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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)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2021

Annual Results Highlights:	Year ended 31 March		Change
	2021	2020	
Profit attributable to owners of the Company (HK\$ million)	10,478.7	9,188.5	14.0%
Earnings per share (basic) (HK\$)	2.01	1.76	14.2%
Net operating cash flows (HK\$ million)	8,278.6	6,485.7	27.6%
Sustainable free cash flows (HK\$ million)	768.4	(2,470.5)	3,238.9
Total natural gas sale volume (million m ³)	31,210.7	25,372.4	23.0%
Number of piped-gas projects	642	604	38

The Board of Directors (the “Board”) of China Gas Holdings Limited (the “Company”) announces the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March 2021	Year ended 31 March 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	69,975,381	59,539,681
Cost of sales		<u>(51,873,223)</u>	<u>(42,442,633)</u>
Gross profit		18,102,158	17,097,048
Other income		923,333	639,656
Other gains and losses		64,613	(179,897)
Selling and distribution costs		(2,438,701)	(1,973,125)
Administrative expenses		(2,750,574)	(2,446,689)
Finance costs		(1,418,781)	(1,387,920)
Share of results of associates		892,995	405,184
Share of results of joint ventures		<u>715,006</u>	<u>570,798</u>
Profit before taxation		14,090,049	12,725,055
Taxation	4	<u>(2,417,766)</u>	<u>(2,464,389)</u>
Profit for the year	5	<u>11,672,283</u>	<u>10,260,666</u>
Other comprehensive income (expense)			
Item that will be reclassified subsequently to profit or loss:			
Deferred gain (loss) on swap in hedge accounting relationship		30,674	(8,910)
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		5,128,283	(2,790,733)
Increase (decrease) in fair value of investments in equity instruments at fair value through other comprehensive income		<u>1,631</u>	<u>(60,316)</u>
Other comprehensive income (expense) for the year		<u>5,160,588</u>	<u>(2,859,959)</u>
Total comprehensive income for the year		<u>16,832,871</u>	<u>7,400,707</u>

		Year ended 31 March 2021	Year ended 31 March 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		10,478,683	9,188,474
Non-controlling interests		<u>1,193,600</u>	<u>1,072,192</u>
		<u>11,672,283</u>	<u>10,260,666</u>
Total comprehensive income attributable to:			
Owners of the Company		14,994,160	6,718,691
Non-controlling interests		<u>1,838,711</u>	<u>682,016</u>
		<u>16,832,871</u>	<u>7,400,707</u>
Earnings per share			
Basic	6	<u>HK\$2.01</u>	<u>HK\$1.76</u>
Diluted		<u>HK\$2.01</u>	<u>HK\$1.76</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000 (restated)
Non-current assets			
Investment properties		565,377	523,525
Property, plant and equipment		56,908,879	46,127,861
Right-of-use assets		4,247,390	2,458,283
Investments in associates		8,765,178	7,063,399
Investments in joint ventures		9,052,185	7,814,552
Equity instruments at fair value through other comprehensive income		639,837	787,605
Goodwill		3,298,386	3,010,000
Other intangible assets		3,829,955	3,613,126
Deposit for acquisition of property, plant and equipment		1,835,841	692,571
Deposit for acquisition of subsidiaries, joint ventures and associates and other deposits		694,885	239,828
Deferred tax assets		488,579	259,633
		<u>90,326,492</u>	<u>72,590,383</u>
Current assets			
Inventories		5,302,266	3,246,225
Contract assets		16,925,010	12,750,848
Trade and other receivables	7	14,554,555	9,893,026
Amounts due from associates		504,147	467,532
Amounts due from joint ventures		3,849,924	5,491,212
Derivative financial instrument		—	3,539
Held-for-trading investments		686,629	1,003
Pledged bank deposits		277,899	536,570
Bank balances and cash		8,293,720	7,119,206
		<u>50,394,150</u>	<u>39,509,161</u>

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000 (restated)
Current liabilities			
Trade and other payables	8	19,409,285	17,700,374
Lease liabilities		209,606	75,054
Amounts due to associates		45,418	65,819
Amounts due to joint ventures		318,508	110,754
Contract liabilities		8,037,261	5,997,661
Derivative financial instrument		—	30,674
Taxation		1,021,290	1,245,940
Bank and other borrowings — due within one year		17,271,905	24,120,679
		46,313,273	49,346,955
Net current assets (liabilities)		4,080,877	(9,837,794)
Total assets less current liabilities		94,407,369	62,752,589
Equity			
Share capital		52,124	52,186
Reserves		51,884,736	39,552,778
Equity attributable to owners of the Company		51,936,860	39,604,964
Non-controlling interests		7,927,272	6,194,986
Total equity		59,864,132	45,799,950
Non-current liabilities			
Bank and other borrowings — due after one year		31,717,466	15,568,439
Lease liabilities		1,505,843	157,868
Deferred taxation		1,319,928	1,226,332
		34,543,237	16,952,639
		94,407,369	62,752,589

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the “Amendments to References to the Conceptual Framework in HKFRSs Standards” and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the “Amendments to References to the Conceptual Framework in HKFRSs Standards” and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents the net amounts received and receivable for sales of piped gas, gas connection, engineering design and construction, sales of liquefied petroleum gas (“LPG”), and value-added services by the Group for the year.

Information reported to the Group’s chief operating decision maker (“CODM”), being the managing director of the Group, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services rendered which is also consistent with the basis of organisation of the Group.

The CODM reviews the results of Zhongyu Gas Holdings Limited (“Zhongyu Gas”), an associate of the Group, being accounted for under equity accounting separately and thus Zhongyu Gas is presented as a single operating and reportable segment.

The Group's reportable and operating segments under HKFRS 8 are as follows:

- (i) Sales of piped gas;
- (ii) Gas connection;
- (iii) Engineering design and construction;
- (iv) Sales of LPG;
- (v) Value-added services; and
- (vi) Zhongyu Gas

Information regarding the above segments is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 March 2021

	Sales of piped gas <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Engineering design and construction <i>HK\$'000</i>	Sales of LPG <i>HK\$'000</i>	Value-added services <i>HK\$'000</i>	Zhongyu Gas <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>
Total segment revenue	35,935,728	12,477,418	11,390,964	13,163,822	7,720,142	—	80,688,074
Inter-segment revenue	—	—	(10,712,693)	—	—	—	(10,712,693)
External segment revenue	<u>35,935,728</u>	<u>12,477,418</u>	<u>678,271</u>	<u>13,163,822</u>	<u>7,720,142</u>	<u>—</u>	<u>69,975,381</u>
Segment profit	<u>3,959,213</u>	<u>2,824,592</u>	<u>3,334,467</u>	<u>263,071</u>	<u>2,321,088</u>	<u>422,635</u>	13,125,066
Change in fair value of investment properties							39,202
Interest and other gains							430,705
Unallocated corporate expenses							(373,139)
Finance costs							(316,341)
Exchange gain on translation of foreign currency monetary items into functional currency							46,949
Gain on acquisition of subsidiaries							122
Loss on disposal and winding up of subsidiaries							(47,881)
Share of results of associates							470,360
Share of results of joint ventures							<u>715,006</u>
Profit before taxation							<u><u>14,090,049</u></u>

For the year ended 31 March 2020

	Sales of piped gas <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Engineering design and construction <i>HK\$'000</i>	Sales of LPG <i>HK\$'000</i>	Value-added services <i>HK\$'000</i>	Zhongyu Gas <i>HK\$'000</i>	Segment Total <i>HK\$'000</i>
Total segment revenue	27,053,131	12,319,583	12,410,770	13,774,300	5,025,292	—	70,583,076
Inter-segment revenue	—	—	(11,043,395)	—	—	—	(11,043,395)
External segment revenue	<u>27,053,131</u>	<u>12,319,583</u>	<u>1,367,375</u>	<u>13,774,300</u>	<u>5,025,292</u>	<u>—</u>	<u>59,539,681</u>
Segment profit	<u>3,370,915</u>	<u>2,767,468</u>	<u>4,443,530</u>	<u>208,937</u>	<u>1,594,333</u>	<u>177,190</u>	<u>12,562,373</u>
Change in fair value of investment properties							(17,087)
Interest and other gains							100,335
Unallocated corporate expenses							(379,168)
Finance costs							(339,882)
Exchange loss on translation of foreign currency monetary items into functional currency							(43,500)
Loss on disposal and remeasurement of associates							(10,532)
Gain on partial disposal of investment in an associate							19,057
Gain on acquisition of subsidiaries							97,533
Impairment loss on goodwill							(62,866)
Share of results of associates							227,994
Share of results of joint ventures							<u>570,798</u>
Profit before taxation							<u><u>12,725,055</u></u>

Inter-segment revenue are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies. Except for segment profit of Zhongyu Gas, segment profit for remaining reportable segments represents the profit earned by each segment without allocation of interest and other gains, head office administration costs, change in fair value of investment properties, impairment loss on goodwill, gain on partial disposal of investment in an associate, loss on disposal and remeasurement of associates, gain on acquisition of subsidiaries, loss on disposal and winding up of subsidiaries, share of results of associates, other than Zhongyu Gas, share of results of joint ventures, exchange gain/loss on translation of foreign currency monetary items into functional currency and certain finance costs. The segment profit of Zhongyu Gas represents share of results of Zhongyu Gas. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

4. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
People's Republic of China (the "PRC")		
Enterprise Income Tax	2,602,007	2,283,092
Deferred taxation	<u>(184,241)</u>	<u>181,297</u>
	<u><u>2,417,766</u></u>	<u><u>2,464,389</u></u>

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit derived from Hong Kong for both years.

The tax rate of the PRC subsidiaries is 25% except for the tax relief explained below.

Certain PRC group entities are entitled to the preferential tax rate pursuant to the relevant regulations applicable to enterprises situated in the western region of the PRC and high-technology enterprises. The applicable tax rate of those PRC group entities is 15% for the year ended 31 March 2021 (2020: 15%).

5. PROFIT FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	10,200	10,200
Depreciation of property, plant and equipment	1,682,520	1,472,029
Depreciation of right-of-use assets	290,237	158,227
Amortisation of intangible assets	166,290	134,005
Share of tax of associates (included in share of results of associates)	229,359	148,647
Share of tax of joint ventures (included in share of results of joint ventures)	393,933	89,851
Staff costs	3,424,801	3,181,042
Cost of inventories recognised as expenses	45,627,628	36,757,571
Impairment losses for financial assets and contract assets, net of reversals		
— trade and other receivables	38,734	59,062
— contract assets	235,513	39,741
	<u>274,247</u>	<u>98,803</u>
Rental income from investment properties less outgoings of HK\$1,444,000 (2020: HK\$1,119,000)	<u><u>(23,131)</u></u>	<u><u>(25,003)</u></u>

6. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>10,478,683</u>	<u>9,188,474</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>5,215,306</u>	<u>5,218,563</u>

During the year ended 31 March 2021, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the adjusted exercise price of those share options is higher than the average market price of the shares for the year ended 31 March 2021.

7. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	6,589,063	3,687,255
Less: Accumulated allowances	<u>(804,695)</u>	<u>(699,559)</u>
Trade receivables	5,784,368	2,987,696
Deposits paid for construction and other materials	1,210,726	988,852
Deposits paid for purchase of natural gas and LPG	3,261,488	2,272,033
Advance payments to sub-contractors	742,072	739,241
Rental and utilities deposits	843,410	479,620
Other tax recoverable	973,822	917,083
Other receivables and deposits	848,791	690,961
Prepaid operating expenses	791,394	707,190
Amounts due from non-controlling interests of subsidiaries	<u>98,484</u>	<u>110,350</u>
Total trade and other receivables	<u>14,554,555</u>	<u>9,893,026</u>

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 to 180 days to its trade customers.

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–180 days	3,941,376	2,348,521
181–365 days	995,188	491,325
Over 365 days	847,804	147,850
	<u>5,784,368</u>	<u>2,987,696</u>

The Group has policies for allowance for credit loss which are based on the evaluation of collectability and age analysis of trade receivables and on the management's judgment including the current creditworthiness, the past collection history of each customer as well as relevant forward-looking information.

8. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The following is an age analysis of trade and other payables presented based on the invoice date at the end of the reporting period:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–90 days	11,837,364	10,585,817
91–180 days	534,741	1,506,466
Over 180 days	2,656,674	1,307,046
Trade and bill payables	15,028,779	13,399,329
Other payables and accrued charges	823,856	888,639
Consideration payables	181,753	183,959
Construction fee payables	1,181,922	1,108,919
Retention payable and security deposits received	1,288,085	1,009,592
Accrued staff costs	209,488	198,387
Loan interest payables	271,268	308,938
Amounts due to non-controlling interests of subsidiaries (<i>Note</i>)	424,134	602,611
Total trade and other payables	<u>19,409,285</u>	<u>17,700,374</u>

Note: The amounts due to non-controlling interests of subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The average credit period on trade purchases and ongoing costs is 90 to 180 days.

FINAL DIVIDEND

The Board resolved to recommend payment of a final dividend of HK45 cents per share to shareholders whose names appear on the register of members of the Company on 27 August 2021 (the record date for determining the entitlement of the shareholders to receive the proposed final dividend). Together with the interim dividend of HK10 cents per share paid to the shareholders on 29 January 2021, the total dividend for the year ended 31 March 2021 amounts to HK55 cents per share (total dividend for the year ended 31 March 2020 amounted to HK50 cents per share).

The final dividend, if approved by the shareholders at the forthcoming annual general meeting, is expected to be payable on or around 30 September 2021 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote at the forthcoming annual general meeting

For the purpose of determining the shareholders who are entitled to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 13 August 2021 (Friday) to 18 August 2021 (Wednesday) (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on 18 August 2021 (Wednesday), all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 12 August 2021 (Thursday).

To qualify for the proposed final dividend

For the purpose of determining the shareholders who are entitled to receive the proposed final dividend for the year ended 31 March 2021, the register of members of the Company will be closed from 25 August 2021 (Wednesday) to 27 August 2021 (Friday) (both days inclusive), during which no transfer of shares will be registered. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable to the shareholders whose names appear on the register of members of the Company on 27 August 2021 (Friday). In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 24 August 2021 (Tuesday).

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction to the Company

The Group is a gas operator and service provider primarily engaged in investment, construction and operation of city and town gas pipeline infrastructure, gas terminals, storage and transportation facilities and gas logistics systems, transmission of natural gas and LPG to residential, industrial and commercial customers, 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

In 2020, global economy and social activities were affected by the COVID-19 pandemic. Thanks to the effective measures for pandemic prevention and control, China had an early reopening. China took the lead in realizing a gradual economic recovery with a year-on-year growth of 2.3% of its gross domestic product (“GDP”). Benefiting from China’s economic recovery and the continuous advancement of stringent environmental protection policies, China’s natural gas industry achieved steady growth. According to the statistics of the National Development and Reform Commission (the “NDRC”) in 2020, the apparent consumption of natural gas in China reached 324 billion m³, representing a year-on-year increase of 5.6%.

In respect of the development of the natural gas industry, the National Oil and Gas Pipeline Network Company officially commenced operation. Industrial regulation continued to strengthen. China undertook to achieve the goal of “peaking carbon emissions by 2030 and becoming carbon neutral by 2060”. The subsequently released 14th Five-Year Plan proposed “prioritizing the development of agriculture and rural areas and comprehensively promoting rural revitalization”. The synergy of upstream, midstream and downstream, mergers and acquisitions in the retail market, and cross-sector cooperation in the gas industry were at a notably accelerated pace.

In the face of the pandemic along with the opportunities and challenges arising from the development of the natural gas industry, the Group steadily carried out the reform of its management and control system to stimulate organizational vitality based on its management-directed focus on “cost reduction and efficiency enhancement, development through transformation”. The Group continued to expand the scale of its urban and rural gas projects, promoted the “replacement of coal with gas” in industrial and commercial sectors as well as township winter natural gas heating in Northern China, and ensured gas supply. It also stepped up efforts to develop LPG, value-added services, integrated energy and other businesses. The market development of the Group’s two new businesses, namely LPG Smart MicroGrid and Distributed Urban Heating, officially commenced.

During the financial year, the Group was included in the Hang Seng Shanghai-Shenzhen-Hong Kong (Selected Corporations) 300 Index, the Hang Seng ESG 50 Index and the Hang Seng Corporate Sustainability Benchmark Index. MSCI upgraded the Company’s ESG rating to BBB. By virtue of its outstanding performance as well as transparent and effective communications, the Group also received

recognition from the global capital market. It consecutively won seven awards including the “Most Honored Company” and the “Best ESG Company” in the Institutional Investors’ 2020 All-Asia Executive Team ranking, and was honored the “Best Utility Company” in the IR Magazine Awards — Greater China 2020.

During the financial year, the Group recorded a steady growth in both financial and operating results. The Group’s total natural gas sales volume increased by 23.0% to 31.21 billion m³. Total revenue increased year-on-year by 17.5% to HK\$69,975,381,000. Gross profit amounted to HK\$18,102,158,000, representing a year-on-year increase of 5.9%. Profit attributable to owners of the Company increased by 14.0% to HK\$10,478,683,000, and basic earnings per share were HK\$2.01, representing a year-on-year increase of 14.2%. Operating cash flows amounted to HK\$8,278,618,000, representing a significant increase of 27.6%. Sustainable free cash flows amounted to HK\$768,367,000 (exclusive of the payments made in the current period for the office buildings of the Group).

Financial Highlights

for the year ended 31 March

	2021	2020	Change
Turnover (HK\$’000)	69,975,381	59,539,681	17.5%
Gross profit (HK\$’000)	18,102,158	17,097,048	5.9%
Profit attributable to owners of the Company (HK\$’000)	10,478,683	9,188,474	14.0%
Basic earnings per share (in HK\$)	2.01	1.76	14.2%
Annual dividend per share (in HK\$)	0.55	0.50	10.0%
Net operating cash flows (HK\$’000)	8,278,618	6,485,739	27.6%
Sustainable free cash flows (exclusive of HK\$814,286,000 paid in the current period for the office buildings of the Group) (HK\$’000)	768,367	(2,470,465)	—
Operational performance			
Number of piped-gas projects	642	604	38
Number of integrated energy projects	364	102	262
Connectable residential users for city gas projects (million households)	53.0	44.5	19.2%
Penetration rate of residential users for city gas projects (%)	60.8%	64.9%	-4.1 pts
Total natural gas sale volume (million m³)	31,210.7	25,372.4	23.0%
Natural gas sold through city and township gas projects	18,699.2	15,631.3	19.6%
Natural gas sold through direct-supply pipelines and trade	12,511.5	9,741.1	28.4%
Sales of natural gas in city and township gas projects (customer breakdown) (million m³)			
Residential	6,107.4	4,926.7	24.0%
Industrial	9,018.3	7,417.8	21.6%
Commercial	2,549.2	2,286.2	11.5%
CNG/LNG stations	1,024.3	1,000.5	2.4%

	2021	2020	Change
New connections			
Residential	5,048,300	5,427,367	-7.0%
City gas projects	3,360,769	2,731,672	23.0%
Township gas projects	1,687,531	2,695,695	-37.4%
Industrial	2,368	2,271	4.3%
Commercial	32,777	34,050	-3.7%
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Accumulated number of connected customers and gas stations			
Residential	40,153,824	35,105,524	14.4%
City gas projects	32,229,852	28,869,083	11.6%
Township gas projects	7,923,972	6,236,441	27.1%
Industrial	17,046	14,678	16.1%
Commercial	266,464	233,687	14.0%
CNG/LNG stations	557	556	0.2%
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

New Projects Expansion

During the financial year, the Group secured 38 additional city and township piped gas projects. As at 31 March 2021, the Group cumulatively secured a total of 642 piped gas projects with concession rights in 30 provinces, municipalities and autonomous regions in China. The Group also had 32 long-distance gas transmission pipeline projects, 557 CNG/LNG refilling stations for vehicles, one coal bed methane development project, 113 LPG distribution projects and 364 hybrid integrated energy supply projects.

As at 31 March 2021, the number of connectable population covered by all the Group's gas projects increased to 153 million (approximately 53.0 million households, representing a year-on-year increase of 19.2%).

On 30 April 2021, the Group announced that through merger and acquisition, the Group indirectly holds 49% equity interests in Beijing Huayou United Gas Development Co., Ltd.* (北京華油聯合燃氣開發有限公司) (“Beijing Huayou”). The principal businesses of Beijing Huayou include the investment and operation of city piped gas projects, natural gas refilling stations and trading of LNG. The city gas projects are located in Majuqiao Town, Tongzhou District (operating regions include Beijing Economic and Technological Development Zone, part of Daxing District, as well as Majuqiao in Tongzhou District), Mentougou District (operating regions include the urban area of Mentougou District and Tanzhe Temple Town), Changping District and Shijingshan District in Beijing, Qihe County in Shandong Province and Suizhong County in Liaoning Province. Beijing Huayou has built eight natural gas processing stations, six compressed mother stations and standard refueling stations, a high-pressure pipeline network of 43 km, a sub-high pressure pipeline network of 95 km and a

medium-pressure pipeline network of 583 km. In 2020, annual gas sales volume of Beijing Huayou and its subsidiaries amounted to 630 million m³, and annual net profit attributable to the owners of the company amounted to RMB140 million (equivalent to approximately HK\$168 million).

Natural Gas Business Review

Natural Gas Pipeline Network Construction and User Connection

City gas pipeline network is the foundation for the operation of gas suppliers. By constructing trunk and branch pipelines of city gas pipeline network, the Group connects natural gas pipelines to its residential, industrial and commercial users and charges them for connection fees and gas bills.

As of 31 March 2021, the Group completed the construction of a gas transmission pipeline network with a total length of 480,159 km.

Development of New Users

During the year, construction works for urban pipelines and new connections were hampered by the pandemic. While we proceeded with the conscientious obligation to fight against the pandemic, our Group also made careful planning in advance. By applying our highly efficient management expertise in engineering and construction, we sped up the resumption of work and production. During the financial year, the Group completed natural gas connection for 5,048,300 new residential households, representing a year-on-year decrease of approximately 7.0%. The average connection fees paid by residential users connected in city gas projects and township “replacement of coal with gas” projects were RMB2,499 and RMB2,910 per household respectively.

As at 31 March 2021, the accumulated number of connected residential users of the Group was 40,153,824, representing a year-on-year increase of approximately 14.4%. Penetration rate of residential households of city gas projects reached 60.8%.

During the financial year, the Group connected a total of 2,368 new industrial users and 32,777 new commercial users. As at 31 March 2021, the Group cumulatively connected 17,046 industrial users, representing a year-on-year increase of approximately 16.1% as compared with the corresponding period in the previous year; and 266,464 commercial users, representing a year-on-year increase of 14.0% as compared with the corresponding period in the previous year. Average connection fees for industrial users and commercial users were RMB158,380 and RMB25,906 respectively.

Transportation Users (CNG/LNG Refilling Stations for Vehicles and Vessels)

During the financial year, the rapid development of new energy vehicles, the outbreak of the COVID-19 pandemic and other factors posed challenges to the development of the natural gas refilling station market in China. Being sensitive to market changes, the Group proactively applied strategies to increase the sales volume of individual stations, while various measures included scale-up promotion, strengthened management and enhanced services. Meanwhile, with continuous studies and adjustments to proposals, we gradually convert some gas refilling stations into integrated stations providing natural gas, hydrogen energy as well as charging piles.

In 2020, the Ministry of Transport, the NDRC, the Ministry of Ecology and Environment and the Ministry of Housing and Urban-Rural Development jointly published the Plan for the Rectification of Prominent Pollution Issues Related to Vessels and Ports in the Yangtze River Economic Belt (《長江經濟帶船舶和港口污染突出問題整治方案》) to set out the requirements for pollution prevention and control capabilities of vessels and ports in the Yangtze River Economic Belt to foster the green development in the shipping sector. The Group is committed to playing a leading role in the industry to promote the utilization of natural gas in the water transportation sector in China. Having previously acquired patents and intellectual property rights for engine conversion for LNG vessels, the Group successfully converted the first LNG-powered vessel in China and completed the construction of the first shore-based refilling wharf along Yangtze River's in Chongqing. During the financial year, the Group entered into LNG-powered vessel bunkering agreements with eight shipping companies.

As of 31 March 2021, the Group had a total of 557 CNG/LNG refilling stations for vehicles.

Natural Gas

In the second half of 2020, the COVID-19 pandemic was well under control, while industrial and commercial activities resumed rapidly. Meanwhile, consumption of gas for heating purpose in townships in northern China maintained a high growth. The Group recorded strong growth of natural gas sales volume for the year. During the financial year, the Group's total natural gas sales volume increased by 23.0% year-on-year to 31.21 billion m³. Natural gas was mainly sold through networks of gas pipelines laid in cities and townships, trading business and direct-supply pipelines. Gas sales volume contributed by city and township gas pipelines recorded 18.70 billion m³, representing a year-on-year increase of 19.6%. In particular, gas sales volume contributed by township gas pipelines recorded 1.76 billion m³. Trading and direct-supply pipeline business segment recorded 12.51 billion m³ in gas sales volume, representing a year-on-year increase of 28.4%.

Liquefied Petroleum Gas

The Group currently has seven LPG terminals and 113 LPG distribution projects. With wide distribution footprints across 21 provinces in China, it is poised as the largest vertically integrated LPG service provider in the country.

With LPG becoming popular among rural and suburban residents, industrial and commercial LPG demand has been growing steadily over the long term. Meanwhile, demand for LPG as raw material for the production of petrochemical synthesis and deep-processing has surged. Centering on its new strategy of “value chain extension”, the Group makes full use of the strengths yielded from its LPG terminals, storage facilities, vessel and vehicle fleets and networks to continuously promote “integration of industrial and trade operations, integration of trade and retail operations, and integration of retail and Smart MicroGrid of LPG”. Profit-maximization along the entire supply chain is thus achieved. In respect of trade operation, the Group rapidly boosts sales volume by diversifying gas sources and promoting the construction of grid trading. In respect of retail operation, the Group pushes forward the integration of local bottled gas markets. In core cities where trade and retail integration is ready to go, LPG retail investment and development are now in full swing. In respect of Smart MicroGrid operation, taking advantage of the release of “Central No. 1 Document” the Group proactively interacts with governments at all levels and builds pivotal projects, speeding up contract signing, design and construction of MicroGrid projects.

Smart MicroGrid is a small and independent local gas supply network with LPG as gas source. It provides centralized piped gas to small communities and townships with great flexibility. MicroGrid is particularly suitable for villages in southern and coastal areas of China, since such regions are mostly located in mountainous and hilly areas crisscrossed by mountains and rivers. Laying natural gas pipelines in such areas with complex geographic conditions requires substantial investment. It is hard for gas companies to recover such expensive investment. As a result, gas companies have been unable to provide gas to rural areas in China at a reasonable cost in the past few decades. Compared with traditional natural gas pipeline network, Smart MicroGrid stands out in terms of low investment cost, short construction period, fast investment recovery and strong geographical adaptability. The Group is the founder of Smart MicroGrid in China. Through years of research and investment, it has a wealth of technical reserves, operating experience and first-mover advantages in related fields. The Group is also China’s largest LPG operator with vertical integration of upstream, midstream and downstream. It is able to integrate its own resources to the greatest extent, enabling its own LPG network to quickly serve the Smart MicroGrid business.

Initiating market development of its Smart MicroGrid business in mid-2020, the Group has entered into provincial strategic agreements with Qinghai, Hainan, Yunnan and Guangdong provincial governments and strategic agreements with 15 prefecture-level cities in Hubei Province, Hunan Province and Anhui Province and 26 counties in Fujian Province, Jiangsu Province and Zhejiang Province. At present, more than two million contracted resident users have been secured, and there are over 25 million households in the contracted areas that meet the investment criteria. With the increase in the number of contracted

areas and users, design and construction will continue to accelerate. The Smart MicroGrid business, with enormous market potential, has become a new growth driver for the Group's future sustainable development.

During the financial year, the Group's total LPG sales volume increased by 11.0% year-on-year to 4,248,000 tons, of which 3,525,700 tons were sold through wholesale business, representing a year-on-year increase of 29.2%, and 722,300 tons were sold through retail business, representing a year-on-year decrease of 34.2%. Total LPG sales revenue amounted to HK\$13,163,822,000 (for the year ended 31 March 2020: HK\$13,774,300,000), representing a year-on-year decrease of 4.4%. Core net profit for the year attributable to the owners of the Company significantly increased by 133.0% to HK\$417,801,000 from HK\$179,323,000 for the same period last year.

Value-Added Service

With an ever-increasing penetration rate, the Group's customer base has been rapidly expanding. Currently, the Group provides natural gas and LPG services to more than 45 million residential, industrial and commercial users. Such favorable prerequisite has provided us with an amazing potential for enlisting value-added products. The Group's value-added service includes sales of gas heaters and kitchen appliances under the brand of "Gasbo (中燃寶)", smart home product line, provision of comprehensive gas insurance broker service, and sales of corrugated pipes, gas alarms as well as other products such as bottled water. After nearly six years of rapid development, the Group has established a business model for value-added services and a new retail platform which matches the characteristics of the gas industry. Business model has been evolving in practice to continuously facilitate the rapid development of value-added services in the medium to long-run. During the financial year, after detailed discussions, the Group has formulated a top-down design to specify the direction for the future development of value-added services, with "creating a unique 'grid-type private retail' model and becoming China's leading integrated service platform for kitchen scenario and ecology" as long-term vision, "establishing a relationship of trust with users and becoming a one-stop kitchen manager for consumers" as value proposition, and "providing B2C worry-free services from the sale, installation, safety inspection to the maintenance of kitchen products" as business model. During the financial year, the Group's value-added business recorded a significant growth despite the impact of COVID-19. Sales volume of wall-mounted gas heaters and kitchen appliances series under the brand of "Gasbo" reached 1,740,000 units, representing a year-on-year increase of 40.3%, making the Group a leading manufacturer and distributor of wall-mounted gas heaters and kitchen appliances in China. The penetration rate of major value-added products among the overall users of the Group was approximately 5% only, so there was a huge room for future development.

During the period, the Group's revenue from value-added business amounted to HK\$7,720,142,000, representing a year-on-year growth of 53.6%; gross profit amounted to HK\$2,915,538,000, representing a year-on-year growth of 49.5%; and operating profit amounted to HK\$2,321,088,000, representing a year-on-year growth of 45.6%.

Integrated Energy Service

Facilitated by the unveiling of environmental protection policies, changes taking place in energy consumption structure and the adjustments in consumption patterns, China's energy industry is undergoing an unprecedented transformation phase towards clean energy application, diversified energy consumption and integrated energy supply. Over the years, the Group has been committed to promoting extensive penetration into new business sectors, including natural gas-fired distributed energy, photovoltaic power generation, distribution and sale of electricity, centralized heating, electric-vehicle charging facilities and hydrogen energy in China, on account of its huge advantages reaped from the respective massive market potential and the extensive customer base accumulated from its gas projects. The Group leverages the accumulated experience earned from market development and technical innovation to undertake integrated energy utilization projects that provide customers with highly efficient integrated energy, such that their various demand for gas, heating, electricity and cooling are met. By virtue of the synergy effect unleashed from the extensive gas distribution network, application of new technology and new products, the Group has scaled up investment in Distributed Urban Heating that mainly serves the central and southern regions of China, especially for newly built properties.

As at 31 March 2021, the Group constructed a total of 364 integrated energy projects.

In the future, the Group will expand its market share in the integrated energy business through external expansion and organic growth, and continue to source for new projects, based on the guiding principle set out as "heating supply as the core and thermoelectricity as a complementary pillar". The Group will stride forward with research and development, as well as applying smart cloud platform, big data and Internet of Things technologies, to build an internet-based energy portal, and will gradually evolve into "high-tech, intelligent and unmanned" operation mode, providing users with an integrated clean energy solution. Meanwhile, the Group will continue to improve its capability in project management and profitability performance.

Human Resources

The philosophy of "Putting People First" prevails in the Group's management as we believe that a team of highly competent staff members are vital to the successful operation of an enterprise. In terms of personnel training and team building, the Group follows the sound guidelines set out as "cultivating potential talents within the Group and recruiting talents from outside". Based on such mechanism, the Group has established a comprehensive system for talent recruitment and in-house training program.

The Group constantly upgrades the professional expertise and competence of its staff at all levels while proactively creating platforms for its staff for vocational training, knowledge exchange and experience sharing, to attract talents and retain outstanding staff by enhancing their job satisfaction and developing optimal remuneration and welfare system.

Employees' remuneration is determined with reference to their qualification, experience and prevailing local industry practice. Apart from basic salary and pension fund contribution, eligible employees may be awarded bonuses, share options or share awards, based on the Group's financial results and their performance.

Financial Review

For the year ended 31 March 2021, the Group's sales revenue amounted to HK\$69,975,381,000 (for the year ended 31 March 2020: HK\$59,539,681,000), representing a year-on-year increase of 17.5%. Gross profit amounted to HK\$18,102,158,000 (for the year ended 31 March 2020: HK\$17,097,048,000), representing a year-on-year increase of 5.9%. The overall gross profit margin was 25.9% (for the year ended 31 March 2020: 28.7%). Profit for the year attributable to owners amounted to HK\$10,478,683,000 (for the year ended 31 March 2020: HK\$9,188,474,000), representing a year-on-year increase of 14.0%. Basic earnings per share amounted to HK\$2.01 (for the year ended 31 March 2020: HK\$1.76), representing a year-on-year increase of 14.2%.

Operating Expenses

Operating expenses (including sales and distribution costs and administrative expenses) increased by 17.4% to HK\$5,189,275,000 from HK\$4,419,814,000 in the same period last year.

Finance Costs

For the year ended 31 March 2021, financial costs increased by 2.2% to HK\$1,418,781,000 from HK\$1,387,920,000 in the same period last year.

Share of Results of Associates

For the year ended 31 March 2021, the share of results of associates amounted to HK\$892,995,000 (for the year ended 31 March 2020: HK\$405,184,000), representing a year-on-year increase of 120.4%.

Share of Results of Joint Ventures

For the year ended 31 March 2021, the share of results of joint ventures was approximately HK\$715,006,000 (for the year ended 31 March 2020: HK\$570,798,000), representing a year-on-year increase of 25.3%.

Income Tax Expenses

For the year ended 31 March 2021, income tax expenses amounted to HK\$2,417,766,000 (for the year ended 31 March 2020: HK\$2,464,389,000), representing a year-on-year decrease of 1.9%.

Liquidity

The Group's primary business generates cash flow in a steadily growing manner. Coupled with an effective and well-established capital management system, the Group has been able to maintain stable business development and healthy cash flow, despite uncertainties in the macro-economy and capital market.

As at 31 March 2021, the Group's total assets amounted to HK\$140,720,642,000, representing a year-on-year increase of approximately 25.5%. Bank balance and cash amounted to HK\$8,571,619,000 (31 March 2020: HK\$7,655,776,000). Current ratio was 1.09 (31 March 2020: 0.80). Net gearing ratio was 0.65 (31 March 2020: 0.64), as calculated on the basis of net borrowings of HK\$38,895,812,000 (total borrowings of HK\$48,989,371,000 less trade facility relating to short-term import letters of credit of the LPG business of HK\$1,521,940,000 and bank balance and cash of HK\$8,571,619,000) and net assets of HK\$59,864,132,000 as at 31 March 2021.

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

Financial Resources

The Group has been actively building up long-standing cooperation relationships with Chinese (including Hong Kong) and overseas banks. As the principal cooperating banks of the Group, China Development Bank, Industrial and Commercial Bank of China, Bank of Communications as well as Agricultural Bank of China have provided the Group with long-term credit facilities of RMB60 billion under a maximum term of 15 years, which has given strong financial support to the Group's project investments and stable operations. Other major domestic and foreign banks such as Asian Development Bank (ADB), Bank of China, China Merchants Bank, Hong Kong and Shanghai Banking Corporation (HSBC), Mitsubishi UFJ Financial Group, Australia and New Zealand Banking Group have also granted long-term credit to the Group. As at 31 March 2021, over 20 banks offered syndicated loans and standby credit facilities to the Group. Such bank loans are generally used to fund the Group's operations and project investments.

In February 2021, the Group obtained a four-year sustainability-linked loan of RMB1 billion from Sumitomo Mitsui Banking Corporation, and received the sustainability certification from the Hong Kong Quality Assurance Agency.

The Company, acting as an overseas issuer, and the Group's wholly-owned subsidiaries incorporated in China both actively participated in the issuance of RMB bonds on stock exchanges and interbank bond market in China. As at 31 March 2021, the remaining balance of the RMB corporate bonds and medium-term RMB notes issued by the Group amounted to RMB8.1 billion.

As at 31 March 2021, the Group's bank and other borrowings portfolios were as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	17,271,905	24,120,679
More than one year, but not exceeding two years	11,091,887	2,749,850
More than two years, but not exceeding five years	19,482,829	11,938,323
More than five years	<u>1,142,750</u>	<u>880,266</u>
	<u>48,989,371</u>	<u>39,689,118</u>

As at 31 March 2021, the Group's bank loans and other borrowings amounted to HK\$48,989,371,000 in aggregate, representing a year-on-year increase of 23.4%, among which trade facility relating to short-term import letters of credit of LPG business amounted to HK\$1,521,940,000.

In April 2021, the Company completed the placing of shares and the net proceeds amounted to approximately HK\$11,601.8 million. The Company intends to use the net proceeds for the following purposes: acquisition of city gas projects; expansion of LPG Smart MicroGrid business; development of Distributed Urban Heating business; and as general working capital of the Group. The financing will further optimize the Group's capital structure, lower debt ratio, and provide financial support for the Group's long-term sustainable development.

The Group's operating and capital expenditure has been financed by operating cash flow, indebtedness and equity financing. The Group has maintained a sufficient source of funds to satisfy its future capital expenditure and working capital requirements.

Foreign Exchange and Interest Rate

Based on the principle of prudence, the Board has formulated strict exchange rate risk management and control policies to closely monitor the trends of market interest rates and foreign exchange rates and adjust its debt structure in a timely and reasonable manner to avoid risks effectively. In accordance with such exchange rate risk management and control policies, the Group actively adjusted the structure of debt in domestic currency (RMB) and foreign currencies and adopted currency hedging derivatives to hedge the currency risk and interest risk of a small portion of existing foreign currency loans, which significantly lowered the potential exchange rate risks. As at 31 March 2021, the proportion of foreign currency debt out of all debt of the Group was 13.9%. The strict control measures on debt in foreign currencies immensely mitigated the effect of exchange gain or loss on the Group's results.

Pledge of Assets

As at 31 March 2021, the Group pledged bank deposits amounting to HK\$277,899,000 (31 March 2020: HK\$536,570,000), other deposits amounting to HK\$65,476,000 (31 March 2020: HK\$60,109,000), and certain subsidiaries have pledged their equity investments in other subsidiaries to banks to secure loan facilities.

Capital Commitments

As at 31 March 2021, the Group had capital commitments amounting to HK\$1,630,321,000 (31 March 2020: HK\$2,159,013,000) and HK\$284,944,000 (31 March 2020: HK\$67,678,000) respectively in respect of the acquisition of property, plant and equipment and construction materials of property, plant and equipment 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 Sino-foreign joint ventures in China.

Contingent Liabilities

As at 31 March 2021, the Group did not have any material contingent liabilities (31 March 2020: nil).

CORPORATE GOVERNANCE

The Company complied with the code provisions (the "Code Provision") set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year, except for the deviations for the following:

Code Provision A.2.1

Under the Code Provision A.2.1, the roles of chairman and chief executive should be separate and performed by different individuals. Under the current organizations of the Company, the functions of chief executive officer are performed by the 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

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive Directors and independent non-executive Directors is appointed for a specific term. However, pursuant to Bye-law 87(1) of the Bye-laws of the Company, one-third of the directors for the time being must retire from the office by rotation at each annual general meeting. The Company has observed the good corporate governance practices. All non-executive Directors and independent non-executive Directors retired from the office by rotation and

were re-elected in the past three years. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the relevant Code Provision.

Code Provision A.6.7

Under the Code Provision A.6.7, all independent non-executive directors and non-executive directors of the Company should attend general meeting but one of the non-executive directors did not attend the annual general meeting of the Company held on 20 August 2020 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 Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, and all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the financial year ended 31 March 2021.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Board has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 March 2021, the Company or its any of its subsidiaries repurchased a total of 6,194,000 shares of the Company at a consideration of HK\$132,900,000.

Details of the repurchase are set out below:

Month	Total number of shares repurchased	Price per share		Total consideration HK\$
		Highest	Lowest	
		HK\$	HK\$	
September 2020	<u>6,194,000</u>	22.10	20.70	<u>132,900,000</u>
Total	<u><u>6,194,000</u></u>			<u><u>132,900,000</u></u>

As at the date of this announcement, all of the above repurchased shares had been cancelled.

The repurchases were made for the purpose of enhancing the net asset value per share and earnings per share and were made pursuant to the repurchase mandate granted to the Board at the 2020 annual general meeting of the Company.

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 websites of 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 annual report of the Company for the year ended 31 March 2021 will be dispatched to the shareholders and published on the websites of HKEX and the Company in due course.

On behalf of the Board

China Gas Holdings Limited

LIU MING HUI

Chairman, Managing Director and President

Hong Kong, 28 June 2021

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching and Ms. LIU Chang are the executive directors of the Company; Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Mahesh Vishwanathan IYER are the non-executive directors of the Company; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan and Mr. ZHANG Ling are the independent non-executive directors of the Company.

* *For identification purpose only*