

2022

Interim Report



港華智慧能源有限公司
Towngas Smart Energy Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1083)

CORPORATE INFORMATION

Board of Directors

Non-Executive Directors

Lee Ka-kit (*Chairman*)

LIU Kai Lap Kenneth

Executive Directors

Peter Wong Wai-ye (*Chief Executive Officer*)

John Ho Hon-ming (*Company Secretary*)

Martin Kee Wai-ngai

(*Chief Operating Officer — Gas Business*)

John Qiu Jian-hang

(*Chief Operating Officer — Renewable Business*)

Independent Non-Executive Directors

Moses Cheng Mo-chi

Brian David Li Man-bun

James Kwan Yuk-choi

LOH Kung Wai Christine

Authorised Representatives

Peter Wong Wai-ye

John Ho Hon-ming

Company Secretary

John Ho Hon-ming

Board Audit and Risk Committee

Brian David Li Man-bun (*Chairman*)

Moses Cheng Mo-chi

James Kwan Yuk-choi

Remuneration Committee

Moses Cheng Mo-chi (*Chairman*)

Brian David Li Man-bun

James Kwan Yuk-choi

LOH Kung Wai Christine

Nomination Committee

Lee Ka-kit (*Chairman*)

Moses Cheng Mo-chi

Brian David Li Man-bun

James Kwan Yuk-choi

LOH Kung Wai Christine

Environmental, Social and Governance Committee

Peter Wong Wai-ye (*Chairman*)

John Ho Hon-ming

Martin Kee Wai-ngai

John Qiu Jian-hang

LOH Kung Wai Christine

Auditor

Deloitte Touche Tohmatsu

Certified Public Accountants and

Registered Public Interest Entity Auditor

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Registered Office

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Hong Kong Branch Share Registrar

Computershare Hong Kong Investor Services Limited

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Hopewell Centre

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Wanchai, Hong Kong

Hong Kong Branch Share Transfer Office

Computershare Hong Kong Investor Services Limited

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Hopewell Centre

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Wanchai, Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited



CONTENTS

	Page
Chairman’s Statement	2
Report on Review of Condensed Consolidated Financial Statements	10
Condensed Consolidated Income Statement	11
Condensed Consolidated Statement of Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	13
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	17
Notes to the Condensed Consolidated Financial Statements	18
Financial Position	46
Other Information	48

CHAIRMAN'S STATEMENT

Financial Highlights

The board of directors announced that for the six months ended 30 June 2022, compared to the corresponding period last year, profit after taxation attributable to shareholders of the Group was HK\$1,042 million, increased by HK\$264 million, up 34%; and basic earnings per share amounted to HK33.04 cents.

Highlights of the unaudited results of the Group's business for the first half of the year and the comparative figures for the corresponding last year are as follows:

	Unaudited Six months ended 30 June	
	2022	2021
Revenue, HK million dollars	10,160	7,773
Profit after taxation attributable to shareholders, HK million dollars	1,042	778
Basic earnings per share, HK cents	33.04	26.21
Gas sales volume, million cubic metres; natural gas equivalent	7,541	7,261
Number of city-gas customers as at 30 June, million households*	15.50	14.56

* Inclusive of all city-gas projects of the Group

Review of Operations

The Group secured an investment of HK\$2.8 billion from the Affinity Equity Partners, a well-known private equity fund, last year to speed up our distributed photovoltaic projects and directly provide electricity to our commercial and industrial customers.

We were renamed to Towngas Smart Energy Company Limited on 14 December 2021, and we will vigorously develop the build-up, operation and management of smart energy business in the future on the back of our gas business.

With the global economy recovering from the impact of COVID-19 and the high inflation driven by escalating energy prices in the first half of 2022, the economy on the Chinese mainland got off to a good start. Since March, however, the resurgence of the pandemic in developed areas such as Jiangsu, Guangdong, Shanghai and many of the northern cities, affected commerce and industry on the Chinese mainland in varying degrees.

For the six months ended 30 June 2022, compared to the corresponding period last year, the Group recorded a total revenue of HK\$10,160 million, representing a significant growth of 31% while profit after taxation attributable to shareholders of the Company surged by 34% to HK\$1,042 million; and basic earnings per share amounted to HK33.04 cents, increased significantly by 26%. Excluding the change in fair value of embedded derivative component of convertible bonds, profit after taxation attributable to shareholders was HK\$520 million, decreased by 33% as compared to the corresponding period last year.

Gas Business

During the first half of 2022, compared to the corresponding period of 2021, the Group's total gas sales volume rose 4% to 7,541 million cubic metres; industrial gas sales volume increased by 4% to 3,725 million cubic metres, rising from 3,592 million cubic metres and accounting for 50% of the total volume of gas sold by the Group. Commercial gas sales volume reached 927 million cubic metres, an increase of 1% compared with the 918 million cubic metres recorded in the corresponding period last year and accounting for 12% of the Group's total gas sales. Wholesale gas sales volume reached 1,000 million cubic metres, a decrease of 2% compared with the 1,025 million cubic metres recorded in the corresponding period last year, representing 13% of our total volume of gas sales. Residential gas sales volume grew 11% to 1,730 million cubic metres, rising from 1,559 million cubic metres for the corresponding period last year and accounting for 23% of the total volume of gas sold. The equivalent of 159 million cubic metres of natural gas sales volume was recorded for our distributed energy projects, compared with the 167 million cubic metres recorded in the corresponding period last year. This accounted for 2% of the Group's total volume of gas sold.

For the six months ended 30 June 2022, our sales of piped gas and energy business recorded revenue of HK\$8,637 million, representing a significant increase of 33% compared with the corresponding period last year, mainly due to an increase in the overall unit gas price.

For our gas connection business, compared with the corresponding period last year, the income from connection fees for the period amounted to HK\$1,195 million, up 32%, and we secured 250,000 new consolidated household connections during the period.

In the first half of 2022, the Group was able to mitigate the impact of rising upstream gas prices on our gross profit by accelerating the concentration of regional gas sources together with flexible procurement. We were also able to reduce the pressure on businesses by actively seeking and making use of supportive policies. As the domestic economy improves in the second half of the year, the growth of our gas volume is expected to rebound. We also anticipate that central and local governments will facilitate the coordination of the current varying pricing mechanisms. Additionally, the peak shaving capacities of our parent company, the Hong Kong and China Gas Company Limited's ("HKCG") gas storage facilities in Jintan, Jiangsu Province will be increased year-after-year. Going hand-in-hand with these developments, we will be increasing supply from unconventional domestic gas sources to reduce costs. In comparison with the first half of the year, we expect that our city gas business will see better profitability in the second half of 2022. Furthermore, we are accelerating the expansion of heating business which promotes the usage of natural gas. We will also seize the new growth opportunities in our city gas business arising from the transition towards carbon peak and carbon neutrality; green, low-carbon energy; and prepare for the active control of methane emissions. These initiatives will provide both premium and sustainable development in our city gas business.

With the reinvestment projects of its project companies taken into account, the Group had two new city gas projects in the first half of the year, namely 長汀福燃天然氣有限責任公司 (Changting Furan Natural Gas Co., Ltd.) located in Fujian province and 安國市華港燃氣有限公司 (Anguo Huagang Gas Co., Ltd.) located in Hebei province. These two projects are expected to bring the Group an annual gas consumption of 136 million cubic metres of natural gas equivalent in the next five years.

Renewable Energy Business

With our widespread experience, accumulated in the development and management of industrial customers in the gas business over the years, we focused even further on comprehensive energy management for customers in zero-carbon smart industrial parks. Activities include the aggressive development of photovoltaic investment and operation, as well as the provision of value-added services such as energy digital services, carbon trading and energy conservation management to users in industrial parks and corporate users. Our mode of developing zero-carbon smart industrial parks has demonstrated its competitive edge.

To date, we had successfully negotiated the development of 47 zero-carbon smart industrial park projects together with the planning of more than 200 renewable energy projects in 19 provincial-level areas.

Moreover, our parent HKCG have established our presence in developing city gas business in Xi'an in Shaanxi Province since 2006. Over the years, we have offered safe and reliable gas services to the city and received wide recognition from government leaders and all walks of life. Currently, we have successfully secured zero-carbon industrial park projects in the Xi'an Economic and Technology Development Zone and Huyi District. Going forward, we also plan to invest in smart energy business in other districts such as Xixian New District and Gaoxin District to support Xi'an in achieving the goals of carbon peak and carbon neutrality.

Moving forward, we will focus on investing in the Beijing-Tianjin-Hebei region, Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area; and provide industry leaders in sectors such as steel, paper and data centres with carbon-neutral solutions. We have also established demonstration projects for zero-carbon industrial parks and zero-carbon factories, which provide large-scale promotion and replication values in Taizhou of Jiangsu Province and Tangshan of Hebei Province. Our aim is to support and expedite the development of zero-carbon smart industrial parks. Additionally, we have increased our investment in energy management technologies. This includes building an energy ecological platform for zero-carbon industrial parks. At the same time, we are promoting our carbon asset custody and green power trading services to boost our energy and carbon service capacities while also exploring every opportunity to broaden our business prospects.

On the front of energy innovation, we have established our Towngas Energy Academy during the year. The Academy's aim is to attract and lead scientific research in partnership with other scientific institutions to jointly transform breakthroughs in scientific research into achievable commercial projects by offering a practical commercial environment with a focus on smart and green energy. In this regard, we have earlier cooperated with Tsinghua University to set up a joint research centre for virtual power plant technologies in zero-carbon smart industrial parks, seeking to overcome technological bottlenecks as well as to drive the development and technological progress of energy Internet and new power systems.

We continued to expand our business presence in the first half of 2022, during which we added 52 renewable energy projects with a total of 108 projects in place. Our business includes commercial and industrial distributed photovoltaic energy, energy storage, carbon management, electricity engineering works, green electricity companies and integrated energy. We will uphold our core strategy of sustainable development and continue to plan along three strategic directions by focusing on the build-up, operation and management of zero-carbon projects under various scenarios. We will also get hold of the era's opportunities and contribute to our nation's goals of achieving carbon peak and carbon neutrality as well as addressing global climate change.

Extended Business

Based on the Group's VCC (Virtual Customer Centre) platform, we, via our "Lifestyle" brand, have actively expanded our extended business with a focus on the smart kitchen, including smart kitchen equipment, gas service and safety management, safe kitchen solution, high-end kitchen cabinet and household insurance. We also offer health products and services through "Moment+" via its online platform and physical outlets.

At the end of June, we had 6.5 million Lifestyle VCC members, 480,000 of whom were newly added in the first half of the year. During the same period, our companies handled 7.35 million gas business transactions together with a further 470,000 non-gas payment transactions on our Lifestyle VCC platform. Sales of gas insurance products also saw considerable growth, recording an increase of 52% over that of the corresponding period last year.

We continued to work actively to promote the sales of our Bauhinia brand, with gas appliances ranging from gas stoves, water heaters, range hoods to gas dryers, and bespoke kitchen design services together with smart kitchen solutions to meet customers' diverse needs.

Environmental, Social and Governance

In line with global trends particularly in regard to green development and the transition to low-carbon operations, we will continue to increase investment in our environmental, social and governance (ESG) initiatives, while at the same time making every effort to improve our levels of sustainable development in all aspects throughout the Group. Similarly, we are working hard to incorporate the ESG concept in our governance and daily operation.

The Group has been included in five international ESG ratings, giving investors and our different stakeholders a clearer understanding of our business operation, especially in the field of ESG-related risks and opportunities. The five ratings, with two further ratings added this year compared with the number for the previous year, came from leading global institutions — MSCI, Sustainalytics, S&P Global, FTSE Russell and the Hang Seng Corporate Sustainability Index. This helps give people from different sectors a greater understanding of our performance in sustainable development. Having received an ESG rating upgrade from Sustainalytics recently, the Group outperforms the industry and emerges as the first city gas utility on the Chinese mainland to be rated as "medium risk".

In the first half of the year, we received several ESG awards, reaffirming the high recognition we have achieved with regard to our many contributions to the long-term development of our community. Of special note, the Group has received the title, Low-Carbon Model for two consecutive years, from *China News Weekly*, China News Service. This award gives tribute to the efforts and outstanding achievements of businesses in the field of carbon reduction and energy conservation. We also received the Most Socially Responsible Listed Company and Caring Enterprise awards presented by different institutions in recognition of our many social responsibility initiatives.

We are also highly proactive in environmental protection. We are committed to the cause, shouldering corporate responsibilities and making every contribution to combat the global climate crisis and support the Chinese mainland's journey towards carbon neutrality. In the first half of the year, we announced the first issue of our US\$200 million of sustainability-linked bonds. The bonds were issued with regard to a sustainable development-linked financial framework which we formulated, in line with the principles of sustainable development-linked bonds and sustainable development-linked loans. Under the framework, the Group established two Sustainability Performance Targets, namely the total photovoltaic installed capacity and the solar energy sales to total energy sales ratio. If either of the pre-agreed sustainable development indicators are not met, we will pay additional interest to show our commitment. Additionally, we officially teamed up with China Oil and Gas Methane Alliance in June this year. The aim is to reduce the average emission intensity of methane during the production of natural gas to less than 0.25% by 2025, which is close to leading global standards. The ultimate goal is to reach world-class standards by 2035.

On top of these efforts at the corporate level, we also encourage employees to reduce carbon levels on an individual basis. In March this year, the Group launched a low-carbon environmental campaign — Green Travel for Carbon Peak and Carbon Neutrality, encouraging all our staff to adopt a green, low-carbon and healthy lifestyle through their actions. A total of more than 130 project companies took part in this activity, which included the planting of more than 10,000 trees.

In terms of our governance structure, we are committed to making changes that support the principles of sustainable development. We also believe that board diversity is beneficial to improving our performance. As such, in addition to merit, we take this diversity into account in the selection of our directors. As such, on 4 April this year, Dr Loh Kung Wai Christine was appointed as an independent non-executive director of the Company. In this role she also serves as a member of our Nomination Committee, Remuneration Committee as well as our Environmental, Social and Governance Committee.

Lending a helping hand to the disadvantaged and the needy, we launched our signature community campaign, the Gentle Breeze Movement, in 2013. This initiative supports schools suffering from a lack of resources, both through school renovation projects as well as donation of books and other school supplies. It also aims at improving the learning environment for students and alleviating any burdens borne by underprivileged families. In May this year, under this initiative, a visit was made to Pingnan County, Guangxi. Apart from donating teaching equipment, we also set up a Charity Library, improved and built sports facilities for a local primary school, invested and donated approximately RMB180,000 in total.

Employee and Remuneration Policies

As at 30 June 2022, the Group had 23,476 employees, 99% of whom worked in the Chinese mainland. Employee remuneration is based on individual performance, job nature and the relevant responsibilities involved. The Group provides on-the-job training as well as optimal benefits packages for employees, which include medical welfare, retirement plans, year-end bonuses and other incentives. The Group encourages employees to adopt a work-life balance, whilst improving the work environment for employees on a continuing basis so that they can realise their full potential and contribute to the Group.

Interim Dividend

The Board has taken account of the Company's dividend policy and resolved at the Board meeting on 16 August 2022 not to declare an interim dividend (2021: nil).

Business Outlook for 2022

In the first half of 2022, economic growth on the Chinese mainland faced great challenges. In the past few months, the central and local governments have repeatedly formulated policies, both to maintain the stability of and to rejuvenate the economy. As the pandemic was gradually brought under control in June, the economy on the Chinese mainland began to turn around. With these domestic support policies playing a positive role and the implementation of the improved COVID-19 Pandemic Prevention and Control Plan (Ninth Edition) taking hold, industrial and commercial activities and residential consumption experienced a speedy recovery. We therefore expect the second half of the year to fare better than the first.

Guided by carbon peak and carbon neutrality goals, the green and low-carbon energy transition on the Chinese mainland is progressing systematically. Speeding up the establishment of a safe, green and modern energy system, the Chinese mainland has promulgated and implemented a series of plans and schemes to guide energy transition development in the period of 14th Five-Year-Plan and up to 2035. In view of the pandemic in the first half of 2022, the consumption demand for natural gas on the Chinese mainland was significantly dampened. In the long term, however, natural gas will play a crucial role in achieving carbon peak and carbon neutrality. It can only grow in popularity for applications in the key industries focusing particularly on energy conservation and carbon reduction, maintaining stable and persistent growth, and developing in concert with new energy into the future. New premium development opportunities will also present themselves in the field of regional integrated energy supply.

The consumption of non-fossil energy will take up a higher proportion in primary energy, reaching 25% by 2030. At the same time, the installed capacity of wind and photovoltaic power will reach 1.2 billion kilowatts, driving a speedy leap in the development of renewable energy on the Chinese mainland. Even in the first half of the year plagued by the pandemic, the Chinese mainland posted robust growth of 25.8% in the installed capacity and investment of new photovoltaic power generation. “Photovoltaic+” has been widely applied under various scenarios in industrial parks, buildings, transportation and other fields. Historic opportunities will emerge in photovoltaic power generation, energy storage, hydrogen energy and smart energy. Following the three strategic directions of integration, decarbonisation and digitalisation, the Group will promote the development of zero-carbon smart industrial parks and photovoltaic power, energy storage, as well as battery charging and swapping projects.

In the first half of 2022, we made every effort to overcome the adverse impact of the pandemic. We also made the best of global environmental protection trends, aligned ourselves with the national goals of carbon peak and carbon neutrality and other related policies, promoted the parallel and coordinated development of our city gas and renewable energy business, and proactively expanded our extended business to empower our companies. On top of these initiatives, we are promoting information transformation as well. On yet another front, we continued to invest resources in the research and development of innovative environmental protection technology. We also integrated new and ground-breaking research and development in energy with commercial-scale production to create new growth drivers for our business development. At the same time, building a better future for our community, we are committed to improving our ESG performance as well as our ability to undertake greater corporate responsibility. With the improving Chinese economic landscape in the second half of the year, our various business lines will be back on track, returning to rapid and quality growth, while setting the scene for our ongoing and vigorous development.

Lee Ka-kit

Chairman

Hong Kong, 16 August 2022



TO THE BOARD OF DIRECTORS OF TOWNGAS SMART ENERGY COMPANY LIMITED

港華智慧能源有限公司

Introduction

We have reviewed the condensed consolidated financial statements of Towngas Smart Energy Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 11 to 45, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

16 August 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	10,160,287	7,772,512
Total operating expenses	4	(9,230,228)	(6,760,707)
		930,059	1,011,805
Other income		94,135	74,707
Other gains (losses), net		521,603	(4,985)
Share of results of associates		114,909	186,635
Share of results of joint ventures		158,572	186,023
Finance costs	5	(371,728)	(234,598)
Profit before taxation	6	1,447,550	1,219,587
Taxation	7	(277,872)	(315,881)
Profit for the period		1,169,678	903,706
Profit for the period attributable to:			
Shareholders of the Company		1,041,609	778,133
Non-controlling interests		128,069	125,573
		1,169,678	903,706
		HK cents	HK cents
Earnings per share	8		
— Basic		33.04	26.21
— Diluted		15.93	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit for the period	<u>1,169,678</u>	<u>903,706</u>
Other comprehensive (expense) income for the period		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation to presentation currency	(1,028,369)	118,442
Fair value change on investments in equity instruments at fair value through other comprehensive income	(142,870)	(299,016)
Income tax relating to items that will not be reclassified to profit or loss	35,717	76,367
<i>Items that may be reclassified subsequently to profit or loss</i>		
Cash flow hedge:		
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	65,947	(30,425)
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	<u>(105,289)</u>	<u>49,512</u>
	<u>(1,174,864)</u>	<u>(85,120)</u>
Total comprehensive (expense) income for the period	<u>(5,186)</u>	<u>818,586</u>
Total comprehensive (expense) income attributable to:		
Shareholders of the Company	(75,743)	679,649
Non-controlling interests	<u>70,557</u>	<u>138,937</u>
Total comprehensive (expense) income for the period	<u>(5,186)</u>	<u>818,586</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	22,761,228	22,810,412
Right-of-use assets	10	882,110	941,481
Intangible assets		439,107	471,083
Goodwill	11	5,489,796	5,750,478
Interests in associates	12	10,623,229	11,183,849
Interests in joint ventures		3,721,842	3,629,468
Loans to associates		45,168	47,313
Equity instruments at fair value through other comprehensive income		1,286,917	1,497,846
Other financial assets		36,491	–
Deposits paid for acquisition of subsidiaries/ an associate		–	178,829
		<u>45,285,888</u>	<u>46,510,759</u>
Current assets			
Inventories		687,679	704,509
Loans to associates		60,722	67,207
Loans to joint ventures		192,775	194,873
Trade and other receivables, deposits and prepayments	13	2,537,846	2,463,040
Amounts due from non-controlling shareholders		209,196	215,637
Time deposits over three months		6,794	9,571
Bank balances and cash		3,866,700	4,071,107
		<u>7,561,712</u>	<u>7,725,944</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2022

	NOTES	30.6.2022 HK\$'000 (unaudited)	31.12.2021 HK\$'000 (audited)
Current liabilities			
Trade and other payables and accrued charges	15	2,814,934	2,994,759
Contract liabilities		3,706,961	3,939,179
Lease liabilities		20,013	15,312
Amounts due to non-controlling shareholders		72,663	79,855
Taxation payable		1,666,309	1,611,627
Borrowings — amounts due within one year	16	7,252,156	8,633,082
Loan from ultimate holding company		80,959	66,617
Loans from joint ventures		803	730
Loan from an associate		23,427	—
Other financial liabilities		—	29,992
		<u>15,638,225</u>	<u>17,371,153</u>
Net current liabilities		<u>(8,076,513)</u>	<u>(9,645,209)</u>
Total assets less current liabilities		<u>37,209,375</u>	<u>36,865,550</u>
Non-current liabilities			
Lease liabilities		76,233	60,174
Borrowings — amounts due after one year	16	9,490,530	7,990,330
Deferred taxation		765,588	830,839
Loans from non-controlling shareholders		23,792	37,518
Other financial liabilities		15,377	40,694
Convertible bonds	17	2,130,140	2,733,237
		<u>12,501,660</u>	<u>11,692,792</u>
Net assets		<u>24,707,715</u>	<u>25,172,758</u>
Capital and reserves			
Share capital	18	316,469	315,989
Reserves		22,022,181	22,579,063
Equity attributable to shareholders of the Company		<u>22,338,650</u>	<u>22,895,052</u>
Non-controlling interests		<u>2,369,065</u>	<u>2,277,706</u>
Total equity		<u>24,707,715</u>	<u>25,172,758</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to shareholders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Hedge reserve HK\$'000	General reserves HK\$'000	Investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Shares held for share award scheme HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2022	315,989	6,315,127	2,041,619	4,019	466,044	825,049	-	(19,928)	12,947,133	22,895,052	2,277,706	25,172,758
Exchange differences arising on translation to presentation currency	-	-	(970,857)	-	-	-	-	-	-	(970,857)	(57,512)	(1,028,369)
Fair value change on investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(142,870)	-	-	-	(142,870)	-	(142,870)
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	35,717	-	-	-	35,717	-	35,717
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	-	-	-	65,947	-	-	-	-	-	65,947	-	65,947
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	-	-	-	(105,289)	-	-	-	-	-	(105,289)	-	(105,289)
Profit for the period	-	-	-	-	-	-	-	-	1,041,609	1,041,609	128,069	1,169,678
Total comprehensive (expense) income for the period	-	-	(970,857)	(39,342)	-	(107,153)	-	-	1,041,609	(75,743)	70,557	(5,186)
Transfer	-	-	-	-	29,261	-	-	-	(29,261)	-	-	-
Recognition of share-based payments upon grant of subscription shares (note 6)	-	-	-	-	-	-	4,941	-	-	4,941	-	4,941
Issue of subscription shares (note 18)	480	18,975	-	-	-	-	(1,739)	-	-	17,716	-	17,716
Purchase of shares under share award scheme	-	-	-	-	-	-	-	(29,897)	-	(29,897)	-	(29,897)
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	96,323	96,323
Dividends declared to shareholders of the Company (note 9)	-	(473,419)	-	-	-	-	-	-	-	(473,419)	-	(473,419)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(75,521)	(75,521)
	480	(454,444)	-	-	29,261	-	3,202	(29,897)	(29,261)	(480,659)	20,802	(459,857)
At 30 June 2022 (unaudited)	316,469	5,860,683	1,070,762	(35,323)	495,305	717,896	3,202	(49,825)	13,959,481	22,338,650	2,369,065	24,707,715

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2021

	Attributable to shareholders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Hedge reserve HK\$'000	General reserves HK\$'000	Investment revaluation reserve HK\$'000	Share-based payment reserve HK\$'000	Shares held for share award scheme HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2021	296,893	5,951,219	1,259,620	(27,734)	413,900	1,039,750	-	-	11,789,251	20,722,899	1,925,703	22,648,602
Exchange differences arising on translation to presentation currency	-	-	105,078	-	-	-	-	-	-	105,078	13,364	118,442
Fair value change on investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(299,016)	-	-	-	(299,016)	-	(299,016)
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	76,367	-	-	-	76,367	-	76,367
Net fair value change on derivative instruments designated as cash flow hedge recorded in hedge reserve	-	-	-	(30,425)	-	-	-	-	-	(30,425)	-	(30,425)
Reclassification of fair value change on derivative instruments designated as cash flow hedge to profit or loss	-	-	-	49,512	-	-	-	-	-	49,512	-	49,512
Profit for the period	-	-	-	-	-	-	-	-	778,133	778,133	125,573	903,706
Total comprehensive income (expense) for the period	-	-	105,078	19,087	-	(222,649)	-	-	778,133	679,649	138,937	818,586
Transfer	-	-	-	-	18,882	-	-	-	(18,882)	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(42,314)	(42,314)	(6,700)	(49,014)
Acquisition of a subsidiary (note 22)	-	-	-	-	-	-	-	-	-	-	24,117	24,117
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	26,777	26,777
Disposal of a subsidiary (note 22)	-	-	-	-	-	-	-	-	-	-	(34,092)	(34,092)
Dividends declared to shareholders of the Company (note 9)	-	(445,340)	-	-	-	-	-	-	-	(445,340)	-	(445,340)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(61,885)	(61,885)
	-	(445,340)	-	-	18,882	-	-	-	(61,196)	(487,654)	(51,783)	(539,437)
At 30 June 2021 (unaudited) (restated)	296,893	5,505,879	1,364,698	(8,647)	432,782	817,101	-	-	12,506,188	20,914,894	2,012,857	22,927,751

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	NOTE	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (Restated)
Net cash generated from operating activities		191,527	830,029
Investing activities			
Purchases of property, plant and equipment		(1,357,577)	(1,174,585)
Dividends received from associates		390,349	254,548
Dividends received from equity instruments at fair value through other comprehensive income		38,756	30,882
Proceeds from disposal of right-of-use assets		35,848	–
Repayment of loans to joint ventures		31,148	67,066
Repayment of loans to associates		9,588	2,424
Proceeds from disposal of property, plant and equipment		2,740	–
Decrease in time deposits over three months		2,268	82,924
Payment for acquisition of an associate		–	(5,230,880)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	22	17,017	(26,779)
Deemed disposal/disposal of a subsidiary (net of cash and cash equivalents disposed)	22	(68,368)	(2,069)
Purchase of right-of-use assets		(5,658)	(29,001)
Advance to an associate		(6,116)	(16,941)
Advances to joint ventures		(38,100)	(57,962)
Capital contribution to joint ventures		–	(30,002)
Other investing cash flows		29,966	19,722
Net cash used in investing activities		(918,139)	(6,110,653)
Financing activities			
New bank and other loans raised		8,068,792	7,991,592
Repayments of bank and other loans		(7,426,312)	(2,544,139)
Capital contribution from non-controlling shareholders of subsidiaries		96,323	26,777
Advances from joint ventures		36,605	39,318
Advances from associates		24,178	–
Issue of subscription shares		17,716	–
Loan from ultimate holding company		17,919	83,419
Acquisition of additional interest in a subsidiary		–	(49,014)
Advance from a non-controlling shareholder		–	14,163
Repayment of lease liabilities		(13,230)	(14,896)
Repayment of loan from non-controlling shareholder		(12,410)	–
Purchase of shares held for share award scheme		(29,897)	–
Repayment of loans from joint ventures		(36,163)	–
Dividends paid to non-controlling shareholders of subsidiaries		(75,521)	(61,885)
Net cash generated from financing activities		668,000	5,485,335
Net (decrease) increase in cash and cash equivalents		(58,612)	204,711
Cash and cash equivalents at beginning of the period		4,071,107	2,225,954
Effect of foreign exchange rate changes		(145,795)	54,813
Cash and cash equivalents at end of the period, representing bank balances and cash		3,866,700	2,485,478

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. BASIS OF PREPARATION

The Company is a public limited company incorporated in the Cayman Islands on 16 November 2000 under the Companies Law (Revised) Chapter 22 of the Cayman Islands as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In the opinion of the directors of the Company (“Directors”), the Group’s parent holding company and ultimate controlling shareholder is The Hong Kong and China Gas Company Limited (“HKCG”), a limited company incorporated in Hong Kong with its shares listed on the Stock Exchange.

The functional currency of the Company is Renminbi (“RMB”). The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HKD”). The reason for selecting HKD as its presentation currency is because the Company is a public company incorporated in the Cayman Islands with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sales of piped gas and other types of energy, construction of gas pipelines, the sale of gas appliances and related products, and other value-added services in the People’s Republic of China (the “PRC”).

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by approximately HK\$8,077 million as at 30 June 2022. The Group’s liabilities as at 30 June 2022 included borrowings of approximately HK\$7,252 million that are repayable within one year from the end of the reporting period.

1. BASIS OF PREPARATION (CONTINUED)

As at 30 June 2022, the Group has unutilised source of fund from a Medium Term Note Programme (“MTN Programme”) amounting to approximately HK\$13,244 million and unutilised facilities from banks and ultimate controlling shareholder amounting to approximately HK\$9,929 million (“Facilities”). As of the date of approval for issuance of the condensed consolidated financial statements, the Group had unutilised source of fund from MTN Programme and the Facilities amounting to approximately HK\$13,257 million and HK\$9,583 million, respectively. When considering the Group’s ability to continue as a going concern, the Directors considered that the Group’s borrowings of approximately HK\$1,230 million that are repayable within one year from the end of the reporting period will be rolled over or refinanced as the Group has a good relationship with the banks/creditors and has good credibility.

Taking into account of the internally generated funds, unutilised source of fund from MTN Programme and those available Facilities, the Directors are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are stated at fair values at the end of each reporting period as appropriate.

Other than accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Impacts and changes in accounting policies on application of Amendments to HKFRS 3 “Reference to the Conceptual Framework”

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC)-Int 21 “Levies”, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

The Group applies the amendments to business combinations for which the acquisition date is on or after 1 January 2022. The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Accounting policies newly applied by the Group

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees and connected persons

Equity-settled share-based payments by way of issue of new shares of the Company to employees and others providing similar services are measured at the difference of the fair value of the shares at the grant date and the considerations received or to be received by the Company. The costs of equity-settled share-based payment without vesting condition is expensed immediately to profit or loss on the grant date and recognised as staff costs. The costs of equity-settled share-based payment together with the consideration received from the issue of shares are recognised in share capital/share premium. For those with consideration not yet received, the costs of equity-settled share-based payment is recognised in equity (share-based payments and shares held for share award scheme reserve) and will be transferred to share capital/share premium when consideration is received.

3. SEGMENT INFORMATION

Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker of the Group has been identified as the executive directors of the Company (the "Executive Directors").

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors to facilitate strategic decision making.

3. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

The Group currently organises its operations into three operating divisions, which also represent the operating segments of the Group for financial reporting purposes. The principal activities of the operating and reportable segments are as follows:

- Sales of piped gas and energy – Sales of piped gas (mainly natural gas) and other types of energy
- Gas connection – Construction of gas pipeline networks under gas connection contracts
- Extended business – Sales of gas related household appliances and related products, and other related value-added services

Segments results represent the profit before taxation earned by each segment, excluding finance costs, share of results of associates, share of results of joint ventures, other income, other gains (losses), net and unallocated corporate expenses such as central administration costs and directors' salaries. These are reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

Amounts of segment assets and liabilities of the Group are not reviewed by the Executive Directors or otherwise regularly provided to the Executive Directors. Therefore, segment assets and liabilities are not presented.

3. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

Information regarding these segments is presented below:

	Sales of piped gas and energy HK\$'000	Gas connection HK\$'000	Extended business HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2022				
REVENUE				
Revenue recognised at a point in time	8,637,148	898,946	328,601	9,864,695
Revenue recognised over time	–	295,592	–	295,592
External	<u>8,637,148</u>	<u>1,194,538</u>	<u>328,601</u>	<u>10,160,287</u>
Segment results	<u>472,347</u>	<u>490,746</u>	<u>61,824</u>	1,024,917
Other income				94,135
Other gains, net				521,603
Unallocated corporate expenses				(94,858)
Share of results of associates				114,909
Share of results of joint ventures				158,572
Finance costs				<u>(371,728)</u>
Profit before taxation				1,447,550
Taxation				<u>(277,872)</u>
Profit for the period				<u>1,169,678</u>

3. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

	Sales of piped gas and energy HK\$'000	Gas connection HK\$'000	Extended business HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2021				
REVENUE				
Revenue recognised at a point in time	6,514,341	674,337	354,748	7,543,426
Revenue recognised over time	–	229,086	–	229,086
External	<u>6,514,341</u>	<u>903,423</u>	<u>354,748</u>	<u>7,772,512</u>
Segment results	<u>610,607</u>	<u>396,913</u>	<u>71,188</u>	1,078,708
Other income				74,707
Other losses, net				(4,985)
Unallocated corporate expenses				(66,903)
Share of results of associates				186,635
Share of results of joint ventures				186,023
Finance costs				<u>(234,598)</u>
Profit before taxation				1,219,587
Taxation				<u>(315,881)</u>
Profit for the period				<u>903,706</u>

4. TOTAL OPERATING EXPENSES

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Gas fuel, stores and materials used	7,844,459	5,542,926
Staff costs	649,737	568,690
Depreciation and amortisation	465,755	436,163
Other expenses	270,277	212,928
	<u>9,230,228</u>	<u>6,760,707</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	335,381	238,573
Effective interest expense on convertible bonds	38,562	–
Bank charges	3,494	2,496
Interest on lease liabilities	2,278	2,224
	<u>379,715</u>	<u>243,293</u>
Less: amounts capitalised	(7,987)	(8,695)
	<u>371,728</u>	<u>234,598</u>

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	9,853	9,842
Depreciation of right-of-use assets	27,832	26,229
Cost of inventories sold	8,322,358	5,978,625
Depreciation of property, plant and equipment	428,070	400,092
Staff costs (<i>note</i>)	649,737	568,690
Loss on disposal of property, plant and equipment (included in other gains (losses), net)	2,403	5,675
Loss on deemed disposal of a subsidiary (included in other gains (losses), net)	277	–
and after crediting:		
Interest income	29,966	17,764
Change in fair value of embedded derivative component of convertible bonds (included in other gains (losses), net)	522,019	–
Dividend income from equity instruments at fair value through other comprehensive income	38,756	30,882
Exchange gain, net (included in other gains (losses), net)	1,292	1,095

Note: As disclosed in note 18(c), during the six months ended 30 June 2022, the Company entered into a number of subscription agreements with subscribers pursuant to which a total of 11,663,000 subscription shares will be issued by the Company to the subscribers at a subscription price of HK\$3.69 per share in cash. The subscribers include the directors of the Company, directors of subsidiaries of the Company, directors of subsidiaries of HKCG and employees of the Group and HKCG, accordingly the difference between the fair value of shares at date of grant or date of approval (if needed) and subscription price amounting to HK\$4,941,000 in aggregate is recorded as share-based payment and included in staff costs.

7. TAXATION

Six months ended 30 June

2022	2021
HK\$'000	HK\$'000
(unaudited)	(unaudited)

The charge comprises:

PRC Enterprise Income Tax ("EIT")		
— current period	253,035	284,088
Deferred taxation	24,837	31,793
	277,872	315,881

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both periods.

The EIT rates applicable for the Group's PRC subsidiaries range from 15% to 25% (six months ended 30 June 2021: 15% to 25%).

Following the 2020 edition of Catalogue of Encouraged Industries in Western Region (Order No. 40 [2021]) released by the National Development and Reform Commission of the PRC in 2021, certain subsidiaries which are operating in the Western China have been granted a concessionary tax rate of 15% by the local tax bureau.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings		
Profit for the period attributable to shareholders of the Company for the purpose of basic earnings per share	1,041,609	778,133
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	38,562	–
Change in fair value of embedded derivative component of convertible bonds	(522,019)	–
Profit for the purpose of diluted earnings per share	<u>558,152</u>	<u>778,133</u>
	Number of shares	
	Six months ended 30 June	
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of basic earnings per share	3,152,457	2,968,935
Effect of dilutive potential ordinary shares:		
Convertible bonds	350,350	–
Weighted average number of remaining subscription shares	3,002	–
Weighted average number of remaining subscription shares that would have issued at market	(2,745)	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>3,503,064</u>	<u>2,968,935</u>

There were no potential ordinary shares in issue for the six months ended 30 June 2021.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil). During the period, a dividend of HK fifteen cents per ordinary share (2020 Final: HK fifteen cents per ordinary share) amounting to HK\$473,419,000 was declared by the Board as the final dividend for 2021 (2020 Final: HK\$445,340,000).

The final dividend for 2021 was payable in cash but shareholders were given the option of electing to receive the final dividend in the form of new shares in lieu of cash in respect of part or all of such dividend. Subsequent to the reporting period, on 12 July 2022, the final dividend of HK fifteen cents per ordinary share, which included the scrip dividend alternative offered to shareholders, was paid to shareholders whose name appear on the register of members of the Company on 6 June 2022 as the final dividend in respect of the financial year ended 31 December 2021.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group spent HK\$1,365,564,000 (six months ended 30 June 2021: HK\$1,174,585,000) on additions to property, plant and equipment, including HK\$1,047,839,000 (six months ended 30 June 2021: HK\$894,492,000) on the construction in progress of gas pipelines and HK\$317,725,000 (six months ended 30 June 2021: HK\$280,093,000) on other plant and equipment.

Furthermore, during the current interim period, additions to right-of-use assets amounted to HK\$47,461,000 (six months ended 30 June 2021: HK\$63,058,000), of which HK\$5,658,000 (six months ended 30 June 2021: HK\$29,001,000) relates to acquisition of leasehold land.

11. GOODWILL

	HK\$'000
At 1 January 2022	5,750,478
Currency realignment	<u>(260,682)</u>
At 30 June 2022 (unaudited)	<u><u>5,489,796</u></u>

12. INTERESTS IN ASSOCIATES

During the six months ended 30 June 2022, the identification and determination of the fair values of the net identifiable assets of Shanghai Gas Co., Ltd. (“Shanghai Gas”) have been completed. Intangible assets and fair value adjustments on certain assets and liabilities are recognised on date of acquisition. The Group’s share of fair value of net identifiable assets of Shanghai Gas at date of acquisition increased by HK\$977,067,000 and the goodwill on acquisition decreased by HK\$977,067,000, resulting in restated amounts of HK\$4,119,859,000 and HK\$1,664,392,000, respectively. No adjustment on additional amortisation of intangible assets and depreciation of property, plant and equipment is made during the second half 2021 as the amount involved is not significant.

In addition, the Group has entered into a shareholders’ agreement with Shenergy (Group) Company Limited (“Shenergy Group”), the controlling shareholder of Shanghai Gas, during the six months ended 30 June 2022, pursuant to which the financial results of Shanghai Gas for the period from 1 January 2022 to 30 June 2022 were borne by Shenergy Group.

At 30 June 2022, the management performed impairment assessment on interest in Shanghai Gas by determining the recoverable amount based on value-in-use approach using the discounted cash flow method. No impairment loss has been recognised in profit or loss.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2022	31.12.2021
	HK\$’000	HK\$’000
	(unaudited)	(audited)
Trade receivables (net of allowance for credit losses)	1,213,327	1,241,290
Prepayments	753,487	571,274
Other receivables and deposits	571,032	650,476
	<u>2,537,846</u>	<u>2,463,040</u>

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Trade receivables

Included in the balance of trade and other receivables, deposits and prepayments are trade receivables with gross carrying amount of HK\$1,370,926,000 (31 December 2021: HK\$1,411,192,000) and allowance for credit losses of HK\$157,599,000 (31 December 2021: HK\$169,902,000). The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers. Longer credit period is also allowed on a case-by-case basis. The following is an aged analysis of trade receivables presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	30.6.2022	31.12.2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 to 90 days	854,167	952,900
91 to 180 days	82,514	81,132
Over 180 days	276,646	207,258
	<u>1,213,327</u>	<u>1,241,290</u>

Details of the impairment assessment are set out in note 14.

14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment loss recognised (reversed) in respect of trade receivables, net	<u>1,698</u>	<u>(5,989)</u>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

15. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	30.6.2022	31.12.2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Trade payables	1,380,741	1,587,061
Consideration payable for acquisitions of businesses	77,121	80,700
Other payables and accruals	1,351,002	1,325,645
Amount due to ultimate holding company (<i>note</i>)	6,070	1,353
	<u>2,814,934</u>	<u>2,994,759</u>

Note: The amount is unsecured, interest-free and repayable on demand.

Trade payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30.6.2022	31.12.2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
0 to 90 days	525,538	905,106
91 to 180 days	290,689	209,004
181 to 360 days	258,537	172,091
Over 360 days	305,977	300,860
	<u>1,380,741</u>	<u>1,587,061</u>

16. BORROWINGS

	30.6.2022	31.12.2021
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Bank loans — unsecured	14,285,362	15,668,738
Other loans — unsecured	9,595	34,429
Medium term note — unsecured (<i>note</i>)	2,447,729	920,245
	<u>16,742,686</u>	<u>16,623,412</u>
Carrying amount repayable:		
On demand or within one year	7,252,156	8,633,082
Within a period of more than one year but not exceeding two years	1,868,425	1,130,793
Within a period of more than two years but not exceeding five years	7,595,703	6,837,377
Within a period of more than five years	26,402	22,160
	<u>16,742,686</u>	<u>16,623,412</u>
Less: Amount due within one year shown under current liabilities	<u>(7,252,156)</u>	<u>(8,633,082)</u>
Amount due after one year shown under non-current liabilities	<u>9,490,530</u>	<u>7,990,330</u>

Note: Amount included sustainability-linked bonds of HK\$1,569,200,000 at 30 June 2022 (31 December 2021: Nil).

17. CONVERTIBLE BONDS

The movement of the convertible bonds during the six months ended 30 June 2022 is set out below:

	Debt component	Embedded derivative component	Total
	HK\$'000	HK\$'000	HK\$'000
Carrying amount			
as at 1 January 2022	1,956,598	776,639	2,733,237
Currency realignment	(89,549)	(19,002)	(108,551)
Interest expense	38,562	–	38,562
Accrued interest	(11,089)	–	(11,089)
Gain arising on change of fair value	–	(522,019)	(522,019)
	<u>1,894,522</u>	<u>235,618</u>	<u>2,130,140</u>
At 30 June 2022 (unaudited)	<u>1,894,522</u>	<u>235,618</u>	<u>2,130,140</u>

The details and terms of all the convertible bonds are the same as those disclosed in the Group's annual financial statements for the year ended 31 December 2021, except for the adjustment on conversion price from HK\$6.33 to HK\$6.26 with effect from 12 July 2022 as a result of aggregated distributions of HK\$4.03 per share made by the Company to the shareholders for the year ended 31 December 2021. Details of the adjustment to conversion price of the convertible bonds were set out in the Company's announcement dated 12 July 2022.

18. SHARE CAPITAL

Authorised shares of HK\$0.10 each

	Number of shares	HK\$'000
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>5,000,000,000</u>	<u>500,000</u>

A summary of the movements in the issued and fully paid capital of the Company is as follows:

	Number of shares	HK\$'000
At 1 January 2021 and 30 June 2021	2,968,934,833	296,893
Issue of shares upon scrip dividend scheme (<i>note a</i>)	74,177,177	7,418
Issue of shares (<i>note b</i>)	<u>116,783,333</u>	<u>11,678</u>
At 31 December 2021	3,159,895,343	315,989
Issue of subscription shares (<i>note c</i>)	<u>4,801,000</u>	<u>480</u>
At 30 June 2022	<u>3,164,696,343</u>	<u>316,469</u>

Notes:

- (a) On 18 March 2021, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 27 May 2021. On 13 July 2021, 74,177,177 shares of HK\$0.10 each were allotted and issued at HK\$5.08 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2020 final dividend under the scrip dividend scheme.
- (b) On 18 November 2021, the Company issued and allotted 116,783,333 shares and issued convertible bonds (see note 17) to an investor with an aggregated amount of HK\$2,801,632,000 pursuant to the subscription agreement dated 25 October 2021. Details of the subscription of shares and convertible bonds were disclosed in the announcements of the Company dated 25 October 2021 and 18 November 2021.
- (c) On 18 March 2022, the Company entered into a number of subscription agreements with the subscribers pursuant to which the subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to issue, in aggregate 11,663,000 subscription shares at the subscription price of HK\$3.69 per subscription share in cash. On 17 June 2022, 4,801,000 subscription shares were allotted and issued in respect of these subscription agreements with total proceed of HK\$17,716,000. Details of the subscription shares were disclosed in the announcement of the Company dated 18 March 2022 and 6 June 2022.

All the shares which were issued during both periods rank *pari passu* with the then existing shares in all respects.

19. SHARE AWARD SCHEME

On 17 August 2021, the Company adopted the share award scheme (the “Scheme”) for the purposes of (a) recognising the contributions by the directors and employees of the Group (the “eligible participants”) and providing them with incentives in order to retain them for the continual operation and development of the Group and (b) attracting suitable personnel for the further development of the Group and to contribute to the long-term growth of the Group. The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and accordingly, no shareholders’ approval of the Company is required to adopt the Scheme. Unless terminated earlier by the Board pursuant to the Scheme, the Scheme shall be valid and effective for a period of ten years commencing on the adoption date. Tricor Trust (Hong Kong) Limited was appointed as a trustee of the Scheme. Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions, the award shares held by the trustee on behalf of a selected participant shall vest in such selected participant and the trustee shall transfer the award shares to such selected participant. Details of the Scheme were disclosed in the announcement of the Company dated 17 August 2021.

At 30 June 2022 and 31 December 2021, there are 10,737,000 shares and 3,772,000 shares held by the trustee respectively. During the six months ended 30 June 2022, an additional 6,965,000 shares were purchased by the trustee from the market at an average price of approximately HK\$4.29 per share, with an aggregate amount of HK\$29,897,000. No shares were granted to any of the eligible participants pursuant to the Scheme during the period.

20. CAPITAL COMMITMENTS

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following significant capital commitments at the end of the reporting period:

	30.6.2022	31.12.2021
	HK\$’000	HK\$’000
	(unaudited)	(audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	<u>488,007</u>	<u>400,971</u>

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ liabilities	30.6.2022	Fair value as at 31.12.2021	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Listed equity investment classified as fair value through other comprehensive income in the condensed consolidated statement of financial position	Assets — HK\$1,185,840,000	Assets — HK\$1,378,353,000	Level 1	Quoted market price	N/A
Cross currency interest rate swap classified as other financial liabilities in the condensed consolidated statement of financial position	Liability — HK\$15,377,000	Liabilities — HK\$70,686,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and yield curve of relevant interest rates and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Cross currency swap classified as other financial assets in the condensed consolidated statement of financial position	Assets — HK\$36,491,000	Assets — Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period).	N/A
Unquoted equity investments	Assets — HK\$101,077,000	Assets — HK\$119,493,000	Level 3	Market comparable approach	Market multiples ranging from 0.2 to 1.1 (31 December 2021: 0.2 to 1.1) and discount for lack of marketability ranging from 0% to 25% (31 December 2021: 0% to 30%) (note a)
Embedded derivative component of convertible bonds	Liabilities — HK\$235,618,000	Liabilities — HK\$776,639,000	Level 3	Binomial option pricing model	Expected volatility of 37.6% (31 December 2021: 34.1%) (note b)

Notes:

- (a) The higher the market multiples, the higher the fair value, and vice versa. The higher the discount, the lower the fair value, and vice versa. A reasonably possible change in the unobservable inputs used would not result in a significantly higher or lower fair value measurement.
- (b) An increase in the expected volatility used in isolation would result in an increase in the fair value of the embedded derivative component of convertible bonds and vice versa. A 5% increase/decrease in the expected volatility holding all other variables constant would increase/decrease the fair value of the embedded derivative component of convertible bonds by HK\$60,028,000 (31 December 2021: HK\$82,333,000).

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements

	Unquoted equity investments HK\$'000	Embedded derivative component of convertible bonds HK\$'000
Balance at 1 January 2021	111,933	–
Currency realignment	<u>1,373</u>	<u>–</u>
Balance at 30 June 2021	<u><u>113,306</u></u>	<u><u>–</u></u>
Balance at 1 January 2022	119,493	(776,639)
Fair value change recognised to other comprehensive income	(8,677)	–
Fair value change recognised in profit or loss	–	522,019
Currency realignment	<u>(9,739)</u>	<u>19,002</u>
Balance at 30 June 2022	<u><u>101,077</u></u>	<u><u>(235,618)</u></u>

The fair value loss recognised in other comprehensive income relating to unquoted equity investments of HK\$8,677,000 (six months ended 30 June 2021: nil) is reported as change of investment revaluation reserve.

The fair value gain recognised in profit or loss relating to embedded derivative component of convertible bonds of HK\$522,019,000 (six months ended 30 June 2021: nil) is included in "other gains (losses), net" line item.

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the Directors half yearly to explain the cause of fluctuations in the fair value of the assets and liabilities.

There were no transfers between Level 1, 2 and 3 in the period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities (except for debt component of convertible bonds and sustainability linked bonds) recorded at amortised cost in the condensed consolidated financial statements approximate their fair values. For debt component of convertible bonds and sustainability linked bonds, the fair values at 30 June 2022 amounted to HK\$1,873,730,000 and HK\$1,537,424,000, respectively.

22. ACQUISITION/DISPOSAL OF SUBSIDIARIES

For the period ended 30 June 2022

(i) Acquisition of smart energy companies

During the six months ended 30 June 2022, Towngas China Energy Investment Limited (“TCEI”), an indirectly wholly-owned subsidiary of the Group, has acquired the controlling interests in six companies which are principally engaged in the business of encompassing photovoltaics, energy conservation, charging and Zero Carbon Smart City in the PRC from Hong Kong and China Integrated Power Investment (Shenzhen) Limited (“HCIP”), an indirect wholly-owned subsidiary of HKCG, at the aggregate consideration of HK\$97,795,000. The primary reason for the acquisition is for the expansion of the Group’s smart energy business and to increase returns to its shareholders.

The net identifiable assets acquired in the acquisition are as follows:

	HK\$'000 (unaudited)
Net assets acquired:	
Property, plant and equipment	82,646
Trade and other receivables	11,677
Bank balances and cash	17,017
Trade and other payables	<u>(13,545)</u>
	<u>97,795</u>
Result on the acquisition:	
Acquirees’ fair values of net identifiable assets	97,795
Deposit paid at 31 December 2021	<u>(97,795)</u>
	<u>–</u>
Net cash inflow on acquisition:	
Bank balances and cash acquired	<u>17,017</u>

No proforma information of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022 is presented as contributions are insignificant.

22. ACQUISITION/DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the period ended 30 June 2022 (continued)

(ii) Deemed disposal of interest in a subsidiary

During the six months ended 30 June 2022, Towngas Lifestyle (Shenzhen) Information Services Co., Ltd., an indirect wholly-owned subsidiary of HKCG, has completed the capital injection of RMB15,000,000 (equivalent to HK\$17,641,000) to Towngas Cosy Home (Chengdu) Technological Services Co., Ltd. ("Cosy Home (Chengdu)"), a subsidiary of the Group. The shareholding held by the Group decreased from 100% to 40% and Cosy Home (Chengdu) ceased to be a subsidiary of the Company.

	HK\$'000 (unaudited)
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment and right-of-use asset	10,927
Inventories	32,689
Trade and other receivables	21,009
Bank balances and cash	68,368
Trade and other payables	(46,585)
Lease liabilities	(1,025)
Contract liabilities	(41,308)
	<u>44,075</u>
Loss on deemed disposal of a subsidiary:	
Fair value of retained interest in an associate	43,798
Net assets disposed of	(44,075)
	<u>(277)</u>
Net cash outflow on deemed disposal:	
Bank balances and cash disposed	<u>(68,368)</u>

22. ACQUISITION/DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the six months ended 30 June 2021

For the six months ended 30 June 2021, U-Tech (Guang Dong) Engineering Construction Co., Ltd (“U-Tech (Guang Dong)”), an indirect wholly-owned subsidiary of the Company, acquired 80% interest in Jiangsu Jinzhuo Construction Engineering Co., Ltd. (“Jiangsu Jinzhuo”), which is principally engaged in businesses of municipal engineering, civil construction work, pipeline installation and non-excavation pipeline reconstruction work in the PRC from an independent third party, for a consideration of RMB80,000,000 (equivalent to HK\$96,467,000). In the second half 2021, the identification and determination of the fair values of the net identifiable assets of Jiangsu Jinzhuo have been completed.

The net identifiable assets acquired in the transaction are as follows:

	HK\$'000 (unaudited) (Restated)
Net assets acquired:	
Property, plant and equipment	13,574
Intangible assets	103,106
Inventories	35,008
Trade and other receivables	45,598
Taxation recoverable	1,073
Bank balances and cash	69,688
Trade and other payables	<u>(147,463)</u>
	<u>120,584</u>
Result on the acquisition:	
Acquiree’s fair values of net identifiable assets	120,584
Consideration paid	(96,467)
Non-controlling interests	<u>(24,117)</u>
	<u>–</u>
Net cash outflow on acquisition:	
Consideration paid	(96,467)
Bank balances and cash acquired	<u>69,688</u>
	<u>(26,779)</u>

22. ACQUISITION/DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the six months ended 30 June 2021 (continued)

No proforma information of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021 is presented as contributions are insignificant.

After the completion of acquisition, U-Tech (Guang Dong) and the non-controlling shareholder, 湖州鼎昌工程設計合夥企業(普通合夥) (“Huzhou Dingchang”) have made an additional capital contribution to Jiangsu Jinzhuo in the amount of RMB32,000,000 (equivalent to HK\$38,991,000) and RMB8,000,000 (equivalent to HK\$9,748,000), respectively in proportion to their shareholding percentages.

Subsequently, the Group disposed 29.9% and 0.2% equity interests in Jiangsu Jinzhuo to an indirectly wholly-owned subsidiary of HKCG and Huzhou Dingchang for a consideration of RMB41,860,000 (equivalent to HK\$50,967,000) and RMB280,000 (equivalent to HK\$340,000) in cash, respectively, resulting in loss of control.

Analysis of assets and liabilities over which control was lost:

	HK\$'000 (unaudited)
Property, plant and equipment	13,243
Intangible assets	102,712
Inventories	56,625
Trade and other receivables	50,572
Taxation recoverable	1,190
Bank balances and cash	53,376
Trade and other payables	(107,262)
	<u>170,456</u>
Result on disposal of a subsidiary:	
Fair value of retained interest in an associate	85,057
Consideration received	51,307
Non-controlling interests	34,092
Net assets disposed of	(170,456)
	<u>—</u>
Satisfied by:	
Cash consideration received	<u>51,307</u>
Net cash outflow on disposal:	
Consideration received	51,307
Bank balances and cash disposed	(53,376)
	<u>(2,069)</u>

23. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following transactions with related parties:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Transactions with fellow subsidiaries (<i>note a</i>):		
Purchase of goods and services	158,806	113,730
Sale of goods and services	35,256	13,734
Transactions with associates of ultimate controlling shareholder (<i>note b</i>):		
Purchase of goods and services	40,252	125,603
Sale of goods and services	1,676	–
Transactions with a joint venture (<i>note c</i>):		
Purchase of goods	9,354	26,695
Transactions with associates (<i>note d</i>):		
Purchase of goods	91,926	99,546
Sale of goods	5,689	5,907

Notes:

- (a) HKCG has controlling interests in these companies.
- (b) HKCG has significant influences in these companies.
- (c) The Group jointly controlled this company with an independent third party.
- (d) The Group has significant influences in these companies.

During the six months ended 30 June 2022, the Group acquired 100% interest in ten companies from an indirect wholly-owned subsidiary of HKCG with nil consideration. These companies have no assets and liabilities on the acquisition date. The Group also acquired 49% interest in an associate from an indirect wholly-owned subsidiary of HKCG at a consideration of RMB65,709,000 (equivalent to HK\$76,970,000).

FINANCIAL POSITION

The Group has adopted a prudent approach in financial resources management, maintaining an appropriate level of cash and cash equivalents as well as adequate financing facilities to meet the requirements of day-to-day operations and business development, while also controlling borrowings at a healthy level.

As at 30 June 2022, the Group's bank loans and other loans amounted to HK\$16,743 million (31 December 2021: HK\$16,623 million), of which HK\$7,252 million (31 December 2021: HK\$8,633 million) represented bank loans and other loans due within 1 year, HK\$9,465 million (31 December 2021: HK\$7,968 million) represented bank loans and other loans due between 1 to 5 years, and HK\$26 million (31 December 2021: HK\$22 million) represented bank loans and other loans due over 5 years. Other than the HK\$12,022 million (31 December 2021: HK\$10,442 million) in bank loans and other loans which bore interests at fixed rates, the Group's loans were arranged on a floating interest rate basis. The maturities and interest rates of the loans were arranged to provide sound financial resources and stable interest costs for the Group. The businesses of the Group mainly occurred in Chinese mainland and most transactions, assets and liabilities were stated in Renminbi ("RMB"). As a result, the Group bore currency risk from fluctuations of RMB exchange rate for non-RMB denominated deposits and borrowings. The Group's borrowings denominated in RMB amounted to HK\$14,385 million (31 December 2021: HK\$15,648 million) and the remaining HK\$2,358 million (31 December 2021: HK\$975 million) borrowings were denominated mainly in United States dollars ("USD") as at the end of the period. Cross currency swaps contracts were made to hedge foreign currency risk for most of the non-RMB denominated borrowings so as to reduce risk arising from fluctuations of RMB. Apart from the borrowings as mentioned above, the Group also has RMB loans amounted to approximately HK\$81 million (31 December 2021: HK\$67 million), approximately HK\$800,000 (31 December 2021: HK\$730,000), approximately HK\$23 million (31 December 2021: nil) and approximately HK\$24 million (31 December 2021: HK\$38 million) from the parent company HKCG, joint ventures, an associate and non-controlling shareholders on a fixed interest rate basis respectively.

In April 2022, the Group issued its first 5-year Sustainability-Linked Bond (the "Bond") and successfully raised a total of USD200 million. The Group was also the first energy company to issue Sustainability-Linked Bond in Hong Kong. The Bond was issued under the USD2 billion Medium Term Note Programme ("MTN Programme") established in June 2021 and with reference to the Sustainability-Linked Financing Framework of the Group established in March 2022. Proceeds of the Bond were hedged to RMB by cross currency swaps to mitigate foreign currency risk.

As at 30 June 2022, the Group's cash and cash equivalents together with time deposits amounted to HK\$3,873 million (31 December 2021: HK\$4,081 million), of which 99% (31 December 2021: 99%) are RMB-denominated and the rest are denominated in Hong Kong dollars and USD. The gearing ratio (net debt to total equity plus net debt) of the Group as at 30 June 2022 was 38.0% (31 December 2021: 37.9%).

As at 30 June 2022, the Group has unutilised issuance amount under the MTN Programme amounting to approximately HK\$13,244 million and unutilised facilities from banks and HKCG amounting to approximately HK\$9,929 million.

The operating and capital expenditure of the Group is funded by cash flows from operations, internal liquidity, financing arrangements with banks, the MTN Programme, convertible bonds and equity funding. The Group maintains a strong liquidity position with its cash and cash equivalents on hand, unutilised credit facilities and its MTN Programme. We have adequate financial resources to meet our contractual obligations and operating requirements. Benefiting from our good credit ratings, the Group enjoys favourable interest rates on bank loans and notes.

CREDIT RATINGS

Moody's Investors Service maintained the issuer rating of Towngas Smart Energy at "Baa1" with a "stable" outlook rating. Standard & Poor's also affirmed the long-term corporate credit rating of Towngas Smart Energy at "BBB+" and its rating outlook as "stable". These ratings reflect the credit rating agencies' recognition of the Group's stable business and credit profile.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2022.

OTHER INFORMATION

Corporate Governance

The Company had complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the six months ended 30 June 2022.

Compliance with Listing Rules

Reference is made to the announcements of the Company dated 9 March 2022 and 4 April 2022. Following the resignation of Dr. Hu Zhang-hong as an Independent Non-Executive Director on 9 March 2022, the number of the independent non-executive Directors did not represent one-third of the Board as required under Rule 3.10A of the Listing Rules. Upon the appointment of Dr. Loh Kung Wai Christine as an Independent Non-Executive Director on 4 April 2022, the Company has fulfilled the requirement under Rule 3.10A of the Listing Rules.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. All Directors confirmed, following specific enquiries by the Company, that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2022.

Board Audit and Risk Committee

The Company has established a board audit and risk committee (the “Board Audit and Risk Committee”) in accordance with requirements under the Listing Rules for the purposes of reviewing and supervising the Group’s financial reporting processes, risk management and internal control systems.

A meeting of the Board Audit and Risk Committee was held on 9 August 2022 to review the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2022. Deloitte Touche Tohmatsu, the Group’s external auditor, had carried out a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Purchases, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022, except that the trustee of the share award scheme of the Company, pursuant to the terms of the rules and trust deed of the share award scheme, purchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) a total of 6,965,000 issued shares of the Company at a total consideration of HK\$29,897,000.

Directors' Interests or Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2022, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required pursuant to: (a) Divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

Name of Company	Name of Director	Capacity	Interest in shares			Aggregate interest	Approximate percentage of the number of issued shares of the Company or its associated corporation as at 30.06.2022
			Personal interest	Family interest	Other interest		
Towngas Smart Energy Company Limited	Lee Ka-kit (Note 1)	Discretionary beneficiary of discretionary trusts	-	-	2,162,535,761	2,162,535,761	68.33%
	Peter Wong Wai-yee (Note 2)	Beneficial owner	5,120,000	-	-	5,120,000	0.16%
	John Ho Hon-ming	Beneficial owner	2,033,862	-	-	2,033,862	0.06%
	Martin Kee Wai-ngai (Note 3)	Beneficial owner	900,000	-	-	900,000	0.03%
	John Qiu Jian-hang (Note 4)	Beneficial owner	1,350,000	-	-	1,350,000	0.04%
	James Kwan Yuk-choi	Beneficial owner	2,265,000	-	-	2,265,000	0.07%
The Hong Kong and China Gas Company Limited (“HKCG”)	Lee Ka-kit (Note 5)	Discretionary beneficiary of discretionary trusts	-	-	7,748,692,715	7,748,692,715	41.53%
	John Ho Hon-ming	Beneficial owner	55,710	-	-	55,710	0.00%
	James Kwan Yuk-choi	Beneficial owner and interest of spouse	121,275	142,299	-	263,574	0.00%

Notes:

1. Rimmer (Cayman) Limited (“Rimmer”) and Riddick (Cayman) Limited (“Riddick”) as trustees of respective discretionary trusts, held units in a unit trust (“Unit Trust”). Hopkins (Cayman) Limited (“Hopkins”) as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development Limited (“Henderson Development”). Henderson Development was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Henderson Land Development Company Limited (“Henderson Land Development”). On 28 June 2022, HKCG’s subsidiaries submitted election forms with the Company by electing to receive new shares in lieu of cash dividend pursuant to the Company’s scrip dividend scheme. Dr. Lee Ka-kit, as one of the discretionary beneficiaries of the discretionary trusts, is deemed under the SFO to be interested in 41.53% of the total number of issued shares in HKCG and 2,162,535,761 shares of the Company representing approximately 68.33% of the total number of issued shares of the Company as at 30 June 2022. Subsequent to the allotment and issue of 77,640,105 new shares by the Company to HKCG’s subsidiaries pursuant to the scrip dividend scheme on 12 July 2022, the percentage figure of the number of issued shares of the Company as held by HKCG’s subsidiaries was 66.50%.
2. Upon Mr. Peter Wong Wai-yee’s submission of an election form with the Company electing to receive new shares in lieu of cash dividend pursuant to the Company’s scrip dividend scheme on 28 June 2022 and the subsequent allotment and issue of 119,000 new shares by the Company on 12 July 2022, Mr. Peter Wong Wai-yee had personal interest of 5,120,000 shares of the Company, representing approximately 0.16% of the number of issued shares of the Company as at the date of this report.
3. Mr. Martin Kee Wai-ngai had entered into a subscription agreement with the Company on 18 March 2022 to subscribe for 900,000 shares on and subject to the terms and conditions thereof. Subsequent to the allotment and issue of 900,000 new shares to Mr. Martin Kee Wai-ngai on 19 July 2022 pursuant to the said subscription agreement, Mr. Martin Kee Wai-ngai had personal interest of 900,000 shares of the Company, representing approximately 0.03% of the total number of issued shares of the Company as at the date of this report.
4. Dr. John Qiu Jian-hang had entered into a subscription agreement with the Company on 18 March 2022 to subscribe for 1,350,000 shares on and subject to the terms and conditions thereof. Subsequent to the allotment and issue of 1,350,000 new shares to Dr. John Qiu Jian-hang on 1 August 2022 pursuant to the said subscription agreement, Dr. John Qiu Jian-hang had personal interest of 1,350,000 shares of the Company, representing approximately 0.04% of the total number of issued shares of the Company as at the date of this report.
5. Hopkins owned all the issued ordinary shares which carry the voting rights in the share capital of Henderson Development as trustee of the Unit Trust. Rimmer and Riddick, as trustees of the respective discretionary trusts, held units in the Unit Trust. Dr. Lee Ka-kit as one of the discretionary beneficiaries of the discretionary trusts, was taken to have duties of disclosure in relation to these 7,748,692,715 shares by virtue of Part XV of the SFO.

Save as stated above, as at 30 June 2022, there were no other interests or short positions of the Directors and the chief executive in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at 30 June 2022, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders (other than the Directors or chief executive of the Company as disclosed above) had notified the Company of relevant interests and short positions in the issued shares of the Company (the “Shares”):

Long Positions in Shares

Name of shareholder	Capacity	Aggregate interest in Shares	Approximate percentage of the number of Shares as at 30.06.2022
Lee Shau-kee	Interest of controlled corporations	2,162,535,761 (Note 1)	68.33%
Rimmer	Trustee	2,162,535,761 (Note 2)	68.33%
Riddick	Trustee	2,162,535,761 (Note 2)	68.33%
Hopkins	Interest of controlled corporations	2,162,535,761 (Note 2)	68.33%
Henderson Development	Interest of controlled corporations	2,162,535,761 (Note 2)	68.33%
Henderson Land Development	Interest of controlled corporations	2,162,535,761 (Note 2)	68.33%
Faxson Investment Limited (“Faxson”)	Interest of controlled corporations	2,162,535,761 (Note 2)	68.33%
HKCG	Interest of controlled corporations	2,162,535,761 (Note 3)	68.33%
Towngas International Company Limited (“TICL”)	Interest of controlled corporation	1,976,254,212 (Note 3)	62.45%
Hong Kong & China Gas (China) Limited (“HK&CG (China)”)	Beneficial owner	1,976,254,212 (Note 3)	62.45%
Towngas Investment Company Limited (“TICL-HK”)	Interest of controlled corporations	186,281,549 (Note 3)	5.89%
Planwise Properties Limited (“Planwise”)	Beneficial owner	183,164,833 (Note 3)	5.79%
Tang Kok Yew	Interest of controlled corporations	467,133,333 (Note 4)	14.76%

Name of shareholder	Capacity	Aggregate interest in Shares	Approximate percentage of the number of Shares as at 30.06.2022
Capstar Holdings (“Capstar”)	Interest of controlled corporations	467,133,333 (Note 4)	14.76%
Affinity Fund V General Partner Limited (“Affinity Fund V”)	Interest of controlled corporations	467,133,333 (Note 4)	14.76%
Converging Worldview Investments Pte. Ltd. (“Converging Worldview”)	Interest of controlled corporations	467,133,333 (Note 4)	14.76%
Clean Energy Ecosystem Pte. Ltd. (“Clean Energy Ecosystem”)	Beneficial owner	467,133,333 (Note 4)	14.76%

Notes:

1. The entire issued share capital of Rimmer, Riddick and Hopkins were owned by Dr. the Hon. Lee Shau-kee. Dr. the Hon. Lee Shau-kee was therefore taken to be interested in the same 2,162,535,761 Shares as set out in Notes 2 and 3 below by virtue of Part XV of the SFO.
2. Rimmer and Riddick as trustees of respective discretionary trusts, held units in a Unit Trust. Hopkins as trustee of the Unit Trust owned all the issued ordinary shares of Henderson Development. Henderson Development was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Henderson Land Development. Henderson Land Development through its subsidiaries (including Faxson) was entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of HKCG. Each of Rimmer, Riddick, Hopkins, Henderson Development, Henderson Land Development and Faxson was therefore taken to be interested in the same 2,162,535,761 Shares which HKCG is deemed interested in as described in Note 3 below by virtue of Part XV of the SFO.
3. As HK&CG (China) was a wholly-owned subsidiary of TIGL, which in turn was a wholly-owned subsidiary of HKCG, each of TIGL and HKCG was therefore taken to be interested in the 1,976,254,212 Shares held by HK&CG (China) by virtue of Part XV of the SFO. In addition, as Planwise and Superfun Enterprises Limited (“Superfun”) were wholly-owned subsidiaries of TIGL-HK, which in turn was a wholly-owned subsidiary of HKCG, each of TIGL-HK and HKCG was therefore taken to be interested in 186,281,549 Shares, which included (a) the 183,164,833 Shares held by Planwise; and (b) the 3,116,716 Shares held by Superfun by virtue of Part XV of the SFO. Subsequent to the allotment and issue of a total 77,640,105 new Shares to HK&CG (China), Planwise and Superfun by the Company on 12 July 2022, the approximate percentage figures of interest of (i) HKCG (ii) TIGL and HK&CG (China), (iii) TIGL-HK and (iv) Planwise in the Shares were therefore adjusted to (i) 66.50%, (ii) 60.77% (iii) 5.73% and (iv) 5.63% respectively as at 12 July 2022.

4. Mr. Tang Kok Yew was taken to be interested in these 467,133,333 Shares which were held by Clean Energy Ecosystem through his controlled corporations Capstar, Affinity Fund V and Converging Worldview, including (i) 116,783,333 Shares (representing approximately 3.69% of the number of issued Shares as at 30 June 2022); and (ii) unlisted convertible bonds of the Company (“Unlisted Convertible Bonds”), which may be fully converted into 350,350,000 Shares based on the initial conversion price (subject to adjustment events) of HK\$6.33 per Share. Following the allotment and issue of scrip shares pursuant to the scrip dividend scheme of the Company on 12 July 2022, the conversion price of the Unlisted Convertible Bonds was adjusted, and the Unlisted Convertible Bonds may be fully converted into 354,267,651 Shares based on the adjusted conversion price of HK\$6.26 per Share. Mr. Tang Kok Yew was taken to be interested in these 471,050,984 Shares which were held by Clean Energy Ecosystem through his controlled corporations Capstar, Affinity Fund V and Converging Worldview representing approximately 14.46% in the Shares as at 12 July 2022.

Save for the shareholders as disclosed herein, the Directors are not aware of any persons who, as at 30 June 2022, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Short positions in Shares and Underlying Shares

As at 30 June 2022, the Company had not been notified of any short positions being held by any substantial shareholder in the Shares or underlying Shares.

Other Persons

Save as disclosed above, as at 30 June 2022, the Company had not been notified of any other person who had interest or short position in the Shares or underlying Shares, which are required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO and the Listing Rules.

Share Option Scheme

The Company has adopted a share option scheme (the “Share Option Scheme”) pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 May 2022 and the Share Option Scheme was also approved by ordinary resolution of the shareholders of HKCG, the parent company of the Company, at HKCG’s annual general meeting on 6 June 2022.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants, attracting and retaining persons with the right calibre and experience to work for or make contribution to the Group, fostering a sense of belonging with the Group, and allowing the participants to enjoy the results of the Company achieved through their contributions to the Group.

For further details of the Share Option Scheme including a summary of the principal terms of the Share Option Scheme, please refer to the Company's circular dated 14 April 2022.

No share options have been granted under the Share Option Scheme since its adoption and up to and including 30 June 2022.

Share Award Scheme

The Company adopted a share award scheme on 17 August 2021 (the "Share Award Scheme"). Pursuant to the Share Award Scheme, the scheme committee may, from time to time, at its absolute discretion select any eligible participant to be a selected participant under the Share Award Scheme and determine the number of shares of the Company to be granted (the "Award Shares") and the vesting conditions of such Award Shares. The Share Award Scheme shall be valid and effective for a term of 10 years commencing from the adoption date.

No shares shall be purchased pursuant to the Share Award Scheme if as a result of such purchase, the number of shares administered under the Share Award Scheme (including both shares forming part of the trust fund and shares which have been awarded to and vested in the selected participants) shall in aggregate exceed 5% of the total number of issued shares of the Company from time to time. For the avoidance of doubt, no account shall be taken into the calculation of the limit of the Share Award Scheme of any shares where the right to acquire such shares has been released or lapsed in accordance with the relevant provisions of the rules relating to the Share Award Scheme.

The maximum aggregate number of shares held by the trustee under the trust at any time under the Share Award Scheme shall not exceed 2% of the total number of issued shares of the Company from time to time.

During any 12-month period, the maximum number of Award Shares which may be granted to a selected participant under the Share Award Scheme (including Award Shares relevant to a lapsed grant) shall not exceed 0.1% of the total number of issued shares of the Company from time to time.

Tricor Trust (Hong Kong) Limited was appointed as a trustee of the Share Award Scheme. Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all vesting conditions, the Award Shares held by the trustee on behalf of a selected participant shall vest in such selected participant and the trustee shall transfer the Award Shares to such selected participant.

For further details, please refer to the Company's announcement dated 17 August 2021.

During the six months ended 30 June 2022, the trustee has purchased a total of 6,965,000 shares of the Company on the market for the purpose of the Share Award Scheme and no share was awarded by the Company to any of the eligible participants under the Share Award Scheme.

Arrangements to Purchase Shares or Debentures

Other than the Share Award Scheme as mentioned above, at no time during the period was the Company, its holding company, fellow subsidiaries or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Issue of New Shares and Convertible Bonds under General Mandate

On 18 November 2021, the Company issued (a) 116,783,333 subscription shares at the aggregate subscription price of HK\$583,916,665 (equivalent to HK\$5.00 per subscription share) (the "Share Issue") ; and (b) the 1% unsecured convertible bonds due 2026 in the principal amount of RMB1,835,603,119.35 (the "Convertible Bonds") (equivalent to HK\$2,217,715,500 at the exchange rate agreed with Clean Energy Ecosystem Pte. Ltd. (the "Investor")) (the "Convertible Bonds Issue") to the Investor pursuant to the subscription agreement dated 25 October 2021 entered into between the Company and the Investor, and based on the initial conversion price of HK\$6.33 per share, a maximum number of 350,350,000 shares of the Company may be allotted and issued by the Company upon full conversion of the Convertible Bonds. No application has been or will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

As a result of the completion of issue of scrip shares at the value of HK\$4.028 per Share pursuant to the scrip dividend scheme of the Company (as detailed in the relevant circular of the Company dated 10 June 2022) on 12 July 2022, the conversion price of the Convertible Bonds has been adjusted from HK\$6.33 per Share to HK\$6.26 per Share and the maximum number of Shares to be issued by the Company upon full conversion of the Convertible Bonds has been increased from 350,350,000 Shares to 354,267,651 Shares. As at 30 June 2022, none of the Convertible Bonds were converted.

For further details, please refer to the Company's announcements dated 25 October 2021, 18 November 2021 and 12 July 2022.

The aggregate gross proceeds from the Share Issue and the Convertible Bonds Issue was approximately HK\$2,802 million and the aggregate net proceeds was approximately HK\$2,800 million. The Company intends to apply the net proceeds from the Share Issue and the Convertible Bonds Issue for its general corporate purposes, including investing in its smart energy business.

The details for the use of net proceeds from the above Share Issue and Convertible Bonds Issue are as follows:

Intended use of net proceeds	Amount of the net proceeds raised HK\$ Million	Amount of the utilized net proceeds as at 31 December 2021 HK\$ Million	Amount of the utilized net proceeds between 1 January 2022 to 30 June 2022 HK\$ Million	Amount of the unutilized net proceeds as at 30 June 2022 HK\$ Million	Expected timeline for the use of unutilized net proceeds
Business Expansion — including investment in smart energy business	2,800	1,042	844	914	By the end of 2023

Issue of new shares under General Mandate

On 17 June 2022, the Company allotted and issued an aggregate of 1,784,000 Shares to 8 subscribers, and subsequent to 30 June 2022, the Company had on 19 July 2022 allotted in aggregate 4,295,000 Shares to 26 subscribers (collectively, the “GM Subscription”). The subscribers comprise (i) directors of insignificant subsidiaries of the Company; (ii) senior management staff of subsidiaries of the Company; (iii) directors of both insignificant subsidiaries of the Company and subsidiaries of HKCG; and (iv) senior management staff of HKCG or its subsidiaries.

The allotment of shares was for the purpose of attracting and retaining suitable personnel to promote the further development of the Company by providing incentives for the senior management personnel of the Group to continuously contribute to the operations and further development of the Group and enabling them to enjoy the results of the Group achieved through their contributions to the Group. The subscription price was fixed at HK\$3.69 per Share and the gross proceeds from the GM Subscription was approximately HK\$22 million of which approximately HK\$7 million was received as at 30 June 2022.

The Company intends to apply the net proceeds from the issue of such new shares for its general working capital purposes.

For details of the GM Subscription, please refer to the announcement of the Company dated 18 March 2022 relating to the issue of new shares under general mandate.

Connected transactions in relation to the issue of new shares to connected persons

On 17 June 2022, the Company allotted and issued an aggregate of 3,017,000 Shares to 5 subscribers who were connected persons of the Company, and subsequent to 30 June 2022, the Company had on 19 July 2022 and 1 August 2022 allotted in aggregate 2,457,000 Shares to 4 subscribers who were connected persons of the Company (collectively, the “CT Subscription”). Particulars of the subscribers are listed below:

Name of Subscriber	No. of Shares subscribed for	Subscription consideration (HK\$)
Peter Wong Wai-yee (<i>Note 1</i>)	1,800,000	6,642,000
John Ho Hon-ming (<i>Note 1</i>)	900,000	3,321,000
Martin Kee Wai-ngai (<i>Note 1</i>)	900,000	3,321,000
John Qiu Jian-hang (<i>Note 1</i>)	1,350,000	4,981,500
Zhou Heng-xiang (<i>Note 2</i>)	138,000	509,220
Lawrence Fok Chi-cheong (<i>Note 2</i>)	138,000	509,220
Kenneth Fan Chun-choi (<i>Note 2</i>)	110,000	405,900
Patrick Lau Kai-hung (<i>Note 2</i>)	69,000	254,610
Zhao Xu (<i>Note 2</i>)	69,000	254,610
Total:	5,474,000	20,199,060

Notes:

1. Director of the Company
2. Director of subsidiaries of the Company and director of subsidiaries of HKCG, the holding company of the Company

The allotment of shares was for the purpose of attracting and retaining suitable personnel to promote the further development of the Company by providing incentives for the senior management personnel of the Group to continuously contribute to the operations and further development of the Group and enabling them to enjoy the results of the Group achieved through their contributions to the Group. The subscription price was fixed at HK\$3.69 per Share and the gross proceeds from the CT Subscription was approximately HK\$20 million of which approximately HK\$11 million was received as at 30 June 2022.

The Company intends to apply the net proceeds from the issue of such new shares for its general working capital purposes.

For details of the CT Subscription, please refer to the circular of the Company dated 10 May 2022 regarding the connected transactions in relation to the issue of new shares to connected persons.

The details for the use of net proceeds from the above GM Subscription and CT Subscription are as follows:

Intended use of net proceeds	Amount of the net proceeds received up to 30 June 2022 HK\$ Million	Amount of the utilized net proceeds between 17 June 2022 to 30 June 2022 HK\$ Million	Amount of the unutilized net proceeds as at 30 June 2022 HK\$ Million
General working capital purposes	18	18	–

Equity-linked Agreements

Other than the Share Issue, Convertible Bonds Issue, GM Subscription and CT Subscription as mentioned above, no equity-linked agreements were entered into by the Group, or existed during the six months ended 30 June 2022.

Updates on Biographical Details of Directors under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the updates on biographical details of Directors are as follows:

Dr. the Hon. Moses Cheng Mo-chi *GBM, GBS, OBE, JP*

Independent Non-Executive Director, Chairman of the Remuneration Committee and Member of the Board Audit and Risk Committee and the Nomination Committee

Dr. Cheng was appointed as a non-official member of Executive Council of the Hong Kong Special Administrative Region on 1 July 2022.

Dr. Cheng retired as an independent non-executive director of China Mobile Limited and China Resources Beer (Holdings) Company Limited on 18 May 2022 and 21 June 2022 respectively. He ceased to be a member of Financial Leaders Forum on 30 June 2022.

Mr. Brian David Li Man-bun *JP, FCA, MBA, MA (Cantab)*

Independent Non-Executive Director, Chairman of the Board Audit and Risk Committee and Member of the Remuneration Committee and the Nomination Committee

Mr. Li retired as a Member of the Chief Executive's Council of Advisers on Innovation & Strategic Development of the Government of the Hong Kong Special Administrative Region on 1 July 2022.

Mr. Peter Wong Wai-ye *C.P.A.(CANADA), C.M.A., C.P.A.(HK), A.C.G., H.K.A.C.G., F.I.G.E.M., F.H.K.I.o.D., M.B.A.*
Executive Director and Chief Executive Officer

Mr. Wong was re-designated to the Managing Director of HKCG with effect from 6 June 2022. He was appointed as a director of Foran Energy Group Co., Ltd. on 8 April 2022, the Vice Chairman of Shenzhen Gas Corporation Ltd. on 26 April 2022 and a Council Member of the Employers' Federation of Hong Kong on 27 May 2022.

Mr. Wong ceased to be a member of Mainland Business Advisory Committee of the Hong Kong Trade Development Council on 31 March 2022.

Mr. Martin Kee Wai-ngai *C.Eng., M.I.G.E.M., M.B.A., B.Sc.(Eng)*
Executive Director and Chief Operating Officer — Gas Business

Mr. Kee was appointed as a supervisor of the Supervisory Board of Foran Energy Group Co., Ltd. on 8 April 2022 and a director of Shenzhen Gas Corporation Ltd. on 26 May 2022.

Dr. John Qiu Jian-hang
Executive Director and Chief Operating Officer — Renewable Business

Dr. Qiu resigned as a supervisor and the Chairman of the Supervisory Board of Foran Energy Group Co., Ltd. on 8 April 2022.