Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

中油潔能

SINO GAS HOLDINGS GROUP LIMITED
中油潔能控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1759)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

BUSINESS HIGHLIGHTS

For the six months ended 30 June 2022, the sales volume of liquefied petroleum gas increased by approximately 7.8% to approximately 171.8 thousand tonnes (for the six months ended 30 June 2021: approximately 159.3 thousand tonnes), the sales volume of liquefied natural gas decreased by approximately 91.3% to approximately 0.7 thousand tonnes (for the six months ended 30 June 2021: approximately 8.0 thousand tonnes), and the sales volume of compressed natural gas decreased by approximately 0.3% to approximately 35.0 million cubic metres (for the six months ended 30 June 2021: approximately 35.1 million cubic metres).

For the six months ended 30 June 2022, the revenue increased by approximately 46.6% to approximately RMB1,116.5 million (for the six months ended 30 June 2021: approximately RMB761.5 million).

For the six months ended 30 June 2022, the gross profit decreased by approximately 1.8% to approximately RMB48.3 million (for the six months ended 30 June 2021: approximately RMB49.2 million).

For the six months ended 30 June 2022, the profit for the period decreased by approximately 14.3% to approximately RMB1.8 million (for the six months ended 30 June 2021: approximately RMB2.1 million).

For the six months ended 30 June 2022, the profit attributable to equity shareholders of the Company decreased by approximately 10.0% to approximately RMB3.6 million (for the six months ended 30 June 2021: approximately RMB4.0 million).

THE FINANCIAL STATEMENTS

The board (the "**Board**") of directors (the "**Directors**") of Sino Gas Holdings Group Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**our Group**", "**we**" or "**us**") for the six months ended 30 June 2022, together with the comparative figures for the corresponding period in 2021. These consolidated interim financial statements for the six months ended 30 June 2022 are unaudited, but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2022	2021
	Note	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*2*	**1,116,492**	761,521
Cost of sales		**(1,068,162)**	(712,369)
Gross profit	*2(b)*	**48,330**	49,152
Other income	*3*	**6,925**	9,249
Staff costs	*4(b)*	**(16,694)**	(18,224)
Depreciation	*4(c)*	**(9,902)**	(11,195)
Operating lease charges	*4(c)*	**(2,163)**	(637)
Other operating expenses	*4(d)*	**(13,869)**	(14,429)
Finance costs	*4(a)*	**(7,884)**	(8,411)
Share of result of a joint venture		**(259)**	(717)
Share of result of an associate		**(3)**	(68)
Profit before taxation		**4,481**	4,720
Income tax expenses	*5*	**(2,682)**	(2,661)
Profit for the period		**1,799**	2,059
Attributable to:			
Equity shareholders of the Company		**3,593**	4,034
Non-controlling interests		**(1,794)**	(1,975)
Profit for the period		**1,799**	2,059
Earnings per share *(RMB)*			
— Basic and diluted	*6*	**0.02**	0.02

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**1,799**	2,059
Other comprehensive income for the period (after tax):		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
— Exchange difference on translation of functional currency to presentation currency	**5,091**	(1,335)
Total comprehensive income for the period	**6,890**	724
Attributable to:		
Equity holders of the Company	**8,684**	2,699
Non-controlling interests	**(1,794)**	(1,975)
Total comprehensive income for the period	**6,890**	724

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Non-current assets			
Property, plant and equipment and right-of-use assets	7	**161,377**	186,887
Interest in a joint venture		**13,390**	13,488
Interest in an associate		**19,997**	20,160
Financial assets measured at fair value through profit or loss		**16,350**	16,350
Deferred tax assets		**11,101**	11,384
		222,215	248,269
Current assets			
Inventories		**2,359**	2,937
Trade receivables	8	**132,458**	111,441
Prepayments, deposits and other receivables		**67,422**	80,716
Income tax recoverable		**2,097**	4,154
Pledged and restricted deposits		**465,500**	394,500
Bank balances and cash		**103,402**	77,450
		773,238	671,198
Current liabilities			
Interest-bearing borrowings		**557,500**	476,500
Trade payables	9	**3,159**	2,723
Accrued expenses and other payables		**27,996**	22,132
Lease liabilities		**2,672**	3,313
		591,327	504,668
Net current assets		**181,911**	166,530
Total assets less current liabilities		**404,126**	414,799

	Note	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		**10,962**	28,552
Deferred tax liabilities		**1,836**	1,809
		12,798	30,361
NET ASSETS		**391,328**	384,438
CAPITAL AND RESERVES			
Share capital		**1,892**	1,892
Reserves		**363,389**	354,705
Total equity attributable to equity shareholders of the Company		**365,281**	356,597
Non-controlling interests		**26,047**	27,841
TOTAL EQUITY		**391,328**	384,438

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim financial information for the six months ended 30 June 2022 (the "**Reporting Period**" or "**Period**") has been prepared in accordance with International Accounting Standards ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). It was authorised for issue on 30 August 2022.

This condensed interim financial information contains the condensed consolidated financial statements and selected explanatory notes for the six months ended 30 June 2022 that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2021, and therefore, does not include all the information and disclosures required for a full set of financial statements prepared in accordance with all applicable IFRSs. They shall be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

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

(b) Changes in accounting policies

The accounting policies adopted in preparing this condensed interim financial information are consistent with those applied in preparing the Group's consolidated financial statements for the year ended 31 December 2021. The adoption of the new/revised International Financial Reporting Standards ("**IFRSs**") that are relevant to the Group and effective for the current period has no significant effects on the results and financial position of the Group for the current and prior periods

Amendments to IAS 39, IFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform — Phase 2

The Group has not early adopted any new/revised IFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2022. The directors are in the process of assessing the possible impact on the future adoption of these new/revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Group's results and financial position.

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the retail and wholesale of LPG, CNG and LNG. Further details regarding the Group's principal activities are disclosed in Note 2(b).

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service:		
— LPG	**972,298**	614,024
— CNG	**133,985**	113,605
— LNG	**5,262**	29,310
— Others	**4,947**	4,582
	1,116,492	761,521

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Retail: This segment principally generates revenue from the sales of LPG, CNG and LNG to vehicular end users by operating gas refuelling stations, industrial customers and bottled LPG end-users.

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

Segment results, assets and liabilities

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

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

The Group's other income and expenses, such as staff costs, depreciation, operating lease charges and other operation expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2022 and 2021 is set out below.

	Retail		**Wholesale**		**Total**	
	For the six months ended 30 June (unaudited)					
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue recognised at a point in time from external customers and reportable segment revenue	**126,395**	124,096	**990,097**	637,425	**1,116,492**	761,521
Reportable segment gross profit	**40,767**	41,775	**7,563**	7,377	**48,330**	49,152

(c) Reconciliations of reportable segment results to consolidated profit before taxation

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Total reportable segment gross profit	**48,330**	49,152
Other income	**6,925**	9,249
Staff costs	**(16,694)**	(18,224)
Depreciation	**(9,902)**	(11,195)
Operating lease charges	**(2,163)**	(637)
Other operating expenses	**(13,869)**	(14,429)
Finance costs	**(7,884)**	(8,411)
Share of result of a joint venture	**(259)**	(717)
Share of result of an associate	**(3)**	(68)
Consolidated profit before taxation	**4,481**	4,720

3 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Lease income from operating leases	**2,581**	2,754
Government grants	**225**	–
Interest income	**6,126**	7,122
Net loss on disposal of investments	**(671)**	(1,449)
Net foreign exchange (loss)/gain	**(1,336)**	596
Others	**–**	226
	6,925	9,249

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest on bank loans	**7,129**	7,347
Interest on lease liabilities	**755**	1,064
	7,884	8,411

(b) Staff costs

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Salaries, wages, and other benefits	**15,623**	17,119
Define contribution retirement plan contributions	**1,071**	1,105
	16,694	18,224

(c) Other items

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation charge		
— Property, plant and equipment	**7,333**	7,445
— Right-of-use assets	**2,569**	3,750
Operating lease charges	**2,163**	637
Cost of inventories	**1,068,162**	712,369

(d) Other operating expenses

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Utilities expenses	**2,579**	2,834
Professional service fees	**1,865**	1,697
Maintenance expenses	**922**	1,370
Taxation other than income tax	**1,510**	1,248
Administrative expenses	**463**	804
Entertainment expenses	**1,302**	791
Transportation fees	**427**	623
Others	**4,801**	5,062
Other operating expenses	**13,869**	14,429

5 INCOME TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
Provision for the period	**4,769**	4,762
Deferred tax		
Origination and reversal of temporary differences	**(2,087)**	(2,101)
	2,682	2,661

Notes:

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

(ii) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2022 (six months ended 30 June 2021: 16.5%). These companies did not have assessable profits for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB Nil).

(iii) The Group's subsidiaries in the PRC (excluding Hong Kong) are subject to PRC Enterprise Income Tax at a rate of 25% during the six months ended 30 June 2022 (six months ended 30 June 2021: 25%).

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of approximately RMB3,593,000 for the six months ended 30 June 2022 (six months ended 30 June 2021 (unaudited): approximately RMB4,034,000) and the weighted average of 216,000,000 ordinary shares (six months ended 30 June 2021 (unaudited): 216,000,000 ordinary shares).

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2022 and 2021 (unaudited).

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

(a) Right-of-use assets

For the six months ended 30 June 2022, the additions to right-of-use assets were RMB Nil (six months ended 30 June 2021 (unaudited): RMB Nil).

(b) Property, plant and equipment

For the six months ended 30 June 2022, the Group's additions to property, plant and equipment were approximately RMB0.2 million (six months ended 30 June 2021 (unaudited): approximately RMB2.3 million). Property, plant and equipment with a net carrying amount of approximately RMB5.1 million were disposed during the six months ended 30 June 2022 (six months ended 30 June 2021 (unaudited): approximately RMB15,000), contributing to a loss on disposal of approximately RMB2.3 million (six months ended 30 June 2021 (unaudited): a gain on disposal of approximately RMB1,000).

8 TRADE RECEIVABLES

	At 30 June 2022 *RMB'000* (unaudited)	At 31 December 2021 *RMB'000* (audited)
Trade receivables due from:		
— the third parties	**105,788**	86,535
— a joint venture	**28,798**	26,752
	134,586	113,287
Less: loss allowance	**(2,128)**	(1,846)
	132,458	111,441

At 30 June 2022, no trade and other receivables are expected to be recovered after more than 12 months (2021: Nil).

Ageing analysis

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

	At 30 June 2022 *RMB'000* (unaudited)	At 31 December 2021 *RMB'000* (audited)
Within 1 month	**112,634**	79,016
1 to 3 months	**13,563**	25,936
3 to 6 months	**5,944**	6,147
6 to 12 months	**317**	342
	132,458	111,441

9 TRADE PAYABLES

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

	At 30 June 2022	At 31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables — the third parties	**3,159**	2,723
	3,159	2,723

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

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

	At 30 June 2022	At 31 December 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 1 month	**1,742**	1,564
1 to 3 months	**428**	407
3 to 6 months	**989**	752
6 to 12 months	**–**	–
	3,159	2,723

10 DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The outbreak of an unexpected novel coronavirus (COVID-19) pandemic (the "**Pandemic**") at the end of 2019 took an unprecedented toll on global economy. After two years of torment in the Pandemic, regular pandemic prevention and control measures have become the tone of post-pandemic era. As the backbone of the anti-pandemic battle, China stayed committed to the pandemic prevention and control measures. However, China has seen sporadic outbreaks of the Pandemic since March 2022 when the Pandemic resurged. Strict lockdown measures were implemented in some regions that worked as drivers for economy under the influence of the Pandemic, which led to a slowdown of economic growth in China earlier this year. Yet, as the Pandemic gradually got under control and the resumption of work and production among various industries continued, the potential of compensatory consumption has unleashed since June 2022. China's economy climbed steadily after a short spell of pangs, reflecting sound resilience of its development. As at 30 June 2022, China recorded its GDP of RMB56,264.2 billion, a year-on-year increase of 2.5%.

In the first half of 2022, the tension between support and demand in international energy market continued to mount, OPEC stayed prudent to the increase in oil output and the conflict between Russia and Ukraine added unknown factors to geopolitical contest, all of which exacerbated concerns for energy shortage. As crude oil price kept rising in fluctuation, liquefied petroleum gas (the "**LPG**") price hiked at home accordingly. The market as a whole saw an uptrend before a downtrend. Besides, with the rosier situation of the Pandemic at home, the looser prevention and control measures and the wider resumption of work in refineries, the capacity of deep processing stayed high and demand for LPG across the board turned better, characterised by steady progress. The apparent consumption of LPG at home reached 36.5809 million tonnes, a year-on-year increase of 5.06%. During the Period, the Group orderly withdrew from LPG vehicular refuelling market under the influence of the structural adjustment on transportation energy policy. The civil, industrial and commercial sectors have been the focus of the Group's LPG business development, regional layout and industry chain integration in recent years. We made full use of highly integrated business model and regional and industrial resources to secure the stability of the procurement and supply of gas sources and make users well served. The sales of LPG of the Group developed steadily during the Period, up by 58.3% in LPG's sales volume compared with last year.

An overview of natural gas market revealed that natural gas market remained robust in the first half of 2022 when it was in the face of capricious internal and external environment. The apparent consumption of natural gas in the first half of 2022 in China reached 18.185 billion cubic metres, slightly down by 0.46% year on year. Due to the impact of the geopolitics and the Pandemic at the beginning of this year, demand for city gas, industry and power unleashed dramatically amid gradually stable international landscape and the rosier situation of the Pandemic. Domestic natural gas market has rebounded since the second quarter of this year with the high price fluctuation. During the Period, the Group always upheld the principle of providing affordable and quality products for our users with adherence to integrate resources of gas source as a way to work out a diversified procurement formula. We continued to integrate industry chains across upstream, midstream and downstream. Besides, our trucks and equipment in gas stations were regularly overhauled to avoid safety hazards and staff of logistics and gas stations were trained in respect of safety awareness and industry-related knowledge on a regular basis, both of which contributed to more meticulous services, more premium products and more secure usage scenarios. During the Period, the Group pursued steady progress in natural gas sector with a year-on-year increase of 17.7% in sales of natural gas.

BUSINESS REVIEW

The Group is an integrated LPG and natural gas supplier in China with a complete industry chain that engages in the sales of LPG and natural gas and the operation of vehicular refuelling stations (車用加氣站) and domestic stations (民用站) in Guangdong Province, Henan Province and Hebei Province with over 16 years of proven track records in the industry.

For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB1,116.5 million, representing an increase of approximately RMB355.0 million from the revenue of approximately RMB761.5 million for the six months ended 30 June 2021. The increase in revenue was mainly attributable to the increase in sales of LPG and the rise in unit selling price of LPG and compressed natural gas (the "**CNG**") during the Period.

(1) LPG Business

LPG could be used as vehicle fuel but is also commonly used as fuel sources for cooking or heating appliances. As at 30 June 2022, the Group had 2 LPG domestic stations in Guangdong Province. There was also an LPG terminal with storage facilities located in Guangdong Province. Compared with the same period in 2021, we ceased to operate 1 LPG vehicular refuelling station. Due to the structural adjustment of the transportation energy policy, LPG vehicles in Guangzhou urban area gradually withdrew from the vehicle market, which led to a significant decrease in the sales of LPG for vehicles and a loss. Therefore, the Group closed the LPG refuelling station and completely step out of the LPG vehicular refuelling market at this point.

The Group possesses a comprehensive business model in our LPG business. Our upstream procurement of LPG consists of large scale LPG domestic gas suppliers with their own terminal and storage which mainly import LPG from overseas, and domestic petrochemical refineries. With the delivery of our intermediary logistics (including vehicles or gas carrier ships designated for LPG use), the Group is able to provide LPG to our customers including LPG vehicular refuelling stations, LPG domestic stations and wholesale customers, and our customers consist of retail and wholesale customers. The Group also owns the LPG terminals through Jiangmen Xinjiang Gas Company Limited* (江門市新江煤氣有限公司) ("**Jiangmen Xinjiang Gas**"), a jointly-controlled entity.

For the six months ended 30 June 2022, the Group recorded the LPG sales revenue of approximately RMB972.3 million, representing an increase of approximately RMB358.3 million from the LPG sales revenue of approximately RMB614.0 million in the corresponding period in 2021. The increase in revenue was mainly attributable to the increase in sales of LPG and the rise in unit selling price of LPG during the Period.

(2) CNG Business

CNG is widely used in short-distance vehicles such as local buses, taxis and private vehicles. As at 30 June 2022, we had 12 CNG vehicular refuelling stations, 1 liquefied-to-compressed natural gas (the "**L-CNG**") vehicular refuelling station and 3 CNG mother stations in Henan Province.

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

For the six months ended 30 June 2022, the Group recorded the CNG sales revenue of approximately RMB134.0 million, representing an increase of approximately RMB20.4 million from the CNG sales revenue of approximately RMB113.6 million in the corresponding period in 2021. The increase in revenue was mainly attributable to the rise in unit selling price of CNG during the Period.

(3) LNG Business

The liquefied natural gas (the "**LNG**") refuelling market in China is still at an emerging stage due to its relatively high cost to process, liquefy and store compared with CNG. With the support of China government policies, the development and promotion of LNG has developed rapidly, especially with the rising demand for LNG in the industrial and power generation industries, which has laid a solid foundation for the growth of LNG. As at 30 June 2022, we had 1 LNG vehicular refuelling station in Guangdong Province and 1 L-CNG vehicular refuelling station in Henan Province. The small business volume of LNG vehicular refuelling station in Guangdong Province and high purchase price of LNG led to operating losses which were expected to be irreversible. Therefore, the Group shut down and disposed of 1 LNG vehicular refuelling station and it was expected to shut down and dispose of another LNG vehicular refuelling station in the second half of the year.

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

For the six months ended 30 June 2022, the Group recorded the LNG sales revenue of approximately RMB5.3 million, representing a decrease of approximately RMB24.0 million from the LNG sales revenue of approximately RMB29.3 million in the corresponding period in 2021. The decrease in revenue was mainly attributable to the decrease in sales volume of LNG.

As at 30 June 2022, we operated a total of 19 gas refuelling stations and 3 petroleum refuelling stations, 2 of which are jointly-owned gas refuelling stations.

As at 30 June 2022, the number of our refuelling stations in operation are set out below:

	As at 30 June 2022	As at 31 December 2021
Gas refuelling station		
LPG station	**2**(1)	3
CNG station	**12**	12
LNG station	**1**	2
L-CNG station	**1**	1
CNG mother station	**3**	3
Total number of gas refuelling stations	**19**	21
Petroleum refuelling station		
Petroleum refuelling stations	**3**	3
Total	**22**	24

Meanwhile, as at 30 June 2022, the breakdown of our refuelling stations in operation by cities and provinces are set out below:

City, Province	**LPG**	**CNG**	**LNG**	**L-CNG**	**Petroleum refuelling stations**	**Total number of stations**
Guangzhou, Guangdong Province	0	0	1	0	0	1
Jiangmen, Guangdong Province	2(2)	0	0	0	0	2
Total number of refuelling stations in Guangdong Province	2	0	1	0	0	3
Xinyang, Henan Province	0	1	0	0	0	1
Zhengzhou, Henan Province	0	8	0	0	1	9
Zhumadian, Henan Province	0	3(3)	0	0	2	5
Xinzheng, Henan Province	0	3(4)	0	1	0	4
Total number of refuelling stations in Henan Province	0	15	0	1	3(5)	19
Total	2	15	1	1	3	22

Notes:

1. The gradual withdrawal of LPG vehicles from the vehicle market in Guangzhou had led to a significant decrease in vehicle LPG sales and a loss. Therefore, the Group closed one LPG refuelling station and the Company completely step out of the LPG vehicular refuelling market at this point.

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

3. It comprises one CNG mother station in Zhumadian City, Henan Province.

4. It comprises two CNG mother stations in Xinzheng City, Henan Province.

5. The three petroleum refuelling stations are run by an independent third party.

The revenue by our product mix for the six months ended 30 June 2022 and 2021 are summarised as below:

	For the six months ended 30 June 2022			For the six months ended 30 June 2021		
	Sales volume *(Note)*	**Revenue** *(RMB'000)*	**Percentage of revenue** *(%)*	Sales volume *(Note)*	Revenue *(RMB'000)*	Percentage of revenue *(%)*
Retail						
LPG	**800**	**6,794**	**0.6%**	3,007	18,037	2.4%
CNG	**29.3**	**114,339**	**10.2%**	28.85	94,641	12.4%
LNG	**734**	**5,262**	**0.4%**	2,707	11,418	1.5%
Sub-total		**126,395**	**11.2%**		124,096	16.3%
Wholesale						
LPG	**170,971**	**965,504**	**86.5%**	156,263	595,987	78.3%
CNG	**5.74**	**19,646**	**1.8%**	6.22	18,964	2.5%
LNG	**–**	**–**	**–**	5,287	17,892	2.3%
Others		**4,947**	**0.5%**		4,582	0.6%
Sub-total		**990,097**	**88.8%**		637,425	83.7%
Total		**1,116,492**	**100%**		761,521	100%

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

OUTLOOK AND PROSPECTS

In post-pandemic era, the swift recovery of economic activities fuels the growth of various needs. On the other hand, the transition of energy puts mounting pressure on the traditional energy mix and the contradiction between supply and demand is worsened by geopolitical conflict. Against the backdrop of increasingly complex internal and external environment, it is an inevitable topic for seeking development in post-pandemic era when it comes to how to seek a silver lining from crisis and seize opportunities from challenges. The Group will continue to give top priority to good health of staff and users, profound consciousness of safety and service of staff and safe conduct of each link of business when we carry out our business in days to come.

When we enter into the second half of the year, higher temperature will curtain the needs of civil gas from the third quarter, leading LPG to off season. Yet, as the Pandemic grows weaker and seasonal overhauls successively come to an end, marginal improvement will be made in respect of deep processing together with steady progress maintained by demand for industrial end. When the fourth quarter comes, lower temperature will stimulate the revival of civil gas. In the second half of the year, LPG domestic market as a whole will gather its momentum under pressure and pursue steady progress. The Group will constantly employ market advantages offered by South China, maintain close cooperation with upstream suppliers, optimise our logistics and distribution system and storage capacity and place equal emphasis on the retention and the increment of users of civil, industrial and commercial ends, all of which are in order to upgrade our business models.

Currently, the transition of energy in the world has already entered into a period of overall acceleration from a period of gathering momentum, boosting a faster restructuring of global energy and industry systems. Meanwhile, our country enters into a new phase to build modern energy system as well. The National Development and Reform Commission and China National Energy Administration followed the Dual Carbon Goal to publish and implement on 29 January 2022 the 14th Five-year Plan for modern energy development presenting that by 2025 natural gas output will reach over 230 billion cubic metres while the consumption of natural gas will stand at approximately 423 billion cubic metres to 461.5 billion cubic metres. That indicates natural gas, as a significant link of low carbonisation of energy mix achieved by our country, is bound to usher in its new momentum and a promising future for its long-term development plan. The Group will constantly focus on domestic market and overseas market in respect of natural gas and seize opportunities for development from the Dual Carbon Goal to work to make progress in low-carbon energy sector, redouble our efforts to build a system encompassing the supply, storage, marketing of energy and continue to tap into our business areas so as to complete the iteration from product to operation and then to strategy step by step.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB1,116.5 million, representing an increase of approximately RMB355.0 million from the revenue of approximately RMB761.5 million in the corresponding period in 2021. The increase in revenue was mainly attributable to the increase in sales of LPG and the rise in unit selling price of LPG and CNG during the Period.

Cost of Sales and Gross Profit

The Group's cost of sales primarily consisted of all costs of procuring LPG, CNG and LNG from the Group's suppliers and logistic services providers for transporting gases. The Group's cost of sales increased by approximately RMB355.8 million from approximately RMB712.4 million in the corresponding period in 2021 to approximately RMB1,068.2 million in 2022, which was mainly due to the increase in the purchase volume of LPG and the rise in the purchase unit price of LPG and CNG.

For the six months ended 30 June 2022, the gross profit of the Group was approximately RMB48.3 million, representing a decrease of approximately RMB0.9 million from the gross profit of approximately RMB49.2 million in the corresponding period in 2021. The decrease in gross profit was mainly due to the decrease in the sales volume of LPG for vehicles which has relatively higher gross profit margin.

Other Income

For the six months ended 30 June 2022, the Group's other income amounted to approximately RMB6.9 million, representing a decrease of approximately RMB2.3 million from other income of approximately RMB9.2 million in the corresponding period in 2021. This was mainly due to the decrease in interest income and the change from exchange gains to exchange losses during the Period.

Staff Costs

For the six months ended 30 June 2022, the Group's staff costs were approximately RMB16.7 million, representing a decrease of approximately RMB1.5 million from the staff costs of approximately RMB18.2 million in the corresponding period in 2021. This was mainly due to the cessation of operation of the two vehicular refuelling stations of the Group which led to the reduction of employees working for the refuelling station during the Period.

Depreciation

For the six months ended 30 June 2022, the depreciation of the Group was approximately RMB9.9 million, representing a decrease of approximately RMB1.3 million from the depreciation of approximately RMB11.2 million in the corresponding period in 2021. This was mainly due to the closure of two vehicular refuelling stations and the disposal of related assets by the Group during the Period.

Operating Lease Charges

For the six months ended 30 June 2022, the operating lease charges of the Group was approximately RMB2.2 million, representing an increase of approximately RMB1.6 million from operating lease charges of approximately RMB0.6 million in the corresponding period in 2021. This was mainly due to the closure of two vehicular refuelling stations during the Period, and the corresponding rental for the year was included in short-term rental expenses.

Other Operating Expenses

For the six months ended 30 June 2022, the Group's other operating expenses were approximately RMB13.9 million, representing a decrease of approximately RMB0.5 million from other operating expenses of approximately RMB14.4 million in the corresponding period in 2021. This was mainly due to the decrease of maintenance expenses during the Period.

Finance Costs

For the six months ended 30 June 2022, the Group's finance costs were approximately RMB7.9 million, representing a decrease of approximately RMB0.5 million from the finance costs of approximately RMB8.4 million in the corresponding period in 2021. This was mainly due to the decrease in bank borrowing rate in 2022.

Profit Before Taxation

For the six months ended 30 June 2022, the Group's profit before taxation was approximately RMB4.5 million, representing a decrease of approximately RMB0.2 million from the profit before taxation of approximately RMB4.7 million in the corresponding period in 2021, which was mainly due to the decrease in gross profit during the Period.

Income Tax

For the six months ended 30 June 2022, the Group's income tax expense was approximately RMB2.7 million, which was basically unchanged from income tax expense of approximately RMB2.7 million in the corresponding period in 2021.

Profit for the Period

On the basis of the aforementioned reasons, for the six months ended 30 June 2022, the Group recorded the profit for the period of approximately RMB1.8 million, representing a decrease of approximately RMB0.3 million from the profit for the period of approximately RMB2.1 million in the corresponding period in 2021.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

For the six months ended 30 June 2022, the financial position of the Group remained stable. As at 30 June 2022, the total value of assets was approximately RMB995.5 million, representing an increase of approximately RMB76.0 million as compared to the total value of assets of approximately RMB919.5 million as at 31 December 2021. The Group's cash was mainly held for working capital and gas facilities and equipment needs.

As at 30 June 2022, the Group had approximately RMB465.5 million pledged and restricted deposits with financial institutions and approximately RMB103.4 million in cash and bank balances.

Capital Expenditure

The capital expenditure of the Group was mainly related to the payments for purchase of property, plant and equipment (including right-of-use assets) of approximately RMB0.2 million for the six months ended 30 June 2022.

Borrowings

The Group's short-term borrowings as at 30 June 2022 and 31 December 2021 are summarised as below:

	At 30 June 2022 *RMB'000* **(unaudited)**	At 31 December 2021 *RMB'000* (audited)
Secured	**557,500**	476,500

Gearing Ratio

The gearing ratio (calculated on the basis of the Group's total liabilities over total assets) was approximately 60.7% as at 30 June 2022 (31 December 2021: 58.2%). The increase in gearing ratio was mainly attributable to the increase in bank borrowings of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had a total of 439 employees (including the staff of our joint venture, Jiangmen Xinjiang Gas) (30 June 2021: 482). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and devotion of employees, acknowledges the important position of talent resource in the development of business operation and is committed to developing and maintaining good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

USE OF PROCEEDS FROM THE LISTING

After deduction of all related listing expenses and commissions, the net proceeds from the listing of shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 December 2018 (the "**Listing**") amounted to approximately HK$120.3 million. Details of the proposed use of such net proceeds are disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 27 February 2020. Up to 30 June 2022, the Group had utilized approximately HK$63.7 million, representing approximately 53.0% of the net proceeds from the Listing as follows:

Intended use of proceeds	Original allocation *HK$ million*	Revised allocation as at 27 February 2020 *HK$ million*	Utilisation as at 30 June 2022 *HK$ million*	Remaining balance as at 30 June 2022 *HK$ million*	Expected timeline for full utilisation of the remaining proceeds(4)
To acquire operating rights of an LPG domestic station(1)	20.5	20.5	0	20.5	By the end of 2023
To strengthen our LPG logistics and storage capacity by constructing storage facilities(2)	21.7	21.7	0	21.7	By the end of 2023
To complete construction, purchase land, equipment and machineries and installation for the new CNG mother station	27.7	14.5	14.5	0	N/A
To construct new refuelling stations, purchase and install their requisite equipment and machineries and perform maintenance of our existing refuelling stations	24.1	16.1	16.1	0	N/A
To increase our logistics capacity by purchasing additional vehicle fleets	14.4	14.4	0	14.4	By the end of 2023
To finance the acquisition(3)	–	21.1	21.1	0	N/A
General working capital	12.0	12.0	12.0	0	N/A
Total	120.3	120.3	63.7	56.6(5)	

Notes:

1. Due to the impact of the Pandemic on the global economy and business environment, the Group has not yet identified a suitable acquisition target. Given that the economic situation remains unpromising, the Group will continue to actively identify suitable acquisition targets by adopting prudent strategy.

2. The construction of storage facilities is affected by the change of project progress and the Pandemic, and the Group will delay the use of net proceeds accordingly.

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

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

5. As of 30 June 2022, the unutilized net proceeds will be deposited into interest-bearing bank accounts.

FOREIGN EXCHANGE EXPOSURE

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

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

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 June 2022. Our finance department is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the general manager, financial controller and the Board, and monitoring the investments on a continuous basis.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group held unlisted equity securities of approximately RMB16.4 million, which was a supplemental means to improve utilisation of our cash on hand.

For the six months ended 30 June 2022, the Group had no definite future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

For the six months ended 30 June 2022, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group has been claimed, as one of the co-defendants, to compensate for damages arising from debt disputes between the plaintiff and other third parties. The maximum exposure of the Group under the claims may amount to approximately RMB64.4 million (the "**Claim**"). In 2020, the Group was awarded a judgement in favour of the Group and the Group was considered not liable for the Claim according to the judgement. As at the date of this announcement, as the plaintiff is seeking an appeal on the judgement, the aforementioned judgement has been quashed and the retrial of the Claim has begun without further hearing. The Directors do not consider it probable that the subsidiary will be found liable to the Claim and accordingly, no provision has been made as at 30 June 2022.

PLEDGE OF ASSETS

Included in pledged and restricted deposits, RMB465,500,000 (2021: RMB394,500,000) was pledged as securities for the Group's bank loans at 30 June 2022.

TAX RELIEF AND EXEMPTION

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board believes that good corporate governance standards are essential in maintaining a balanced composition of executive Directors and independent non-executive Directors (the "**INEDs**") for the Board to exercise independent judgment effectively and providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company. The Board is of the view that the Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the "**Securities Dealing Code**") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code throughout the six months ended 30 June 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities throughout the six months ended 30 June 2022.

DIVIDENDS

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022.

PUBLIC FLOAT

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

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated interim results for the six months ended 30 June 2022 and this announcement, and agreed with the accounting principles and practices adopted by the Company.

EVENTS AFTER THE REPORTING PERIOD

The Group closed and disposed of one LNG vehicular refuelling station in Guangdong Province, which was mainly attributable to the operating losses that are expected to be irreversible caused by the small business volume of LNG vehicular refuelling station in Guangdong Province and high purchase price of LNG.

Save as disclosed in this announcement, there is no other significant event of the Group after 30 June 2022 and up to the date of this announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement was published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinogasholdings.com). The interim report of the Company for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 30 August 2022

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

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

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

* *English translation of Chinese name is included for information only.*