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CHINA GAS HOLDINGS LIMITED

中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board of directors (the "Board" or the "Directors") of China Gas Holdings Limited (the "Company") announces the condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2019, together with the comparative figures for the six months ended 30 September 2018, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

		Six months ended	
	Note	**30 September 2019** **HK$'000** **(unaudited)**	30 September 2018 *HK$'000* (unaudited)
Revenue	*3*	**27,925,501**	28,877,197
Cost of sales		**(19,754,595)**	(22,377,321)
Gross profit		**8,170,906**	6,499,876
Other income		**259,079**	386,117
Other gains and losses		**(2,019)**	307,910
Selling and distribution costs		**(913,302)**	(801,793)
Administrative expenses		**(1,139,010)**	(920,331)
Share of results of associates		**389,122**	298,627
Share of results of joint ventures		**556,505**	457,540
		7,321,281	6,227,946
Share-based payments		**—**	(162,560)
Finance costs		**(731,456)**	(539,100)

	Notes	Six months ended 30 September 2019 HK$'000 (unaudited)	30 September 2018 HK$'000 (unaudited)
Profit before taxation		**6,589,825**	5,526,286
Taxation	*4*	**(1,156,977)**	(929,184)
Profit for the period	*5*	**5,432,848**	4,597,102
Other comprehensive income (expense)			
Items that will be reclassified subsequently to profit or loss:			
Realised loss on swap in hedge accounting relationship		**4,940**	—
Deferred loss on swap in hedge accounting relationship		**(2,976)**	—
Items that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**(2,624,416)**	(3,275,793)
(Decrease) increase in fair value of investments in equity instruments at fair value through other comprehensive income		**(48,270)**	7,806
Other comprehensive expense for the period		**(2,670,722)**	(3,267,987)
Total comprehensive income for the period		**2,762,126**	1,329,115
Profit for the period attributable to:			
Owners of the Company		**4,909,629**	4,225,751
Non-controlling interests		**523,219**	371,351
		5,432,848	4,597,102
Total comprehensive income attributable to:			
Owners of the Company		**2,580,546**	1,323,849
Non-controlling interests		**181,580**	5,266
Total comprehensive income for the period		**2,762,126**	1,329,115
Earnings per share			
Basic	*6*	**HK94.08 cents**	HK84.42 cents
Diluted	*6*	**HK94.08 cents**	HK81.59 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Note	**30 September 2019 *HK$'000* (unaudited)**	31 March 2019 *HK$'000* (audited)
Non-current assets			
Investment properties		**539,194**	555,940
Property, plant and equipment		**43,790,077**	42,964,931
Right-of-use assets		**2,452,769**	—
Prepaid lease payments		**—**	2,148,176
Investments in associates		**6,814,580**	5,746,251
Investments in joint ventures		**7,878,056**	8,021,611
Equity instruments at fair value through other comprehensive income		**698,766**	746,766
Goodwill		**3,264,682**	3,148,019
Other intangible assets		**3,429,288**	3,594,288
Deposits for acquisition of property, plant and equipment		**1,176,357**	524,239
Deposits for acquisition of subsidiaries, joint ventures and associates and other deposits		**199,326**	596,425
Deferred tax assets		**215,473**	229,960
		70,458,568	68,276,606
Current assets			
Inventories		**3,852,637**	3,411,922
Contract assets		**9,680,040**	7,185,220
Trade and other receivables	*7*	**10,726,993**	10,061,223
Amounts due from associates		**24,560**	45,037
Amounts due from joint ventures		**6,974,466**	7,348,607
Prepaid lease payments		**—**	67,025
Held-for-trading investments		**1,551**	1,780
Derivative financial instrument		**5,977**	—
Pledged bank deposits		**584,281**	243,381
Bank balances and cash		**9,025,253**	13,238,932
		40,875,758	41,603,127

	Note	**30 September 2019**	31 March 2019
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Current liabilities			
Trade and other payables	*8*	**22,422,241**	23,698,697
Lease liabilities		**68,697**	—
Amounts due to associates		**55,236**	40,849
Amounts due to joint ventures		**83,852**	62,022
Contract liabilities		**5,866,338**	5,167,594
Derivative financial instrument		**19,602**	22,566
Taxation		**1,144,062**	1,244,993
Bank and other borrowings — due within one year		**16,954,871**	16,407,520
		46,614,899	46,644,241
Net current liabilities		**(5,739,141)**	(5,041,114)
Total assets less current liabilities		**64,719,427**	63,235,492
Equity			
Share capital		**52,186**	52,186
Reserves		**35,952,410**	35,268,865
Equity attributable to owners of the Company		**36,004,596**	35,321,051
Non-controlling interests		**5,723,259**	5,461,357
Total equity		**41,727,855**	40,782,408
Non-current liabilities			
Bank and other borrowings — due after one year		**21,710,757**	21,491,387
Lease liabilities		**166,199**	—
Deferred taxation		**1,114,616**	961,697
		22,991,572	22,453,084
		64,719,427	63,235,492

Notes:

1. **BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("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 of Hong Kong Limited (the "Listing Rules").

2. **PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments which are measured at revalued amounts or fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current 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 of application on HKFRS 16 "Leases"

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 in transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in the People's Republic of China (the "PRC"); and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

In transition, the Group has made the following adjustments upon initial application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities, adjusted by additional lease payments by applying HKFRS 16.C8 (b) (ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The lessee's incremental borrowing rate applied is 4.64%.

	At 1 April 2019
	HK$'000
Lease liabilities discounted at relevant incremental borrowing rates as at 1 April 2019	249,844
Less: Recognition exemption — short-term leases	(28,165)
Lease liabilities relating to operating lease recognised upon application of HKFRS 16 as at 1 April 2019	221,679
Analysed as:	
Current portion	59,636
Non-current portion	162,043
	221,679

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	221,679
Reclassified from prepaid lease payments *(note)*	2,215,201
	2,436,880

Note: Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately HK$67,025,000 and approximately HK$2,148,176,000 respectively were reclassified to right-of-use assets.

As a lessor

Based on the assessment of the directors of the Company, the application of HKFRS 16 as a lessor has no material impact to these condensed consolidated financial statements as at date of initial application, 1 April 2019 and for the six months ended 30 September 2019.

3. SEGMENT INFORMATION

The Group's reportable and operating segments under HKFRS 8 are: sales of piped gas, gas connection, engineering design and construction, sales of liquefied petroleum gas ("LPG"), value-added services and Zhongyu Gas Holdings Limited ("Zhongyu Gas"), in which the Group's chief operating decision maker ("CODM") reviewed the result of Zhongyu Gas being shared by the Group under equity method of accounting.

The CODM reviews these segments individually for better resource allocation and assessment of segment performance.

Inter-segment revenue is charged at prevailing market rates.

Segment information for the six months ended 30 September 2019 and 2018 about these businesses is presented below.

	Six months ended 30 September 2019 (unaudited)						
	Sales of piped gas	**Gas connection**	**Engineering design and construction**	**Sales of LPG**	**Value-added services**	**Zhongyu Gas**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	**12,417,693**	**6,055,834**	**5,896,733**	**6,510,161**	**2,207,840**	**—**	**33,088,261**
Inter-segment revenue	**—**	**—**	**(5,162,760)**	**—**	**—**	**—**	**(5,162,760)**
External segment revenue	**12,417,693**	**6,055,834**	**733,973**	**6,510,161**	**2,207,840**	**—**	**27,925,501**
Segment result	**1,721,591**	**2,241,403**	**1,139,287**	**22,644**	**676,643**	**208,982**	**6,010,550**
Interest and other gains							**101,390**
Unallocated corporate expenses							**(178,010)**
Change in fair value of investment properties							**769**
Change in fair value of held for trading							**(229)**
Loss on disposal of property, plant and equipment							**(2,950)**
Exchange loss on translation of monetary items into functional currency							**(34,219)**
Finance costs							**(147,019)**
Gain on partial disposal of investment of an associate							**19,057**
Loss on disposal of subsidiaries							**(4,819)**
Gain on deemed disposal of an associate							**7,337**
Gain on acquisitions of subsidiaries							**81,323**
Share of results of associates							**180,140**
Share of results of joint ventures							**556,505**
Profit before taxation							**6,589,825**

	Six months ended 30 September 2018 (unaudited)						
	Sales of piped gas	Gas connection	Engineering design and construction	Sales of LPG	Value-added services	Zhongyu Gas	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	11,973,615	5,312,582	6,265,569	9,812,779	1,011,361	—	34,375,906
Inter-segment revenue	—	—	(5,498,709)	—	—	—	(5,498,709)
External segment revenue	11,973,615	5,312,582	766,860	9,812,779	1,011,361	—	28,877,197
Segment result	1,498,650	1,576,819	1,100,590	(33,707)	341,502	181,925	4,665,779
Interest and other gains							71,274
Unallocated corporate expenses							(121,333)
Change in fair value of investment properties							11,743
Change in fair value of held for trading							(14,196)
Loss on disposal of property, plant and equipment							(22,811)
Exchange loss on translation of monetary items into functional currency							(26,501)
Finance costs							(54,914)
Gain on partial disposal of investment of an associate							234,414
Gain on disposal and remeasurement of associates							341,131
Gain on acquisition of a subsidiary							30,018
Share-based payments							(162,560)
Share of results of associates							116,702
Share of results of joint ventures							457,540
Profit before taxation							5,526,286

4. TAXATION

	Six months ended	
	30 September	30 September
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax	**1,172,927**	944,113
Deferred taxation	**(15,950)**	(14,929)
	1,156,977	929,184

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit for either period in Hong Kong. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

The taxation charge of the PRC Enterprise Income Tax for the current and prior periods have been made based on the Group's estimated assessable profits calculated at the prevailing tax rates in accordance with the relevant income tax laws applicable to the subsidiaries in the PRC.

5. PROFIT FOR THE PERIOD

	Six months ended	
	30 September	30 September
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**757,670**	542,489
Depreciation of right-of-use assets	**69,216**	—
Release of prepaid lease payments	**—**	29,302
Amortisation of intangible assets	**61,425**	61,175
Interest income	**(100,966)**	(68,507)
Loss on disposal of property, plant and equipment	**2,950**	22,811

6. EARNINGS PER SHARE

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

	Six months ended	
	30 September 2019	30 September 2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**4,909,629**	4,225,751
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,218,563**	5,005,446
Effect of dilutive potential ordinary shares:		
Share options	**—**	173,502
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,218,563**	5,178,948

7. TRADE AND OTHER RECEIVABLES

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade receivables	**3,666,537**	3,554,884
Less: Accumulated allowances	**(697,861)**	(684,415)
Trade and bill receivables	**2,968,676**	2,870,469
Deposits paid for construction and other materials	**917,663**	725,380
Deposits paid for purchase of natural gas and LPG	**2,893,893**	1,885,387
Advance payments to sub-contractors	**873,603**	1,491,572
Utilities and other deposits	**406,030**	464,748
Other tax recoverable	**1,113,274**	1,245,364
Other receivables	**817,759**	806,931
Prepaid operating expenses	**650,395**	504,065
Amounts due from non-controlling interests of subsidiaries	**85,700**	67,307
	10,726,993	10,061,223

Other than certain major customers with good repayment history which the Group allows a longer credit period or settlement by instalment basis, the Group generally allows an average credit period of 30–180 days to its trade customers.

The following is an aged analysis of trade receivables net of impairment losses presented based on invoice date at the end of the reporting period:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0–180 days	**2,500,703**	2,520,722
181–365 days	**325,157**	262,870
Over 365 days	**142,816**	86,877
	2,968,676	2,870,469

8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the end of the reporting period:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0–90 days	**15,055,156**	13,256,485
91–180 days	**1,321,380**	3,244,308
Over 180 days	**1,665,512**	1,339,618
Trade and bill payables	**18,042,048**	17,840,411
Other payables and accrued charges	**907,018**	1,084,705
Construction fee payables	**1,845,207**	1,596,824
Consideration payables	**262,477**	220,897
Other tax payables	**168,095**	99,995
Accrued staff costs	**176,254**	193,695
Loan interest payables	**400,202**	355,875
Amounts due to non-controlling interests of subsidiaries	**620,940**	589,484
Amounts due to staff	**—**	1,716,811
	22,422,241	23,698,697

INTERIM DIVIDEND

The Directors declared an interim dividend of HK10.0 cents per share for the six months ended 30 September 2019 (six months ended 30 September 2018: HK8.0 cents per share).

The interim dividend will be paid on or about Friday, 31 January 2020 to shareholders whose names appear on the register of members of the Company on Wednesday, 15 January 2020.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to the interim dividend for the six months ended 30 September 2019, the register of members of the Company will be closed from Monday, 13 January 2020 to Wednesday, 15 January 2020, both days inclusive, during which period no transfers of shares of the Company will be registered.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 10 January 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a gas operator and service provider primarily engaged in the investment, construction and operation of city and town gas pipeline infrastructure facilities, gas terminals, storage and transportation facilities and gas logistics systems, transmission of natural gas and LPG to residential, industrial and commercial users, construction and operation of compressed natural gas ("CNG")/ liquefied natural gas ("LNG") refilling stations as well as development and application of technologies relating to natural gas and LPG in the PRC.

Business Review

Benefitting from the government's determination to curb smog and haze pollution, adoption of increasingly tightened environmental protection policies, and effective implementation of natural gas utilization policies such as "coal to gas conversion" in industrial and commercial sectors and "replacement of coal with gas" in townships in Northern China, demand for natural gas consumption has been growing rapidly in China in recent years.

China's natural gas market reform gradually entered into a phase of in-depth implementation in 2019, during which we saw not only new opportunities for development, but also new challenges in the natural gas industry. On 19 March 2019, the Central Comprehensively Deepening Reforms Commission reviewed and adopted the Implementation Opinions on the Reform of Oil and Gas Pipeline Network Operation Mechanism (《石油天然氣管網運營機制改革實施意見》) to require the establishment of an oil and gas pipeline network company with state-owned capital holdings and diversified investment entities, with a view to facilitating the construction of an oil and gas market system with oil and gas resources supplied by many companies through multiple channels in the upstream, an efficiently unified pipeline network for gathering and transferring in the midstream, and a sales market with perfect competition in the downstream, thereby enhancing the efficiency of oil and gas resources allocation and safeguarding oil and gas safety and stable supply. The availability for fair use of national natural gas pipeline network facilities will promote the diversity of natural gas supply sources, thus creating a chance for city gas companies to achieve non-group independent procurement of domestic and overseas gas supply, and reducing the costs on the part of end users, and offering new growth opportunities for sustainable development of the natural gas industry in China. Meanwhile, the macroeconomic backdrop remained under pressure, and international trade frictions resulted in a decline in production volume of certain industrial enterprises, which had an impact on energy demand.

The Group's business segments upheld "cost reduction with increasing efficiency, transformation and expansion" as the theme for carrying out self-transformation, and adopted "adjusting structures, strengthening management and seizing opportunities" as the core value for making business breakthrough. Moreover, with the effective management and control supported by the Group's three major information platforms, namely ERP (Enterprise Resource Planning), CRM (Customer Relationship Management) and OMP (Operations and Maintenance Plan), all sectors geared towards building a new ecosystem for China Gas' 4G (piped natural gas ("PNG"), CNG, LNG and LPG) energy network development.

During the period under review, the Group recorded considerable increases in both financial and operating results. The Group's total natural gas sales volume increased by 7.8% to 11.84 billion m^3, of which the gas sales volumes of the natural gas sold through city and township gas projects increased by 15.4% to 6.87 billion m^3. The number of new residential connections amounted to 2,934,080 households, representing a year-on-year increase of 15.8%. As revenue from LNG trading and LPG business with low profit margin declined, total revenue decreased by 3.3% year-on-year to HK$27,925,501,000. Gross profit increased by 25.7% year-on-year to HK$8,170,906,000. Profit attributable to owners of the Company increased by 16.2% year-on-year to HK$4,909,629,000, and basic earnings per share were HK94.08 cents, representing a year-on-year increase of 11.4%.

Financial and Operational Highlights

	Six months ended 30 September		
	2019	2018	Increase/
	(unaudited)	(unaudited)	(decrease)
Financial Performance			
Turnover *(HK$'000)*	**27,925,501**	28,877,197	(3.3%)
Gross profit *(HK$'000)*	**8,170,906**	6,499,876	25.7%
Profit attributable to owners of the Company *(HK$'000)*	**4,909,629**	4,225,751	16.2%
Earnings per share — basic *(HK cents)*	**94.08**	84.42	11.4%
Operational Performance			
Number of piped gas projects	**582**	508	74
Connectable residential users for city gas projects (household)	**44,033,146**	41,539,838	6.0%
Penetration rate of residential users for city gas projects	**63.3%**	59.8%	3.5 pts
Total natural gas sales volume *(million m^3)*	**11,837**	10,977	7.8%
Natural gas sold through city and township gas projects	**6,874**	5,959	15.4%
Natural gas sold through long-distance pipelines and trade	**4,962**	5,018	(1.1%)
Natural gas sold through city and township gas projects (customer breakdown) *(million m^3)*			
Residential	**1,621**	1,370	18.3%
Industrial	**3,669**	3,104	18.2%
Commercial	**1,077**	945	14.0%
CNG/LNG refilling stations	**507**	540	(6.1%)
New connections			
Residential (total number of new connections)	**2,934,080**	2,534,709	15.8%
Residential (city gas projects)	**1,716,985**	1,412,193	21.6%
Residential (township "replacement of coal with gas" projects)	**1,217,095**	1,122,516	8.4%
Industrial	**1,431**	1,110	28.9%
Commercial	**14,314**	15,622	(8.4%)

	Six months ended 30 September		
	2019	2018	Increase/
	(unaudited)	(unaudited)	(decrease)
Accumulated number of connections and CNG/LNG refilling stations			
Residential	**32,612,237**	27,105,030	20.3%
City gas projects	**27,854,396**	24,833,381	12.2%
Township gas projects	**4,757,841**	2,271,649	109.4%
Industrial	**13,838**	10,831	27.8%
Commercial	**213,951**	184,586	15.9%
CNG/LNG refilling stations	**555**	580	(4.3%)
Average connection fees *(RMB/household)*			
Residential (city gas projects)	**2,524**	2,549	(1.0%)
Residential (township "replacement of coal with gas" projects)	**3,006**	3,038	(1.1%)
Average selling price (pre-tax) of natural gas *(RMB/m^3)*			
Residential	**2.60**	2.49	4.4%
Industrial	**2.61**	2.46	6.1%
Commercial	**2.72**	2.58	5.4%
CNG/LNG refilling stations	**2.97**	2.91	2.1%

New Projects Expansion

From 1 April 2019 to 30 September 2019, the Group secured 4 new city piped gas projects in Liaoning Province, Heilongjiang Province, Hunan Province and Inner Mongolia Autonomous Region:

Province/Autonomous Region	**City/District/County**
Liaoning Province	Dandong City
Heilongjiang Province	Yilan Economic Development Zone
Hunan Province	Anhua County
Inner Mongolia Autonomous Region	Jining District in Ulanqab City

As at 30 September 2019, the Group cumulatively secured a total of 582 piped gas projects with concession rights, including 369 city piped gas projects and 213 township "replacement of coal with gas" projects at county or district levels in 26 provinces (including autonomous regions and municipalities) in China. The Group also had 17 natural gas long-distance transmission pipeline projects, 555 CNG/LNG refilling stations for vehicles and vessels, one coal bed methane development project, 100 LPG distribution projects and 75 integrated energy projects.

As at 30 September 2019, the number of connectable population covered by the Group's city gas projects (exclusive of township "replacement of coal with gas") increased to 135,623,737 (approximately 44,033,146 households).

BUSINESS REVIEW

Construction of Natural Gas Pipelines

City gas pipeline networks are the foundation of gas supply. The Group constructs urban and township arterial and branch gas pipeline networks to connect natural gas pipelines with its residential, industrial and commercial users, from whom connection fees and gas usage fees are charged.

As at 30 September 2019, gas transmission pipeline networks with a total length of 344,242 km were constructed by the Group.

Residential Users

During the period under review, the Group completed natural gas connections for 2,934,080 residential users (of which 1,716,985 were connected in city gas projects and 1,217,095 were connected in township "replacement of coal with gas" projects), representing a year-on-year increase of approximately 15.8%. Average connection fee paid by residential users connected in city gas projects and township "replacement of coal with gas" projects was RMB2,524 and RMB3,006 per household, respectively.

As at 30 September 2019, the accumulated number of connected residential users of the Group was 32,612,237 (of which 27,854,396 were residential users connected in city gas projects, and 4,757,841 were residential users connected in township "replacement of coal with gas" projects), representing a year-on-year increase of approximately 20.3%. Penetration rate of city gas projects was 63.3%.

Industrial and Commercial Users

Fueled by stringent environmental protection policies, the overall natural gas demand from industrial and commercial users maintained significant growth. In the future, the natural gas demand from industrial and commercial users implementing "coal to gas conversion" will continue to increase, and become one of the major drivers of gas sales growth.

During the period under review, the Group newly connected 1,431 industrial users and 14,314 commercial users, the former of which were mainly from industries such as petrochemicals, building materials and metallurgy. As at 30 September 2019, the Group provided natural gas services for 13,838 industrial users and 213,951 commercial users, representing a year-on-year increase of approximately 27.8% and 15.9%, respectively. Average connection fee for industrial users and commercial users was RMB185,832 and RMB24,303 per customer, respectively.

CNG/LNG Refilling Stations

Affected by policies to promote electric vehicles in China in the recent years, CNG refilling station market was still full of challenges. In view of the changing market situation, the Group proactively adapted its development strategies for gas refilling stations for vehicles, with a view to enhancing the management level of each individual station, strengthening control over investment to new gas stations and shutting down gas refilling stations running at low efficiency and loss-making, thereby enhancing the profitability of the Group's gas refilling stations. The Group also made tremendous efforts to intensify publicity, continuously improve service quality, and promote value-added business such as "all-in-one card" and convenience stores in refilling stations to expand the source of profit, attract both new and old customers, and increase customer loyalty.

In September 2019, the State Council of China issued the Outline for Building China's Strength in Transportation (《交通強國建設綱要》), calling for optimizing transport energy structure, promoting new energy and clean energy applications, and facilitating energy conservation and emission reduction of road freight. The Notice on Matters Related to the Trial Navigation of LNG-powered Vessels through the Three Gorges Dam Ship Lock (《關於LNG動力船試運行通過三峽船閘相關事項的通告》) issued by the Changjiang River Administration of Navigation Affairs, which is overseen by the Ministry of Transport, specifies that, from 1 June 2019 onwards, LNG-powered vessels have priority over other ships of the same type to sail through the Three Gorges Dam Ship Lock. The Notice of the General Office of the National Development and Reform Commission on Strictly Controlling the Utilization of Port Coastline Resources of the Yangtze River Main Line (《國家發展改革委辦公廳關於嚴格管控長江幹線港口岸線資源利用的通知》) issued by the Ministry of Transport in July 2019 emphasizes that priority shall be given to satisfying the need of LNG refilling stations for vessels at port coastline. National policies have brought new opportunities to the Group to develop LNG for vehicles and vessels.

As at 30 September 2019, a total of 555 CNG and LNG refilling stations for vehicles and vessels were operated by the Group.

Township "Replacement of Coal with Gas"

During the period under review, the Group adhered to its clear-cut strategy, resolutely promoted market development for township "replacement of coal with gas", and accelerated pipeline construction and user connection, endeavoring to bring forth premium, quality and highly efficient facilities and adequate energy supply to allow rural residents in northern China to have access to natural gas, thus contributing to the betterment of environment protection and improving the livelihood of residents all alike across China.

As at 30 September 2019, the Group accumulatively contracted more than 8.0 million residential users for implementing township "replacement of coal with gas", and completed natural gas pipeline installation for 4,757,841 of them.

Sales of Natural Gas

Natural gas is sold mainly through gas pipeline networks laid in cities and townships, trading and long-distance transmission pipelines. During the period under review, the Group sold a total of 11.84 billion m^3 of natural gas, representing a year-on-year increase of 7.8%. Of which, 6.87 billion m^3 were sold through gas pipeline networks laid in cities and townships, representing a year-on-year increase of 15.4%; and 4.96 billion m^3 were sold through trading and long-distance transmission pipelines, representing a year-on-year slight decrease of 1.1%.

LPG Business

The Group currently owns eight LPG terminals and 100 LPG distribution projects, with distribution operations in 19 provinces in China. It has been positioned as the largest vertically integrated LPG business operation service provider in the country.

During the period under review, the Group's total LPG sales volume was 1,967,249 tons, representing a year-on-year increase of 0.5%. Of which, 1,359,649 tons were sold through its wholesale business, representing a year-on-year decrease of 1.8%, and 607,600 tons were sold through its retail business, representing a year-on-year increase of 5.8%. The wholesale business recorded a slight year-on-year decrease in sales volume. It was mainly attributable to the greater volatility in international crude oil and LPG prices during the period under review, and the control of the Group appropriately exercised over its LPG imports to prevent the effect of the substantial volatility of international LPG purchase price on profit. Total sales revenue amounted to approximately HK$6,510,161,000 (six months ended 30 September 2018: HK$9,812,779,000), representing a year-on-year decrease of 33.7%. LPG purchase and selling prices decreased by approximately 30%, leading to decrease in revenue from sales of LPG during the period under review. Gross profit amounted to HK$581,290,000 (six months ended 30 September 2018: HK$721,770,000), representing a year-on-year decrease of 19.5%. Operating profit was HK$22,644,000 (six months ended 30 September 2018: loss of HK$33,707,000).

With LPG becoming popular among suburban and rural areas, with industrial and commercial LPG demand growing steadily over the long term, and particularly with LPG developing rapidly as a form of raw material in petrochemical synthesis and deep-processing sectors, China's LPG industry sees an unprecedented opportunity for its development. The Group will fully utilize its existing LPG terminals, storage facilities and fleets of vehicles and vessels to boost overseas and domestic purchases of LPG and gradually increase the utilization rate of midstream LPG assets. The Group will exercise unified procurement of LPG in its downstream retail business, with a view to utilizing the advantage of its integrated upstream and downstream activities to lay out a proper deployment over its gas procurement, storage and market coverage and reach an effective synergy between wholesale and retail segments, thereby maximizing profit margin of the whole supply chain.

Value-Added Services for End Users

With ever increasing penetration rate, our customer base has been expanding rapidly. Currently, the Group provides natural gas and LPG services to more than 38 million residential, industrial and commercial users, which have given shape to a customer network with enormous potential for conducting value-added activities. Accordingly, the Group will strive to grow its market share in terms of value-added services by enriching its value-added services, edging up its marketing efforts, reinforcing its sales channels and innovating its sales model, aiming at further enhancing the profitability and overall competitiveness of its service network. The Group's value-added business includes sales of wall-mounted gas heaters and kitchen appliances under the brand of "Gasbo (中燃寶)", smart home product line, provision of comprehensive gas insurance agency services, and sales of gas corrugated pipes, gas alarms and other products such as water purifiers. The Group launched "Smart Living New Retail Platform", implementing online gas service and online sale of products of value-added services; putting offline community gridding service into trial, improving service quality and efficiency. As at 30 September 2019, the number of online customers reached more than 4 million. Each value-added service recorded significant growth during the period under review. Sales volume of wall-mounted gas heaters and kitchen appliances series under the brand of "Gasbo" reached 490,000 units, representing a year-on-year increase of 101%, making the Group a leading manufacturer and distributor of wall-mounted gas heaters and kitchen appliances in China.

During the period under review, value-added service business generated revenue of HK$2,207,840,000 (six months ended 30 September 2018: HK$1,011,361,000), representing a year-on-year increase of 118.3%. Gross profit amounted to HK$820,928,000, representing a year-on-year increase of 96.9%, and operating profit amounted to HK$676,643,000, representing a year-on-year increase of 98.1%.

Integrated Energy Business

Driven by the progress made in implementing environmental protection policies, the changes in energy consumption structure and the transformation in consumption patterns, China's energy industry is witnessing unprecedented transformations towards clean energy, diversifying energy consumption and integrating energy supply. Over the years, the Group has been committed to pushing forward with the extensive deployment of such new business as natural gas-fired distributed energy resources, photovoltaic power generation, distribution and sale of electricity as well as central heating in China, on the basis of the huge market and the large customer base gained by its gas projects. It seeks to carry out integrated utilization of energy resources with years of cumulative experience in market development and technical innovation, in an effort to provide customers with highly efficient integrated energy resources that address their needs for gas, heating, electricity and cooling.

As at 30 September 2019, the Group had a total of 75 integrated energy projects in operation.

Financial Review

For the six months ended 30 September 2019, the Group's turnover amounted to HK$27,925,501,000 (six months ended 30 September 2018: HK$28,877,197,000), representing a year-on-year decrease of 3.3%. Gross profit amounted to HK$8,170,906,000 (six months ended 30 September 2018: HK$6,499,876,000), representing a year-on-year increase of 25.7%. Overall gross profit margin was 29.3% (six months ended 30 September 2018: 22.5%). Profit attributable to owners of the Company amounted to HK$4,909,629,000 (six months ended 30 September 2018: HK$4,225,751,000), representing a year-on-year increase of 16.2%.

Earnings per share amounted to HK$94.08 cents (six months ended 30 September 2018: HK84.42 cents), representing a year-on-year increase of 11.4%.

Finance Costs

For the six months ended 30 September 2019, finance costs increased by 35.7% to approximately HK$731,456,000 from approximately HK$539,100,000 for the same period last year. The increase in finance costs for the period was mainly due to the increase in total average outstanding debt balances.

Share of Results of Associates

For the six months ended 30 September 2019, share of results of associates amounted to HK$389,122,000 (six months ended 30 September 2018: HK$298,627,000).

Share of Results of Joint Ventures

For the six months ended 30 September 2019, share of results of joint ventures amounted to approximately HK$556,505,000 (six months ended 30 September 2018: HK$457,540,000).

Income Tax Expenses

For the six months ended 30 September 2019, income tax expenses increased by 24.5% to HK$1,156,977,000 (six months ended 30 September 2018: HK$929,184,000) mainly due to an increase in taxable profit as a result of increase in gross profit.

Liquidity

The Group's principal business generates steady cash flow. Coupled with an effective and well-established capital management system, the Group is able to maintain stable and healthy operations.

As at 30 September 2019, the Group's total assets amounted to HK$111,334,326,000 (31 March 2019: HK$109,879,733,000). Bank balances and cash amounted to HK$9,609,534,000 (31 March 2019: HK$13,482,313,000). The Group had a current ratio of 0.88 (31 March 2019: 0.89). Net gearing ratio was 0.65 (31 March 2019: 0.54), as calculated on the basis of net borrowings of HK$26,949,954,000 (total borrowings of HK$38,665,628,000 less trade facility relating to short-term import letters of credit of LPG business of HK$2,106,140,000 and bank balance and cash of HK$9,609,534,000) and net assets of HK$41,727,855,000 as at 30 September 2019.

The Group always adopts a prudent financial management policy, under which a majority of available cash of the Group is deposited in credible banks as current and fixed deposits.

Financial Resources

The Group has been actively building up long-standing collaboration relationships with Chinese (including Hong Kong) and overseas banks. As the Group's principal cooperating bank, China Development Bank provided the Group with a long-term credit facility of RMB20 billion under a term of up to 15 years, giving strong financial supports to the Group's project investments and stable operations. Other major domestic and overseas banks such as Asian Development Bank (ADB), Industrial and Commercial Bank of China, Bank of Communications of China, Bank of China, Agricultural Bank of China, China Merchants Bank and Hongkong and Shanghai Banking Corporation (HSBC) granted long-term credit to the Group as well. Bank loans are generally used to fund the Group's operations and project investments.

The Company, acting as an overseas issuer, and the Group's wholly-owned subsidiaries incorporated in China actively participate in the issuance of RMB bonds on stock exchanges and interbank bond market in China. As at 30 September 2019, remaining balance of the RMB Panda Bonds and medium-term RMB notes issued by the Group amounted to RMB9.6 billion.

On 26 October 2016, the Group and China Insurance Investment Fund L.P. (中國保險投資基金(有限合夥)) ("CIIF") formed China Insurance Investment China Gas (Shenzhen) Clean Energy Development Investment Fund L.P. (中保投中燃(深圳)清潔能源發展基金(有限合夥)). The maximum size of the fund can reach RMB10.02 billion in aggregate. As of 30 September 2019, a total of RMB5.8 billion was contributed by CIIF to the fund.

As at 30 September 2019, the Group's bank loans and other loans amounted to HK$38,665,628,000.

The Group's operating and capital expenditures are financed by operating cash income, bank borrowings and bond issuance. The Group currently has sufficient funding to satisfy its future capital expenditures and working capital requirements.

Foreign Exchange

Most of the income of the Group is received in RMB while most of the expenses and capital expense are also denominated in RMB. However, certain bank loans and other borrowings and bank balances of the Group are denominated in currencies other than the relevant functional currency (RMB) of the entities of the Group. The appreciation or depreciation of RMB against foreign currencies will give rise to exchange gain or loss. Although most of such gain or loss is non-operating in nature, it can also make a positive or negative impact on the results of the Group.

The Board and the management of the Group formulated strict exchange rate risk management policies, closely monitored the trends of market rates and foreign exchange rates and rationally adjusted debt structure in a timely and reasonable manner to avoid risks effectively. The proportion of foreign currency debts to all debts of the Group was 19.2% as at 30 September 2019. Lower proportion of foreign currency debts will immensely decrease the impact of future exchange gains and losses to the Group's results.

Contract assets/liabilities, trading receivables/payables and notes receivables/payables

As at 30 September 2019, the Group's contract assets amounted to HK$9,680,040,000 (31 March 2019: HK$7,185,220,000), contract liabilities amounted to HK$5,866,338,000 (31 March 2019: HK$5,167,594,000), trade and bill receivables amounted to HK$2,968,676,000 (31 March 2019: HK$2,870,469,000, and trade and bill payables amounted to HK$18,042,048,000 (31 March 2019: HK$17,840,411,000).

Along with the expanding investment portfolio, increasing number of gas users, and efficient market development, engineering construction, user installation and gas sales, the Group saw continued growth in the number of users and gas sales volume. During the period, new residential users connected in city and township gas projects grew by 15.8% year-on-year, and gas sales volume grew by 15.4% year-on-year. Sustainable growing main business was responsible for the reasonable growth in contract assets/ liabilities, trading receivables/payables and notes receivables/payables.

Charge on Assets

As at 30 September 2019, the Group pledged other deposits of HK$60,439,000 (31 March 2019: HK$63,953,000) and bank deposits of HK$584,281,000 (31 March 2019: HK$243,381,000), and certain subsidiaries pledged their equity investments to banks to secure loan facilities.

Capital Commitments

As at 30 September 2019, the Group had capital commitments amounting to HK$2,328,541,000 (31 March 2019: HK$133,916,000) and HK$169,223,000 (31 March 2019: HK$81,404,000) respectively in respect of the acquisition of property, plant and equipment, and construction materials contracted but not provided for in the financial statements, which would require the utilization of the Group's cash on hand and external financing. The Group has undertaken to acquire shares of certain Chinese enterprises and set up joint ventures in China.

Contingent Liabilities

As at 30 September 2019, the Group did not have any material contingent liabilities (31 March 2019: nil).

Prospects

In 2019, as a result of, among other factors, continuing international trade frictions and geopolitical risks, the global economic growth has been weak. The macrocontrol policies introduced in China have promoted the industrial transformation and upgrade, ensured overall stability of the economic environment, deepened the reform of the energy structure, stepped up efforts to govern environmental pollution. The continuing implementation of various environmental protection and natural gas reform policies, such as "coal to gas conversion", has injected new vigor into the rapid and steady development of the Group's businesses.

Recently, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development and the State Administration of Market Regulation have issued the Opinions on the Regulation of Installation Fees for City Gas Projects (《關於規範城鎮燃氣工程安裝收費的指導意見》), which regulates the installation of city gas projects. The National Development and Reform Commission, the National Energy Administration, the Ministry of Housing and Urban-Rural Development, and the State Administration of Market Regulation have also jointly issued the Measures for the Supervision and Administration of Fair Opening of Oil and Gas Pipelines Network Facilities (《油氣管網設施公平開放監管辦法》), which further reforms the mechanism by improving the utilization efficiency of the oil and gas pipeline network facilities and speed up the oil and gas market liberalization. The notice on the Key Points of the National Air Pollution Control Work for 2019 (《2019年全國大氣污染防治工作要點》) published by the Ministry of Ecology and Environment requires enhancement of governance, industry standardization and energy structure optimization, in terms of air pollution, transportation, fuel and industry, in order to achieve the Three-Year Action Plan for Winning the Battle for a Blue Sky (《打贏藍天保衛戰三年行動計劃》). In addition, the construction of the China-Russia east-route natural gas pipeline has already been completed and will be put into operation in December 2019. The Group has a large number of piped gas projects in Northeast China and Beijing-Tianjin-Hebei region, and they will directly benefit from Russian gas, which not only will significantly increase the gas supply of regional projects, but also will further optimize the regional gas supply structure, form a multi-source supply pattern, and significantly strengthen the Group's ability to secure natural gas supply, enhancing the overall profitability of local project companies.

For the city and township gas business, the Group will continue to increase efforts in market development, promote the pipeline connections for city and township residents, increase the "coal to gas conversion" installation and consumption scale of industrial and commercial users, and, with consideration of various markets and regional energy prices, provide decentralized energy, heating, photovoltaic power generation and other integrated energy clean supply solutions of multiple sources and forms for various markets. With regards to rural "coal to gas" initiative and the "construction of beautiful countryside", the Group will continue to vigorously develop the rural gas market, establish and improve the rural gas market development system, strengthen project operation management and appraisal, and create a "rural gas ecosystem". As for LPG, the Group will continue to leverage its own upstream and downstream integrated distribution system with wharf warehousing and terminal market capacity, promote the overall layout of trade and terminal business in a strategic manner, and enhance market development and operation management of downstream distribution market by applying the IoT and Internet+ to innovate the logistics and terminal operation model. In the meantime, the Group will actively cooperate with the Ministry of National Housing and Urban-Rural Development to engage in market planning and layout and fully promote the layout and development of the "LPG Micromanagement Network" project, and further improve the Group's overall LPG operation and profitability. For value-added business development, leveraging on its sizable pipeline natural gas and LPG service network as well as its quality resource of over 37 million customers, the Group will implement the integration of operation, customer service and value-added service, increase efforts in value-added service development, promote the average revenue per user (ARPU) appraisal mechanism, and vigorously expand the value-added service business such as wall-hanging heaters, kitchen gas appliances and water purification products of its own brand "Gasbo (中燃寶)".

Looking forward, market liberalization of the natural gas industry will continue alongside with strict implementations of relevant national environmental protection policies, the establishment of a state pipeline company, and other new trends and developments such as the commencement of operation of the Sino-Russian natural gas pipeline. Indeed, the natural gas industry is on the verge of historical changes. China's energy production and consumption is entering into a new era of diversified, clean, low carbon, efficient, safe and intelligent development. As a domestic large-scale inter-regional integrated energy service provider, the Group will keep a close eye on development opportunities brought forth by national policies and market demand, expand its market share with strong determination, improve operational efficiency, deepen cost control, promote the integration of information system, improve safety operations, risk management and control capabilities, promote sustained and steady business growth, and strive to build a new ecosystem for 4G (LNG, CNG, LPG and PNG) energy network development. Meanwhile, the Group will adhere to the vision of innovation, coordination, green, open and shared development, better perform its obligations in terms of economy, environment and society, and fulfill its role of not only a quality supplier for clean energy, but also a promoter for low carbon transformation. The Group aims to create greater value for shareholders, customers, employees, partners and social stakeholders, while making greater contributions to national and social clean energy development.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions ("Code Provisions") of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules except for deviation of the following:

Code Provision A.2.1, the roles of chairman and chief executive should be separate and performed by different individuals. Under the current organization structure of the Company, the functions of chief executive officer are performed by the Executive Chairman, Mr. Liu Ming Hui. Mr. Liu provides leadership for the Board and undertakes the management of the Group's business and overall operation, with the support from other executive Directors, vice-presidents and senior management, The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, and has been effective in discharging its functions satisfactorily. The Board will review the reasonableness and effectiveness of the structure from time to time.

Code Provision A.4.1, as none of the non-executive directors or independent non-executive directors of the Company is appointed for a specific term. However, in accordance with Bye-law 87(1) of the Company's Bye-laws, at each annual general meeting, one third of the directors for the time being shall retire from the office by rotation and be eligible for re-election. All non-executive directors and independent non-executive directors of the Company have retired from the office by rotation and have been re-elected in the past three years. The Board considers that the Company complied with these procedures on terms no less exacting than the requirements of Code Provision A.4.1.

Code Provision A.6.7, all independent non-executive directors and non-executive directors of the Company should attend general meetings but certain non-executive directors did not attend the annual general meeting of the Company held on 21 August 2019 due to overseas business commitment or pre-arranged business engagements.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the model code for securities transactions by directors of the listed issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made with all directors of the Company and all directors of the Company confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2019.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the interim results for the six months ended 30 September 2019.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the six months ended 30 September 2019, neither the Company nor its any subsidiaries repurchased, sold or redeemed any of the Company's Shares.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is required to be published on the website of The Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Latest Listed Company Information" and the Company at www.chinagasholdings.com.hk under "Announcements" respectively. The interim report of the Company for the six months ended 30 September 2019 will be dispatched to the shareholders as soon as possible and will be published on the websites of HKEX and the Company accordingly.

By order of the Board
China Gas Holdings Limited
LIU Ming Hui
Executive Chairman, Managing Director and President

Hong Kong, 25 November 2019

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei and Ms. LI Ching are the executive directors of the Company, Mr. LIU Mingxing (his alternate being Ms. LIU Chang), Mr. JIANG Xinhao, Mr. Rajeev Kumar MATHUR and Mr. JO Jinho (his alternate being Mr. KWON Woonsang) are the non-executive directors of the Company and Mr. ZHAO Yuhua, Dr. Mao Erwan, Ms. WONG Sin Yue Cynthia, Ms. CHEN Yanyan and Mr. ZHANG Ling are the independent non-executive directors of the Company.

* *For identification purpose only*