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**天伦燃气**  
**TIANLUN GAS**

**China Tian Lun Gas Holdings Limited**

**中國天倫燃氣控股有限公司**

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

**(Stock code: 01600)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Highlights of results for the six months ended 30 June 2021:

- Total gas sales volume was 929 million m<sup>3</sup>, representing an increase of 30.0% as compared with 715 million m<sup>3</sup> for the corresponding period of last year. Among the total gas sales volume, total gas retail sales volume was 742 million m<sup>3</sup>, representing an increase of 30.1% as compared with 571 million m<sup>3</sup> for the corresponding period of last year.
- Revenue was RMB3,599 million, representing an increase of 20.2% as compared with RMB2,996 million for the corresponding period of last year.
- Core profit for the half year amounted to RMB449 million, representing an increase of 5.9% as compared with RMB424 million for the corresponding period of last year.
- Basic earnings per share were RMB0.51, representing an increase of 34.2% as compared with RMB0.38 for the corresponding period of last year.
- The Board recommends the payment of an interim dividend of RMB13.43 cents per share, representing an increase of 17.8% as compared with RMB11.40 cents for the corresponding period of last year.

The board (the “**Board**”) of directors (the “**Directors**”) of China Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited results of the Group for the six months ended 30 June 2021 (the “**Reporting Period**”).

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2021*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	<b>Unaudited</b>
Revenue	2	3,599,400	2,995,535
Cost of sales		<u>(2,730,672)</u>	<u>(2,159,041)</u>
<b>Gross profit</b>		<b>868,728</b>	<b>836,494</b>
Distribution costs		(30,972)	(23,957)
Administrative expenses		(96,117)	(86,684)
Other income		6,500	2,139
Other gains/(losses) — net	3	<u>78,384</u>	<u>(48,028)</u>
<b>Operating profit</b>		<b>826,523</b>	<b>679,964</b>
Finance income		4,942	3,894
Finance expenses		(115,775)	(131,630)
Finance expenses — net	6	<u>(110,833)</u>	<u>(127,736)</u>
Share of results of associates and a joint venture		(9,770)	(13,724)
<b>Profit before income tax</b>		<b>705,920</b>	<b>538,504</b>
Income tax expense	5	<u>(174,618)</u>	<u>(150,886)</u>
<b>Profit for the period</b>		<u><b>531,302</b></u>	<u><b>387,618</b></u>
<b>Profit attributable to:</b>			
Owners of the Company		515,355	375,157
Non-controlling interests		<u>15,947</u>	<u>12,461</u>
		<u><b>531,302</b></u>	<u><b>387,618</b></u>

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

*For the six months ended 30 June 2021*

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>Unaudited</b>	Unaudited
Profit for the period		<b>531,302</b>	387,618
Other comprehensive income for the period, net of tax		—	—
<b>Total comprehensive income for the period</b>		<b>531,302</b>	<b>387,618</b>
<b>Attributable to:</b>			
Owners of the Company		<b>515,355</b>	375,157
Non-controlling interests		<b>15,947</b>	12,461
		<b>531,302</b>	<b>387,618</b>
<b>Earnings per share for profit attributable to owners of the Company (RMB per share)</b>			
— Basic earnings per share	7	<b>0.51</b>	0.38
— Diluted earnings per share	7	<b>0.51</b>	0.38

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2021

		Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	3,337,510	3,034,918
Investment properties	8	45,491	47,022
Right-of-use assets	8	268,138	267,789
Intangible assets	8	5,177,768	4,087,446
Investments accounted for using the equity method	9	774,154	783,924
Deferred income tax assets		25,688	27,462
Financial assets at fair value through other comprehensive income	11	61,500	61,500
Trade and other receivables	10	51,457	27,174
Prepayments related to other non-current assets		84,208	218,386
		<u>9,825,914</u>	<u>8,555,621</u>
<b>Current assets</b>			
Inventories		160,030	115,876
Contract assets		1,832,837	1,161,728
Trade and other receivables	10	1,373,184	1,393,096
Financial assets at fair value through other comprehensive income	11	58,336	27,083
Restricted cash		174,545	24,653
Cash and cash equivalents		1,130,456	1,640,081
		<u>4,729,388</u>	<u>4,362,517</u>
<b>Total assets</b>		<u><u>14,555,302</u></u>	<u><u>12,918,138</u></u>

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)***As at 30 June 2021*

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	<i>13</i>	<b>8,466</b>	8,466
Share premium	<i>13</i>	<b>662,687</b>	817,455
Reserves		<b>556,177</b>	556,177
Retained earnings		<b>3,832,458</b>	3,317,103
		<hr/>	<hr/>
		<b>5,059,788</b>	4,699,201
		<hr/>	<hr/>
<b>Non-controlling interests</b>		<b>297,626</b>	281,086
		<hr/>	<hr/>
<b>Total equity</b>		<b>5,357,414</b>	4,980,287
		<hr/> <hr/>	<hr/> <hr/>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30 June 2021

		Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
	<i>Notes</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	3,531,017	2,770,055
Deferred income		13,770	13,899
Lease liabilities		4,560	4,226
Deferred income tax liabilities	15	702,740	593,221
		<u>4,252,087</u>	<u>3,381,401</u>
<b>Current liabilities</b>			
Trade and other payables	16	1,756,157	1,363,567
Lease liabilities		2,543	3,976
Dividend payables		7,574	7,574
Contract liabilities		591,619	458,067
Financial liabilities at fair value through profit or loss	12	38,636	30,445
Current income tax liabilities		431,523	398,237
Borrowings	14	2,117,749	2,294,584
		<u>4,945,801</u>	<u>4,556,450</u>
<b>Total liabilities</b>		<u>9,197,888</u>	<u>7,937,851</u>
<b>Total equity and liabilities</b>		<u><u>14,555,302</u></u>	<u><u>12,918,138</u></u>

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2021*

## 1 GENERAL INFORMATION OF THE GROUP

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

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

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

This unaudited condensed consolidated interim financial information is presented in RMB unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the Board of Directors on 26 August 2021.

This condensed consolidated interim financial information is unaudited.

## 2 SEGMENT REPORT

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

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

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

The senior executive management reviews business performance according to the types of end-users who use its products. For sales made to residential customers, industrial and commercial customers, and transportation customers is classified as sales of natural gas in cylinders; whereas for sales made to city gas enterprise customers for direct supply and wholesale purpose, and gas source trading customers is classified as sales of natural gas in bulk. The senior executive management team assesses performance of the operating segments based on segment results which represent the profit before taxation earned by each segment without allocation of other income, other gains/(losses) — net, finance expenses — net and share of results of associates and a joint venture, unallocated corporate expenses such as central administration costs and directors’ salaries.

## 2 SEGMENT REPORT (Continued)

The revenue from rental income of investment properties, value-added services and other miscellaneous income, have been reviewed by the senior executive management, and its results are included in the “all other segments”.

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

The segment information provided to the senior executive management team for the reportable segments for the six-month period ended 30 June 2021 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Total revenue</b>	1,874,943	465,577	1,172,361	166,085	(79,566)	—	3,599,400
Inter-segment revenue	—	—	—	79,566	(79,566)	—	—
Revenue from external customers	1,874,943	465,577	1,172,361	86,519	—	—	3,599,400
Segment profit	197,842	23,266	489,913	45,809	—	—	756,830
Unallocated expenses						(15,191)	(15,191)
Other income						6,500	6,500
Other gains/(losses) — net						78,384	78,384
<b>Operating profit</b>							826,523
Finance expenses — net						(110,833)	(110,833)
Share of results of associates and a joint venture						(9,770)	(9,770)
<b>Profit before income tax</b>							705,920
Income tax expense						(174,618)	(174,618)
<b>Profit for the period</b>							<b>531,302</b>



## 2 SEGMENT REPORT (Continued)

The segment information provided to the senior executive management for the reportable segments for the six-month period ended 30 June 2020 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter- segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	1,462,099	322,540	1,142,010	90,606	(21,720)	—	2,995,535
Inter-segment revenue	—	—	—	21,720	(21,720)	—	—
Revenue from external customers	1,462,099	322,540	1,142,010	68,886	—	—	2,995,535
Segment profit	<u>171,721</u>	<u>20,202</u>	<u>506,194</u>	<u>36,019</u>	<u>—</u>	<u>—</u>	<u>734,136</u>
Unallocated expenses						(8,283)	(8,283)
Other income						2,139	2,139
Other gains/(losses) — net						<u>(48,028)</u>	<u>(48,028)</u>
<b>Operating profit</b>							<b>679,964</b>
Finance expenses — net						(127,736)	(127,736)
Share of results of associates and a joint venture						<u>(13,724)</u>	<u>(13,724)</u>
<b>Profit before income tax</b>							<b>538,504</b>
Income tax expense						<u>(150,886)</u>	<u>(150,886)</u>
<b>Profit for the period</b>							<b><u>387,618</u></b>

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

For the six months ended 30 June 2021, revenue from a single external customer amounted to RMB783,366,000, representing 21.8% of the total revenue of the Group; for the six months ended 30 June 2020, revenue from a single external customer amounted to RMB737,824,000, representing 24.6% of the total revenue of the Group.

### 3 OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Net exchange gains/(losses)	32,666	(54,707)
Changes in fair value of contingent consideration	54,303	—
Other gains/(losses)	(8,585)	6,679
	<u>78,384</u>	<u>(48,028)</u>

### 4 PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Raw materials and consumables used	2,019,158	1,620,777
Depreciation on property, plant and equipment ( <i>Note 8</i> )	90,282	80,553
Depreciation on investment properties ( <i>Note 8</i> )	1,531	1,531
Amortisation of right-of-use assets ( <i>Note 8</i> )	6,166	4,850
Amortisation of intangible assets ( <i>Note 8</i> )	58,228	48,104
Gains on disposal of property, plant and equipment and right-of-use assets	(120)	(3,264)
	<u>2,175,245</u>	<u>1,756,518</u>

### 5 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Current income tax:		
— PRC corporate income tax	151,395	146,849
Deferred income tax	23,223	4,037
	<u>174,618</u>	<u>150,886</u>

## 5 INCOME TAX EXPENSE (Continued)

All the Company's subsidiaries incorporated in the PRC are subject to the PRC corporate income tax, which has been provided based on the statutory income tax rate of the assessable income of each of such companies during the six months ended 30 June 2021 and 30 June 2020, as determined in accordance with the relevant PRC income tax rules and regulations. Certain subsidiaries operating in western China entitle to the CIT Preferential Policies for the Development of the Western Regions and the CIT rate of six months ended 30 June 2021 is 15% (six months ended 30 June 2020: 15%), and the enterprise income tax rates applicable to other subsidiaries operating in China is 25% (six months ended 30 June 2020: 25%).

## 6 FINANCE EXPENSES — NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Finance income		
Interest income on bank deposits and bank financial products	<u>(4,942)</u>	<u>(3,894)</u>
Finance expenses		
Interest expense on borrowings	120,278	142,884
Leasing liabilities	166	274
Others	3,520	1,395
Less: amounts capitalised on qualifying assets	<u>(8,189)</u>	<u>(12,923)</u>
	<u>115,775</u>	<u>131,630</u>
	<u><b>110,833</b></u>	<u><b>127,736</b></u>

## 7 EARNINGS PER SHARE

### (a) Basic

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>Unaudited</b>	Unaudited
Profit attributable to owners of the Company (RMB'000)	<b>515,355</b>	375,157
Weighted average number of ordinary shares in issue (thousands)	<b>1,003,615</b>	999,615
Basic earnings per share (RMB per share)	<b>0.51</b>	0.38

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2020, the Company has one category of dilutive potential ordinary shares: share options. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price for the period) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. For the six months ended 30 June 2021, the Company had no dilutive potential shares.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>Unaudited</b>	Unaudited
Profit attributable to owners of the Company (RMB'000)	<b>515,355</b>	375,157
Weighted average number of ordinary shares in issue (thousands)	<b>1,003,615</b>	999,615
Adjustments for — Share options (thousands)	—	803
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>1,003,615</b>	1,000,418
Diluted earnings per share (RMB per share)	<b>0.51</b>	0.38

During the period ended 30 June 2021, there was no dilution (the period ended 30 June 2020: dilutive).

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

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

	Property, plant and equipment <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Intangible assets <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2021					
Net book amount as at 1 January 2021	3,034,918	47,022	267,789	4,087,446	7,437,175
Additions	144,422	—	442	812	145,676
Acquisition of subsidiaries	249,367	—	5,664	1,147,738	1,402,769
Transfer from property, plant and equipment	—	—	409	—	409
Transfer to right-of-use assets	(409)	—	—	—	(409)
Disposals	(506)	—	—	—	(506)
Depreciation charge	(90,282)	(1,531)	(6,166)	(58,228)	(156,207)
Net book amount as at 30 June 2021	<u>3,337,510</u>	<u>45,491</u>	<u>268,138</u>	<u>5,177,768</u>	<u>8,828,907</u>
For the six months ended 30 June 2020					
Net book amount as at 1 January 2020	2,850,058	50,047	251,696	3,874,972	7,026,773
Additions	110,197	—	978	9	111,184
Acquisition of subsidiaries	97,039	—	4,309	229,177	330,525
Transfer from property, plant and equipment	—	—	13,945	—	13,945
Transfer from right-of-use assets	—	2,750	—	—	2,750
Transfer to investment properties	—	—	(2,750)	—	(2,750)
Transfer to right-of-use assets	(13,945)	—	—	—	(13,945)
Disposals	(2,864)	—	(3,024)	—	(5,888)
Depreciation charge	(80,553)	(1,531)	(4,850)	(48,104)	(135,038)
Net book amount as at 30 June 2020	<u>2,959,932</u>	<u>51,266</u>	<u>260,304</u>	<u>4,056,054</u>	<u>7,327,556</u>

## 9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Beginning of the period	783,924	806,395
Additions	—	2,607
Share of results of associates	32,139	26,915
Share of result of a joint venture	(41,909)	(40,639)
End of the period	<u>774,154</u>	<u>795,278</u>

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

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Assets	34,069,835	22,557,025
Liabilities	(29,519,687)	(18,621,631)
Revenue	711,152	418,330
Share of results of associates and a joint venture	(9,770)	(13,724)

## 10 TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Trade receivables	308,147	287,522
Less: provision for impairment	(20,598)	(20,432)
Bills receivables	51,192	5,918
Prepayments	471,745	633,819
Receivables due from related parties	389,690	332,024
Other receivables	176,537	144,558
Less: provision for impairment	(1,264)	(299)
Value-added-tax to be offset and prepaid income tax	49,192	37,160
	<u>1,424,641</u>	<u>1,420,270</u>
Less: long-term prepayments	(51,457)	(27,174)
Current portion	<u>1,373,184</u>	<u>1,393,096</u>

## 10 TRADE AND OTHER RECEIVABLES (Continued)

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

	<b>30 June 2021 RMB'000 Unaudited</b>	31 December 2020 RMB'000 Audited
Within 30 days	488,395	518,483
31 days to 90 days	57,785	18,150
91 days to 1 year	82,835	14,685
1 year to 2 years	19,783	16,216
Over 2 years	35,387	38,405
	<u>684,185</u>	<u>605,939</u>

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>30 June 2021 RMB'000 Unaudited</b>	31 December 2020 RMB'000 Audited
<b>Non-current assets</b>		
Equity instrument — unlisted securities		
— Gas industry equity interest (i)	<u>61,500</u>	<u>61,500</u>
<b>Current assets</b>		
Debt instrument		
— Notes receivable (ii)	<u>58,336</u>	<u>27,083</u>

- (i) The fair values of unlisted equity securities are calculated by using the market approach to determine the fair value of the assets by reference to the transaction prices, or “valuation multiples” implicit in the transaction prices, of identical or similar assets on the market, which results in these measurements being classified as Level 3 in the fair value hierarchy.

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

- (ii) Debt investments at fair value through other comprehensive income comprise notes receivable with gains or losses arising from changes in their fair values recorded in “other gains/(losses) — net” in this interim condensed consolidated financial information.

The Group measures the fair value of the notes receivable within Level 3 of the fair value hierarchy using the discounted cash flow method, which gives rise to fair values approximating the cost.

## 12 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2021 RMB'000 Unaudited</b>	31 December 2020 RMB'000 Audited
Current liabilities		
Forward exchange instrument <i>(i)</i>	<b>38,636</b>	30,445

- (i) In order to deconcentrate the Group’s foreign exchange risk between USD and its functional currency RMB, the Group entered into RMB/USD forward exchange instruments contract in 2020. The forward exchange instruments are measured at fair value at the end of the reporting period which is determined by reference to the prices as quoted by the counterparty financial institution.

## 13 SHARE CAPITAL AND SHARE PREMIUM

	<b>Number of ordinary shares <i>(Thousands)</i></b>	<b>Ordinary shares RMB'000 Unaudited</b>	<b>Share premium RMB'000 Unaudited</b>	<b>Total RMB'000 Unaudited</b>
Issued and fully paid:				
At 30 June 2021 (nominal value of HK\$0.01 each)	<b>1,003,615</b>	<b>8,466</b>	<b>662,687</b>	<b>671,153</b>
At 1 January 2021 (nominal value of HK\$0.01 each)	<b>1,003,615</b>	<b>8,466</b>	<b>817,455</b>	<b>825,921</b>



## 14 BORROWINGS

	<b>30 June 2021 RMB'000 Unaudited</b>	31 December 2020 RMB'000 Audited
Non-current	<b>3,531,017</b>	2,770,055
Current	<b>2,117,749</b>	2,294,584
	<b><u>5,648,766</u></b>	<b><u>5,064,639</u></b>

Changes in borrowings are analysed as follows:

	<i>RMB'000</i>
For the six months ended 30 June 2021	
Opening amount as at 1 January 2021	<b>5,064,639</b>
Additions from acquisition of subsidiaries	<b>137,150</b>
Proceeds from new loans	<b>2,823,773</b>
Repayments of borrowings	<b>(2,345,635)</b>
Exchange gains	<b>(31,161)</b>
Closing amount as at 30 June 2021	<b><u>5,648,766</u></b>
	<i>RMB'000</i>
For the six months ended 30 June 2020	
Opening amount as at 1 January 2020	5,192,402
Proceeds from new loans	540,016
Repayments of borrowings	(643,085)
Exchange losses	55,181
Closing amount as at 30 June 2020	<b><u>5,144,514</u></b>

Interest expense on borrowings for the six months ended 30 June 2021 is RMB120,278,000 (six months ended 30 June 2020: RMB142,884,000).

## 15 DEFERRED INCOME TAX LIABILITIES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Balance as at 1 January	593,221	546,553
Acquisition of subsidiaries	88,637	31,708
Charged to profit or loss	20,882	3,797
	<hr/>	<hr/>
Balance as at 30 June	<b>702,740</b>	<b>582,058</b>
	<hr/> <hr/>	<hr/> <hr/>

## 16 TRADE AND OTHER PAYABLES

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Trade payables	747,991	823,855
Amounts due to related parties	12,153	12,654
Notes payable	402,978	44,400
Accrued payroll and welfare	3,099	2,135
Interest payables	11,213	11,850
Other taxes payables	203,069	225,886
Contingent consideration payables (i)	256,597	111,708
Other payables	119,057	131,079
	<hr/>	<hr/>
	<b>1,756,157</b>	<b>1,363,567</b>
	<hr/> <hr/>	<hr/> <hr/>

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

An ageing analysis of trade payables based on billing date is as follows:

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Audited
Within 30 days	598,700	686,121
31 days to 90 days	53,410	51,692
91 days to 1 year	39,018	42,988
1 year to 2 years	32,008	24,655
2 years to 3 years	14,265	10,854
Over 3 years	10,590	7,545
	<hr/>	<hr/>
	<b>747,991</b>	<b>823,855</b>
	<hr/> <hr/>	<hr/> <hr/>

## 17 DIVIDENDS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Final dividend for the year 2020 of 15.30 cents per share paid to ordinary shares (2019: RMB12.00 cents per share)	<b>154,768</b>	120,027

Pursuant to the resolutions of the Board on 26 August 2021, the Board of the Company recommended the payment of a total interim dividend of RMB134,785,000 (RMB13.43 cents per share) for the six months ended 30 June 2021 (for the six months ended 30 June 2020: a total of RMB114,976,000 (RMB11.40 cents per share)), and this interim dividend was not recognised as a liability in this interim financial information.

## 18 BASIS OF PREPARATION OF THE INTERIM REPORT

This interim condensed consolidated financial information for the half-year reporting period ended 30 June 2021 has been prepared in accordance with Accounting Standard HKAS 34 Interim Financial Reporting.

The Directors of the Company believe that the Group's operation cash inflow and available source of bank borrowings will provide sufficient cash to support the Group's operations and meet its liabilities and commitments as and when they fall due within the next twelve months from the period end. Accordingly, the Directors of the Company have prepared this interim condensed consolidated financial information on a going concern basis.

This interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended 31 December 2020 and all other public announcements made by the Group during the interim reporting period.

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of the new and amended standards as set out below.

### (i) New and amended standards adopted by the Group

A number of new or amended standards and interpretation are mandatory for the first time for the current reporting period. The standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

## INDUSTRY REVIEW

In 2021, the beginning of China's 14th Five-Year Plan, energy consumption maintained a steady growth momentum, and the transformation to clean energy and low carbon use of energy was still the main track of China's energy transition. In the first half of the year, China vigorously facilitated oil and gas exploration and development, promoted the diversification of upstream exploration and mining entities and long-term stabilization of oil and gas production, and improved the construction of pipeline network and gas storage facilities so as to form a "national network". At the same time, it improved the natural gas market pricing mechanism and strengthened market price supervision, continued to deepen the reform of "delegate power; streamline administration; optimize services", and developed an efficient energy management and supervision system. The information released by the National Development and Reform Commission and the National Bureau of Statistics showed that natural gas production in the first half of the year was 104.5 billion m<sup>3</sup>, representing a year-on-year increase of 10.9%; the total natural gas import volume was 59.82 million tons, representing a year-on-year increase of 23.8%; the apparent consumption of natural gas was 182.7 billion m<sup>3</sup>, with a growth rate up to 17.4%.

In the first half of the year, the Central Committee of the Communist Party of China formulated the "Outline of the 14th Five-Year Plan for National Economic and Social Development and Visions for the year 2035 (Draft) (《國民經濟與社會發展第十四個五年規劃和2035年遠景目標綱要(草案)》)", through which it provided an in-depth analysis of the international and domestic situation for embarking on a new journey of comprehensively building a modern socialist country, pointed out important development directions for realizing new progress in the development of an ecological civilization and comprehensive promotion of rural revitalization strategies, and urged all provinces to come up with an action plan that enables the peaking of emissions before 2030. According to the 14th Five-Year Plan, the Central Committee of the Communist Party of China and the State Council issued "Central No. 1 Document (《中央一號文件》)" to firmly promote rural development activities and fully implement energy and gas transmission projects in rural areas. At the same time, in response to the call for the establishment of a national energy using right and carbon emissions trading market, and to effectively play the important role of market mechanisms in achieving the peak carbon dioxide emission target and carbon neutrality vision, the Ministry of Ecology and Environment also announced the "Measures for the Administration of Carbon Emissions Trading (for Trial Implementation) (《碳排放權交易管理辦法(試行)》)", which marked a new stage in the construction and development of the national carbon market. In addition, in order to improve the pricing mechanism of natural gas pipeline transportation, the National Development and Reform Commission issued "Measures for the Administration of Natural Gas Pipeline Transportation Prices (for Trial Implementation) (《天然氣管道運輸價格管理辦法(暫行)》)" and "Measures for the Supervision and Review of Natural Gas Pipeline Transportation Pricing Costs (for Trial Implementation) (《天然氣管道運輸定價成本監審辦法(暫行)》)" to further enhance the scientific standard, normativeness and transparency of the pricing of pipeline transportation.

Under the guidance of the carbon neutrality goal, the Group has established a new model for energy development. While gradually establishing the natural gas as one of the main energy sources in China, it coordinated the development of wind power, photovoltaics, hydrogen energy, energy storage and other fields to enhance energy supply capacity, accelerated the development of clean and low-carbon energy transformation, and continued to optimize the energy structure.

## **BUSINESS REVIEW**

For the six months ended 30 June 2021, the Group continued to adhere to the development strategy of “take root in the gas industry and enlarge the scale of the Group”, fully explored the market potential in its business area, and actively expanded its business footprint. It also concentrated on exploring the application scenarios and industrial cooperation opportunities of various types regarding new energy to lay the foundation for the long-term sustainable development of the Group.

The key results and operating data of the Group for the six months ended 30 June 2021 and their comparison against the figures for the corresponding period of last year are as follows:

	<b>Six months ended 30 June</b>		Change
	<b>2021</b>	2020	
Revenue (RMB'000)	<b>3,599,400</b>	2,995,535	20.2%
Gross profit (RMB'000)	<b>868,728</b>	836,494	3.9%
Profit attributable to owners of the Company (RMB'000)	<b>515,355</b>	375,157	37.4%
Weighted average number of shares ('000)	<b>1,003,615</b>	999,615	0.4%
Earnings per share — basic (RMB)	<b>0.51</b>	0.38	34.2%
New pipeline gas customers:	<b>286,688</b>	380,440	(24.6%)
— City gas residential customers (households)	<b>145,130</b>	138,824	4.5%
— Rural gasification residential customers (households)	<b>140,081</b>	240,439	(41.7%)
— Industrial and commercial customers (households)	<b>1,477</b>	1,177	25.5%
Total pipeline gas customers:	<b>4,581,971</b>	3,736,418	22.6%
— City gas residential customers (households)	<b>2,880,326</b>	2,510,082	14.8%
— Rural gasification residential customers (households)	<b>1,667,438</b>	1,201,231	38.8%
— Industrial and commercial customers (households)	<b>34,207</b>	25,105	36.3%
Natural gas sales volume (in ten thousand m <sup>3</sup> ):	<b>92,905</b>	71,464	30.0%
Sales volume of retail business of natural gas (in ten thousand m <sup>3</sup> )	<b>74,248</b>	57,074	30.1%
— Natural gas sales volume to residential customers (in ten thousand m <sup>3</sup> )	<b>20,886</b>	17,676	18.2%
— Natural gas sales volume to industrial and commercial customers (in ten thousand m <sup>3</sup> )	<b>48,692</b>	35,766	36.1%
— Natural gas sales volume to transportation customers (in ten thousand m <sup>3</sup> )	<b>4,670</b>	3,632	28.6%
Sales volume of wholesale business of natural gas (in ten thousand m <sup>3</sup> )	<b>18,657</b>	14,390	29.7%
Long-haul pipeline gas transmission volume (in ten thousand m <sup>3</sup> )	<b>38,642</b>	32,338	19.5%
Total length of medium and high-pressure pipelines (kilometre)	<b>8,295</b>	5,769	43.8%

## **Engineering Construction Services**

As at 30 June 2021, the Group connected 145,130 new residential customers to city gas pipelines, and the total number of residential customers to city gas pipelines increased to 2,880,326.

During the Reporting Period, in response to the national call for rural revitalization, the Group actively developed rural gas residential customer base in Henan Province, and focused on supporting the construction of medium and high-pressure pipeline networks outside the village. As at 30 June 2021, the Group connected 140,081 new rural gasification residential customers and the total number of rural gasification customers reached 1,667,438.

As at 30 June 2021, the Group provided a total of 1,477 industrial and commercial customers with engineering construction services, and the total number of its industrial and commercial customers under the projects operated by the Group reached 34,207, representing an increase of 36.3% as compared to the corresponding period last year.

## **Gas Sales Volume**

During the Reporting Period, gas sales volume of the Group totally amounted to 929 million m<sup>3</sup>, representing an increase of 30.0%, as compared with 715 million m<sup>3</sup> for the corresponding period of last year. Gas volume sold to residential customers, industrial and commercial customers, transportation customers and wholesale business accounted for 22.5%, 52.4%, 5.0% and 20.1% of total gas sales volume, respectively.

Total gas sales volume to residential customers increased by 18.2% as compared with the corresponding period of last year, mainly due to an increase of residential customers from the Group's existing projects and residential customers from newly acquired projects as well as the growth in average gas sales volume per residential customer units.

At the same time, during the Reporting Period, the Group vigorously developed large industrial customer base and formulated flexible development strategies for commercial customers. The sales volume of industrial and commercial customers increased by 36.1% as compared to the corresponding period last year.

## **Gas Source Optimization**

In the first half of the year, the supply of natural gas in China was stable and sufficient. In light of the internal and external supply and demand trend, the Group timely adjusted its gas source cooperation and procurement strategies, and continued to optimize its gas source supply structure. The Group actively promoted gas source coordination and cooperation, established good cooperation with multiple gas source suppliers, increased the contract increments of existing projects, and further enhanced the price preference for incremental gas resources. At the same time, it established an inter-connected gas source network for its business areas that can produce synergistic effects to improve the capacity of coordinating gas source supply. In addition, the Group has formulated a flexible and effective LNG centralized procurement plan to further reduce the cost of gas source procurement and increase supply capacity, laying a solid foundation for future business expansion.

During the Reporting Period, the Group has a total of six long-haul pipelines, four of which have been put into operation with one in Da'an City, Jilin Province, one in Wujiang City, Jiangsu Province and two in Pingdingshan City, Henan Province, which play an important role in securing the Group's gas source supply. Yuzhou-Changge project has been successfully completed and qualified for gas supply conditions, and Puyang-Hebi pipeline is to be built. As at 30 June 2021, the total length of medium and high-pressure pipelines reached 8,295 kilometers.

## **Business Expansion**

As at 30 June 2021, the Group took up the operation and management of four urban gas projects in Jingyuan County, Baiyin City in Gansu Province, Datong County, Xining City and Huzhu County, Haidong City in Qinghai Province, and Mianzhu City in Sichuan Province, with relevant financial consolidation completed. Through mergers and acquisitions and tender, the Group has newly acquired two urban gas projects in Mianzhu City in Sichuan Province and Wangqing County, Yanbian Korean Autonomous Prefecture in Jilin Province, respectively. During the Reporting Period, the Group had a total of 69 urban gas projects in 16 provinces across the country.



### **Acquisition of urban gas project in Mianzhu City in Sichuan Province**

Mianzhu City, Sichuan Province is located in the Chengdu-Chongqing urban agglomeration and the core area of the Chengdu-Deyang-Mianyang city cluster, and is expected to become a major transportation hub between Chengdu and Tibet. The project has a stable gas supply, and the building of 80.6 kilometers of high-pressure and secondary high-pressure pipelines within the main pipeline network and 262.3 kilometers of township medium-pressure gas pipelines was completed. At the same time, the region, where locates De'a Industrial Park, Jiangsu Industrial Park and Equipment Manufacturing Industrial Park, has a good industrial foundation. De'a Industrial Park is the only provincial-level development zone in Sichuan Province that is dominated by the lithium battery industry for new materials and new energy industries. Jiangsu Industrial Park focuses on industries such as food processing, machinery manufacturing and photovoltaic energy, and Equipment Manufacturing Industrial Park focuses on equipment manufacturing and warehousing logistics. Therefore, the future industrial gas consumption in this area will be large with good development potential. In addition, the project has the only LNG filling station from Mianzhu to Deyang City, which is a significant geographical advantage. In the future, this project can form a synergistic development advantage with the projects operated by the Group in Xindu District and Jintang County in Chengdu.

### **Acquisition of urban gas project in Wangqing County, Yanbian Korean Autonomous Prefecture in Jilin Province**

Wangqing County is located in the northern part of Yanbian Korean Autonomous Prefecture. It is an important link among the Changjitu Development and Opening Pilot Zone, the eastern Jilin Province and Heilongjiang Province, with convenient transportation and significant geographical advantages. The project is a natural gas market to be developed, with broad prospects for future market development. Wangqing County is rich in local forestry resources and under-forest resources. The Wangqing Industrial Concentration Zone located in the business area has formed a certain scale of industrial projects of forestry processing industry, food processing industry and other industries. According to Jilin Province' plans for the Changjitu Development and Opening Pilot Zone and Wangqing County, the area is leveraging its forest resources to form an industrial chain for food processing and export, and there is a good development potential for the gas sales volume to the industrial customers. The acquisition of this project enables the Group to expand its business to Yanbian Korean Autonomous Prefecture and further enhance its business volume and influence in Jilin Province. At the same time, the project is adjacent to Dunhua City where the Group has operation, which can form regional synergy that is conducive to improving management efficiency and reducing operating costs.

## **Value-added Services**

Being customer-oriented, the Group formulates flexible value-added service plans, and through innovative value-added business models, enriches value-added service content and enhances marketing capabilities, so as to build a value-added system that features Tian Lun Gas's characteristics and continue to expand the market share of value-added services and enhance profitability. In the first half of the year, the Group's value-added business continued to adhere to the parallel development strategy of "products + services". Based on the development of its new customer service system, the Group built an information marketing system to integrate customer sales resources from the value-added service marketing system, online marketing and customer service platform and "online + offline" promotion platform. Benefiting from the system, the Group provided targeted basic gas services, safety management services, household services and urban service projects, gradually realizing comprehensive service value, and forming core competitiveness for the sustainable development of its value-added business. Revenue from value-added business achieved RMB73 million, representing an increase of 24.5% as compared with RMB59 million for the corresponding period of last year; gross profit reached RMB54 million, representing an increase of 39.8% as compared with RMB38 million for the corresponding period of last year.

## **FINANCIAL REVIEW**

During the Reporting Period, the Group's revenue amounted to RMB3,599 million, representing an increase of 20.2% as compared with RMB2,996 million for the corresponding period of last year. The margin was RMB869 million, representing an increase of 3.9% as compared with RMB836 million for the corresponding period of last year. Overall gross profit margin was 24.1%. Profit attributable to owners of the Company amounted to RMB515 million, representing a year-on-year increase of 37.4% as compared with RMB375 million for the corresponding period of last year. Basic earnings per share amounted to RMB0.51, representing an increase of 34.2% as compared with RMB0.38 for the corresponding period of last year.

### **Revenue from Engineering Construction Services**

During the Reporting Period, the Group formulated flexible development strategies based on the market and customer needs, and revenue generated from engineering construction services amounted to RMB1,172 million, representing an increase of 2.7% as compared with RMB1,142 million for the corresponding period of last year.

### **Revenue from Gas Retail Business**

For the six months ended 30 June 2021, revenue from retail business of the Group amounted to RMB1,875 million, representing a year-on-year increase of 28.2% as compared with RMB1,462 million for the corresponding period of last year.

### **Revenue from Gas Wholesale Business**

For the six months ended 30 June 2021, revenue from wholesale business of the Group amounted to RMB466 million, representing a year-on-year increase of 44.3% as compared with RMB323 million for the corresponding period of last year.

### **Revenue from Other Businesses**

Most of the revenue from other businesses comes from value-added services. During the Reporting Period, the Group's value-added business adopted a model that featured flexible marketing and rich products, which contributed to a revenue of RMB87 million to other businesses, representing an increase of 25.6% as compared with RMB69 million for the corresponding period of last year.

### **Gross Profit and Gross Profit Margin**

During the Reporting Period, the Group realized gross profit of RMB869 million, representing a year-on-year increase of 3.9% as compared with RMB836 million for the corresponding period of last year. Overall gross profit margin of the Group was 24.1%, representing a decrease of 3.8 percentage points as compared with the corresponding period of last year.

### **Distribution Cost and Administrative Expenses**

The Group's distribution cost for the Reporting Period was RMB31 million, and administrative expenses were RMB96 million.

### **Other Profits/(Losses) — Net**

During the Reporting Period, other profits — net of the Group amounted to RMB78 million, representing an increase of RMB126 million as compared with the corresponding period of last year, mainly due to the profits of RMB33 million generated from exchange rate fluctuations for the period.

## **Finance Expenses — Net**

During the Reporting Period, finance expenses — net of the Group amounted to RMB111 million, representing a decrease of RMB17 million as compared with RMB128 million for the corresponding period of last year.

## **Share of Results of Associates and A Joint Venture**

During the Reporting Period, the Group's share of loss after tax of associates and a joint venture amounted to RMB9.77 million.

## **Profit for the period**

During the Reporting Period, excluding other profits – net, the adjusted core profit amounted to RMB449 million, representing an increase of 5.9% as compared with RMB424 million for the corresponding period of last year.

During the Reporting Period, profit for the period of the Group amounted to RMB531 million, representing an increase of 37.1% as compared with RMB388 million for the corresponding period of last year.

## **Net Profit Attributable to Owners of the Company**

During the Reporting Period, net profit attributable to owners of the Company was RMB515 million, representing a year-on-year increase of 37.4% as compared with the corresponding period of last year.

## **Financial Position**

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

For the six months ended 30 June 2021, the Group incurred capital expenditure of RMB972 million, of which RMB841 million was used for payment of project acquisitions and RMB131 million for continuously improving businesses of city gas and long-haul pipeline. The above capital expenditure was financed by the Group's operating cash flows and bank borrowings.

As at 30 June 2021, the Group held cash and cash equivalents of RMB1,130 million in total, (among which 98.4% was denominated in RMB, 0.6% was denominated in HK dollars and 1.0% was denominated in US dollars), so as to safeguard the capital needs for the project expansion and acquisition of business of the Group.

As at 30 June 2021, the Group's total borrowings were RMB5,649 million, among which loans denominated in RMB were RMB2,787 million, loans denominated in HK dollars were RMB709 million and loans denominated in US dollars were RMB2,153 million. Among those borrowings, 62.5% of which were classified as non-current liabilities, and 37.5% of which were classified as current liabilities. As at 30 June 2021, the gearing ratio, calculated based on the percentage of total liabilities over total assets, was 63.2%.

### **Finance Cost and Exchange Risk Management**

For the six months ended 30 June 2021, the Group's interest expense on borrowings was RMB120 million, representing a decrease of 15.8% as compared with the corresponding period of last year.

As at 30 June 2021, the Group's borrowings denominated in foreign currencies accounted for 50.7% of its total borrowings. The Group will continue to closely monitor the changes in exchange rates and strive to lower its finance costs through diversified arrangements, and will adopt necessary measures to lower its exchange risk as and when necessary.

### **SUSTAINABLE DEVELOPMENT**

The Group has adhered to the mission of “developing clean energy and improving people's living environment”, with the goal of providing customers with safe and clean energy as well as promoting the improvement and protection of the environment. During the Reporting Period, the Group published the 2020 ESG Annual Report. Based on this Report, the Group openly and transparently disclosed its practice and performance on various ESG issues over the past year as well as enhanced communication with all stakeholders and the public, so as to enable people from all walks of life to understand the Group's practice and performance in two major aspects – environment and society. The Group conducted a questionnaire with 11 major stakeholder groups, inviting stakeholders to evaluate the importance of each issue from their own perspective, and the Group received a total of 1,222 valid questionnaires. The Group also collected opinions from its senior management who evaluated the importance of various issues on Tian Lun Gas from the Group's perspective. The ranking of issues was confirmed based on the importance of each issue to all stakeholders and the importance of each issue to Tian Lun Gas, respectively, and the Group conducted statistics and analysis on such issues and expressed them with a matrix. Such materiality matrix will serve as an importance reference for strategic formulation, goal setting and continuous information disclosure in the future.

As for the environment, the Group has upheld the concept of green development, responded to the government's clean energy development strategy and "double-carbon" target, gave full play to its own resource advantages and promoted the transformation of regional green energy structure. In 2020, the Group's urban gas operation and transmission business distributed a total of 2,280 million m<sup>3</sup> of natural gas, representing the replacement of approximately 3,032,700 tonnes of standard coal consumption. The Group strictly complied with various environmental protection laws and regulations, controlled the production and discharge of pollutants; selected environmental-friendly materials and conducted environmental-friendly constructions to reduce impact on ecological environment; improved efficiency in resource usage to lower the energy consumption and intensity of greenhouse gas emission; promoted environmental-friendly office, with environmental protection concepts applied in daily operations. In 2020, the Group's intensity of energy consumption was 6.76MWh/Million RMB revenue, representing a decrease of 32% compared with 2019; the Group's intensity of greenhouse gas emissions was 3.5 tonnes of carbon dioxide/Million RMB revenue, representing a decrease of 39% compared with 2019.

The Group has adopted a core selection strategy with the focus on talent review and supported by competitive selection and external recruitment, clearly set out cadre selection standards and procedures as well as improved cadre management system, with an aim to build a talent team that boost organizational capabilities. Meanwhile, the Group has continued to improve and innovate the incentive mechanism, established an incentive system based on value creation and motivated employees' work enthusiasm. In addition, the Group has built a training system both online and offline, constantly enriched training contents and systematically enhanced the training empowerment results for employees of all levels. The Group has standardized the employment management, facilitated talent developing and created an equal employment environment, with female employees accounting for 38% which was higher than the average level in the industry. The Group respects and safeguards the lawful interest of employees, it has focused on the establishment of a talent nurturing system and improved its incentive and promotion system. In 2020, the total training hours of employees was 11,016.50 hours. The Group has always cared for its employees, it created a healthy working atmosphere with sound benefit system so as to ensure work-life balance of employees. The Group actively participated in social charity activities, earnestly fulfilled social responsibilities, and promoted gas safety to raise public awareness. In 2020, the Group donated RMB10 million to support the frontline in fighting against the pandemic.



The Group has highly recognized the importance of safety management in the Company's production and operation processes, complied with the safety production and management structure set by the Group, continuously promoted safety management concepts with focus on risk control, and insisted in implementing and detailing work safety. The Group specified its safety production responsibility system and established a trio-management framework comprising safety production leadership organization, safety production supervision and management organization, and safety production guarantee organization in the headquarters and its member companies. It has coordinated staff at all levels to conduct a series of work such as risk identification in full process of safety production, assessment and control, management of hidden dangers, operation safety, emergency response and accident management. In 2020, the Group had a total of 101 full-time safety management staff, in which ordinary staff accounted for 20% in the safety committee. In 2020, the Group refined its safety management, revised the safety standardization management guidelines such as the Safety Standardization Review Guidebook of Tian Lun Gas and the Guideline for Safe Operation in Key Construction Procedures in Gas Project, improved the safety standard system as well as ensured the stability and continuity of production operations. Moreover, the Group signed the "Annual Safety Production Target Responsibility Letter (《年度安全生產目標責任書》)" with respective member companies, focused on the "General Manager Monthly Safety Checklist (《月度總經理安全檢查表》)", set objectives, conducted evaluations, clearly set up awards and punishments, as well as strengthened the safety management and supervision responsibility of "top leaders" of member companies.

During the Reporting Period, Tian Lun Gas gained positive ratings from ESG rating agencies and ranked at the forefront among listed peer companies.

## **OUTLOOK**

2021 begins the first five years of China to embark on a new journey of building a modern socialist country. The Chinese government strives to construct a new development layout that focuses on domestic circulation and domestic-international dual circulation as well as fully leverages on domestic ultra-large-scale market advantages, thus boosts domestic economy and push forward enterprises to achieve a higher level of development with higher quality. At the current stage, the development of COVID-19 pandemic fluctuates, yet China's economic recovery remains steady, with its economic growth returning to sustainable state. In the first half of the year, China's GDP had a year-on-year growth of 12.7%, with an average growth of 5.3% in two years (calculated based on the geometric mean of year-on-year rates of the two years for the corresponding period of 2020 and 2021). Looking forward to the second half of the year, prudent progress will still be the major theme for sound economic work in the second half of the year. The Group will implement new development concepts in a complete, accurate and comprehensive manner, deepen the supply-side structural reform, and orderly achieve "carbon peak emissions" and "carbon neutrality" goals. China will have long-term focus on green low-carbon development and strengthen its concern and investments in clean energy field, and such will create substantial driving force to the flourishing growth of the natural gas and other clean energy fields.

In the second half of 2021, the Group will continue to focus on the improvement of ESG management. While pursuing economic growth, the Group also takes into consideration the sustainable development of both society and the environment, establishes an effective sustainable corporate governance structure and management mechanism, and practically promote the integration of sustainable development requirements into the Group's operation and management, thereby creating a long-term stable environmental, social and corporate values.

In the context of China's proposal of achieving carbon neutrality in 2060, under the full implementation of the "14th Five-Year" Plan and the policy guidance of the principle of the No. 1 Central Document, the Group will continue to perform in the professional construction and operation of the natural gas industry. While continue providing clean energy optimization and replacement plans to enterprises with high energy consumption and heavy pollution, the Group will assist in gas construction in villages, thus enabling a green and convenient rural lifestyle. Rural infrastructure construction is the basic construction for rural vitalization. Facilitating the construction of gas supply facilities and implementing the clean energy layout of villages are the necessary ways to improve the basic life quality of rural residents and to carry out the rebuilding and improvement of the living environment in villages, and such are highly consistent with the Group's business layout in rural sector.

In the future, the Group will continue to take root in the gas industry, focus on the following key business initiatives, and actively build a business platform for sustainable development. In terms of urban gas, we apply targeted measures for different markets within our operating areas. We will focus on key gas sales projects and large-scale users in an all-round way and provide energy solutions for various types of complex energy supply projects, so as to continuously expand our business scale. As for the market outside our operating areas, driven by business needs, we will concentrate on urban gas terminals, adhere to the "selective mergers and acquisitions" strategy, and continue to strengthen the synergy of existing projects and advantageous resources. In respect of the rural gasification, the Group will focus on following up and accelerating the implementation of engineering projects. With targeted measures, the Group will apply the flexible "Yutian Model" to more rural areas in and outside Henan Province. In terms of value-added business, with the aim of long-term sustainable development, we will build a value-added business system that features Tian Lun Gas's characteristics, and innovate the traditional value-added business.

Adhering to the mission of "improving living environment and developing clean energy", the Group will deepen and broaden its business in the clean energy industry, enter the hydrogen energy and renewable energy sectors while maintaining its focus on the traditional natural gas business, and actively explore the application scenarios and industrial development opportunities of various types of new energy. In addition, leveraging the vast customer resources under management by the Group, we will further expand the energy market layout, practice the concept of "innovative operation and management", and cultivate new profit growth points and development model.



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

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

## **EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

### **Establish strategic cooperative relationship with Zhuhai Port**

On 15 July 2021, Zhuhai Port (Hong Kong) Development Co., Limited (珠海港香港發展有限公司\*), a wholly-owned subsidiary of Zhuhai Port Co., Ltd.\* (珠海港股份有限公司) (hereinafter abbreviated as “**Zhuhai Port**”) became the Company’s second largest shareholder. On the same day, the Group entered into a strategic cooperation agreement with Zhuhai Port for a term of five years, and both parties have reached a consensus on the development goals and business layout of the new energy field.

At the next phase, both parties will fully seize the development opportunities arising from the goal of “Carbon peak emissions and Carbon neutrality”. Based on the stable development of natural gas industry, both parties will integrate their respective advantages and resources and expand into the landscape of new energy field, jointly discover the application scenarios and industry cooperation opportunities of various kinds of new energy and focus on exploring development opportunities in areas such as photovoltaics, wind power, energy storage, hydrogen energy and carbon emission reduction. Meanwhile, the Group will actively respond to the government’s call, continue the developing direction for rural vitalization, combine the pioneer advantage of being at the forefront in rural gasification, carry out in-depth cooperation to explore areas such as rural distributed photovoltaic, distributed heat supply, and clean energy comprehensive application plans, so as to assist villages in building a multi-energy synergy and complementary efficient energy system, accelerate rural clean energy replacement, and thus improve the life quality of residents.

### **Obtain a loan from Asian Development Bank**

On 26 July 2021, Henan Tian Lun Gas Group Limited, an indirect wholly-owned subsidiary of the Company, obtained a credit facility of USD50 million (or equivalent amount in RMB) from the Asian Development Bank, and the loan capital will be used to replenish the working capital. The grant of credit facility is a high recognition of Tian Lun Gas’s corporate mission and social responsibility.

## **Appointment of Directors**

On 30 July 2021, the Group appointed Ms. Chen Hong as a non-executive director of the Company and Ms. Ou Yaqun as an independent non-executive director of the Company. The board of directors of the Group currently comprises ten members, including four executive directors, one non-executive director, and five independent non-executive directors (accounting for 50%). Among them, four are female directors, accounting for 40%.

## **INTERIM DIVIDENDS**

The Group has established a long-term steady dividend policy. Pursuant to the resolutions of the Board on 26 August 2021, the Board recommended the payment of an interim dividend for the six months ended 30 June 2021 of RMB13.43 cents per share (the “**Interim Dividend**”).

The Interim Dividend will be paid in Hong Kong dollars on or about Tuesday, 30 November 2021 to the shareholders whose names appear on the register of members of the Company after the close of business on Friday, 29 October 2021. Further announcement will be made by the Company in relation to the exact amount of the Dividend in Hong Kong dollars when the conversion rate for Renminbi to Hong Kong dollars to be adopted has been determined by the Board.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the shareholders’ entitlement to the proposed Interim Dividend, the register of members of the Company will be closed from Friday, 22 October 2021 to Friday, 29 October 2021 (both days inclusive), during which no transfer of shares of the Company will be registered.

In order to be qualified for the entitlement to the proposed Interim Dividend, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 21 October 2021.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries made to all the Directors, each of them confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted and complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the Reporting Period.

## **AUDIT COMMITTEE**

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

## **INTERIM REPORT**

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

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

Zhengzhou, the PRC, 26 August 2021

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan (Chief Executive), Mr. Liu Min and Ms. Li Tao; the non-executive director is Ms. Chen Hong; and the independent non-executive Directors are Mr. Liu Jin, Mr. Li Liuqing, Mr. Yeung Yui Yuen Michael, Ms. Zhao Jun, and Ms. Ou Yaqun.*