLOYEES**

As at 30 June 2021, the Group has 34 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 include mandatory provident fund, insurance schemes and performance related bonus.

## SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme is valid and effective for a period of 10 years commencing on 12 December 2011 and may continue to be exercisable in accordance with their terms of issue. 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 options granted pursuant to the Scheme. The maximum number of shares which may be issued upon exercise of all options to be granted under the 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 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 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 the exercise price of HK\$0.10125 each after the share subdivision on 20 May 2016). 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. As at 30 June 2021, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 257,280,000 (31 December 2020: 257,280,000), representing 7.1% (31 December 2020: 7.1%) of the shares of the Company in issue at that date. Details of the movements of share options granted, exercised or cancelled/forfeited during the Current Period and outstanding as at 30 June 2021, are as follows:

	Number of share options					Exercise period	Closing price immediately before the grant	
	At 1 January 2021	Granted during the period	Exercised during the period	Cancelled/ forfeited during the period	Outstanding as at 30 June 2021		Exercise price HK\$	date 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
Mr. Chan Wing Yuen, Hubert	22,400,000	—	—	—	22,400,000*	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	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
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
Ms. Kwong Wai Man, Karina	22,400,000	—	—	—	22,400,000*	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	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
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>137,632,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>137,632,000</b>			
<b>Employees</b>	22,776,000	—	—	—	22,776,000	9 June 2018 to 9 June 2024	0.289	0.28
	27,776,000	—	—	—	27,776,000	9 June 2019 to 9 June 2024	0.289	0.28
	39,216,000	—	—	—	39,216,000	9 June 2020 to 9 June 2024	0.289	0.28
<b>Total Employees</b>	<b>89,768,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>89,768,000</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>Total All Categories</b>	<b>257,280,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>257,280,000</b>			
Exercisable at the end of the period					257,280,000			

\* adjusted by share subdivision on 20 May 2016.

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

At 30 June 2021, 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	15.11%
Ms. Lin Min, Mindy	2	Interest of controlled corporation and beneficial owner	493,456,000	13.62%
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, a subsidiary of Yuan Rong Century Investment Holdings Limited ("Yuan Rong"), where the entire issued share capital of which is held by Mr. Hu. Mr. Hu is also deemed to be interested in 99,184,000 shares held by Front Riches Investments Limited, a company 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 is 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	8,640,000
Mr. Chan Wing Yuen, Hubert	Beneficial owner	56,744,000
Ms. Lin Min, Mindy	Beneficial owner	8,640,000
Ms. Kwong Wai Man, Karina	Beneficial owner	56,744,000
Ms. Ma Lee	Beneficial owner	3,432,000
Mr. Lau Kwok Kee	Beneficial owner	3,432,000

Note: The outstanding share options 44,800,000 were granted by the Company to Directors on 25 November 2014 at the exercise price of HK\$0.10125 per option and 92,832,000 were granted by the Company to Directors on 9 June 2017 at the exercise price of HK\$0.289 per option. The details of outstanding share options are shown under the section "Share Option Scheme" of this report.

Saved as disclosed above, as at 30 June 2021, 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, the management shareholder 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 2021, so far as is known to the Directors, the following person (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 <sup>(note 1)</sup>	Beneficial owner	640,000,000	—	17.67%
Mr. Song Zhi Cheng <sup>(note 2)</sup>	Interest of controlled corporation	640,000,000	—	17.67%
Smart Lane Global Limited <sup>(note 3)</sup>	Beneficial owner	448,000,000	—	12.37%
Uprise Global Investments Limited <sup>(note 4)</sup>	Beneficial owner	448,000,000	—	12.37%
Blossom Merit Limited <sup>(note 5)</sup>	Beneficial owner	219,112,000	—	6.05%
Mr. Chan Tai Neng <sup>(note 6)</sup>	Interest of controlled corporation	219,112,000	—	6.05%

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 which is a subsidiary of Yuan Rong where the entire issued share capital of which is held by Mr. Hu, an executive Director and executive chairman.
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 were no debt securities issued by the Group and the Company at any time.

Save as disclosed above, as at 30 June 2021, 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 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (“THE MODEL CODE”)**

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 2021.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with all the code provisions under the Corporate Governance Practice contained in Appendix 15 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.



## AUDIT COMMITTEE AND INDEPENDENT REVIEW BY EXTERNAL AUDITOR

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 C.3.3 of the Code on Corporate Governance Practices as set out in Appendix 15 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; and oversee internal control procedures of the Company.

As at 30 June 2021, the Audit Committee has three members comprising all the independent non-executive Directors, namely, Ms. Ma Lee (chairlady), Mr. Lau Kwok Kee and Ms. Qin Xuwen. The Audit Committee had reviewed the results announcement and interim report for the six months ended 30 June 2021 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 practices as required under the GEM Listing Rules.

The Group's external auditor, RSM Hong Kong, has been appointed to review the interim financial information. On the basis of their review, they are not aware of any material modifications that should be made to the interim financial information for the six months ended 30 June 2021.

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

Hong Kong, 10 August 2021

*As at the date of this report, 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 Ms. Qin Xuwen.*

*This report will remain on the GEM website at <http://www.hkgem.com> on the "Latest Listed Company Information" page for at least seven days from the day of its posting and on the website of the Company at <http://www.8246hk.com>.*