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CHINA LNG GROUP LIMITED

中國天然氣集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of China LNG Group Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”) together with the comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

| | Notes | Six months ended | |
|--|-------|---|---|
| | | 30 September 2021 (Unaudited) HK\$'000 | 30 September 2020 (Unaudited) HK\$'000 |
| Revenue | 4 | 299,038 | 289,500 |
| Cost of sales | | <u>(315,241)</u> | <u>(257,058)</u> |
| Gross (loss)/profit | | (16,203) | 32,442 |
| Other income and gains | | 3,711 | 295 |
| Share of results of associates | | 32 | (678) |
| Share of results of joint ventures | | (1,306) | (1,527) |
| Impairment of accounts receivables arising from LNG business | | (6,457) | – |
| Reversal of impairment of loan receivables | | 198 | – |
| Selling and distribution expenses | | (6,714) | (4,845) |
| Administrative expenses | | (56,962) | (52,897) |
| Finance costs | 6(a) | <u>(14,294)</u> | <u>(15,799)</u> |
| Loss before taxation | 6 | (97,995) | (43,009) |
| Taxation | 7 | <u>–</u> | <u>5,518</u> |
| Loss for the period | | <u>(97,995)</u> | <u>(37,491)</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | (91,580) | (35,543) |
| Non-controlling interests | | <u>(6,415)</u> | <u>(1,948)</u> |
| Loss for the period | | <u>(97,995)</u> | <u>(37,491)</u> |
| Loss per share (HK cents) | 9 | | |
| – Basic | | (1.62) | (0.63) |
| – Diluted | | <u>(1.62)</u> | <u>(0.63)</u> |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

| | Six months ended | |
|---|---|---|
| | 30 September 2021 (Unaudited) HK\$'000 | 30 September 2020 (Unaudited) HK\$'000 |
| Loss for the period | (97,995) | (37,491) |
| Other comprehensive income/(loss) for the period, net of tax: | | |
| Items that may be subsequently reclassified to profit or loss: | | |
| Exchange differences on translating of: | | |
| Foreign operations of subsidiaries | 9,072 | 7,866 |
| Foreign operations of joint ventures | 701 | – |
| Foreign operations of associates | 16 | – |
| Release of exchange reserve upon disposal of a subsidiary | (820) | – |
| | <u>8,969</u> | <u>7,866</u> |
| Total comprehensive loss for the period | <u>(89,026)</u> | <u>(29,625)</u> |
| Total comprehensive (loss)/income for the period attributable to: | | |
| Equity shareholders of the Company | (88,557) | (34,398) |
| Non-controlling interests | (469) | 4,773 |
| | <u>(89,026)</u> | <u>(29,625)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2021*

| | | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|--|--------------|---|---|
| | <i>Notes</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | | 466,769 | 490,742 |
| Right-of-use assets | | 163,638 | 152,220 |
| Other intangible assets | | 6,062 | 6,832 |
| Interests in joint ventures | | 79,748 | 42,012 |
| Interests in associates | | 963 | 915 |
| Deposits for acquisition of plant and equipment | | 144,396 | 144,348 |
| Deposits for acquisition of land use rights | | 50,807 | 49,958 |
| Other assets | | 314,258 | 309,007 |
| Statutory deposits | | 200 | 200 |
| | | 1,226,841 | 1,196,234 |
| Current assets | | | |
| Inventories | | 10,665 | 8,913 |
| Receivables under LNG finance lease arrangements | <i>10</i> | – | – |
| LNG finance lease receivables | <i>11</i> | – | – |
| Loan receivables | <i>12</i> | 111,566 | 112,357 |
| Accounts and other receivables | <i>13</i> | 176,821 | 216,660 |
| Financial asset at fair value through profit or loss | | 1,097 | – |
| Cash and cash equivalents | | 36,523 | 68,420 |
| | | 336,672 | 406,350 |
| Current liabilities | | | |
| Accounts and other payables | <i>14</i> | 573,519 | 550,440 |
| Interest-bearing bank borrowings | <i>15</i> | 24,058 | 23,656 |
| Lease liabilities | <i>16</i> | 51,200 | 52,561 |
| Tax payable | | 3,160 | 1,618 |
| | | 651,937 | 628,275 |
| Net current liabilities | | (315,265) | (221,925) |

| | | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| Non-current liabilities | | | |
| Loans from a shareholder | <i>14</i> | 464,498 | 434,981 |
| Interest-bearing bank borrowings | <i>15</i> | 52,928 | 53,226 |
| Lease liabilities | <i>16</i> | 18,840 | 27,149 |
| Deferred tax liabilities | | 3,215 | 3,245 |
| | | <u>539,481</u> | <u>518,601</u> |
| Net assets | | <u>372,095</u> | <u>455,708</u> |
| Capital and reserves | | | |
| Share capital | | 112,876 | 112,876 |
| Reserves | | (108,891) | (24,816) |
| Equity attributable to equity shareholders of the Company | | 3,985 | 88,060 |
| Non-controlling interests | | 368,110 | 367,648 |
| Total equity | | <u>372,095</u> | <u>455,708</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

China LNG Group Limited is a limited liability company incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at 8th floor, St. John’s Building, 33 Garden Road, Central, Hong Kong.

The Company is an investment holding company and the principal activities of the Group are the development of liquefied natural gas (“**LNG**”) businesses, including (i) in the People’s Republic of China (the “**PRC**”), point-to-point supply and the wholesale of LNG and gas pipeline connection, the provision of LNG logistic services, the sale of LNG vehicles, provision of finance leasing services for LNG vehicles, and equipment as approved by Chinese Ministry of Foreign Trade and Economic Cooperation; and (ii) in Hong Kong, the trading of securities, the provision of securities brokerage, margin financing and securities investments and financial services through the money lending business.

The Company had ceased the business of provision of securities brokerage and margin financing during the period ended 30 September 2020.

2. BASIS OF PREPARATION

Statement of compliance

The unaudited condensed consolidated financial statements and selected explanatory notes have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and applicable disclosures required by the Rules (the “**Listing Rules**”) governing the Listing of Securities on the Stock Exchange.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the most recent consolidated financial statements for the year ended 31 March 2021, except for the standards, amendments and interpretations (hereinafter collectively referred to as “**Hong Kong Financial Reporting Standards**” or “**HKFRSs**”) issued by the HKICPA applicable to the annual period beginning on 1 April 2021. Details of these significant accounting policies change are set out in note 3.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period’s unaudited interim financial information:

| | |
|---|--|
| Amendments to HKFRS 16 | <i>COVID-19-Related Rent Concessions Beyond 30 June 2021</i> |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | <i>Interest Rate Benchmark Reform-Phase 2</i> |

The adoption of the above revised HKFRSs had no significant effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

4. REVENUE

Revenue represents the aggregate of income from the LNG businesses in the PRC and income from financial services through provision of money lending business in Hong Kong, and is analysed as follows:

| | Six months ended | |
|---|---|---|
| | 30 September 2021 (Unaudited) HK\$'000 | 30 September 2020 (Unaudited) HK\$'000 |
| Sales and distribution of LNG | 235,673 | 186,617 |
| Provision of LNG logistic services | 61,449 | 100,170 |
| Interest income from LNG finance lease arrangements | 318 | 740 |
| Interest income from loan financing | 1,598 | 1,973 |
| | <u>299,038</u> | <u>289,500</u> |

5. SEGMENT INFORMATION

The Group determines its operating segments based on the Directors' decisions. For management purposes, the Group is organised into eight continuing operating divisions, which are the basis on which the Group reports its segment information.

The Group's principal activities are as follows:

- (1) Sales and distribution of LNG including wholesale of LNG and point-to-point supply of LNG;
- (2) Provision of LNG logistic services;
- (3) Financial provision through finance leasing services for LNG vehicles, vessels and equipment;
- (4) Provision of LNG in the midstream and downstream market through fuelling/refuelling of LNG in road refuelling stations for commercial vehicles and water refuelling stations for vessels and specifically designed refuelling facilities for equipment;
- (5) Commercial vehicle platform services through the Group's Environmental Green Club ("綠擎匯"), including provision of the commercial vehicles users long distance IT control, insurance handling and purchase/sale of their new/used LNG/diesel vehicles;
- (6) Trading of securities;
- (7) Provision of securities brokerage, bond placing, margin financing and securities investments in Hong Kong; and
- (8) Financial services through provision of money lending business.

Segment revenue, expenses and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue and expenses are determined before intra-group transactions and are eliminated as part of the consolidated process, except to the extent that such intra-group transactions are between group enterprises within a single segment. Unallocated items comprise corporate and financial expenses. This is the measure reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

The measure used for reporting segment result is "adjusted EBIT" i.e. adjusted earnings before interest and taxes. To arrive at adjusted EBIT, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as other head office or corporate administration costs.

Segment information about the aforementioned business is set out below:

| | Sales and distribution of LNG | | Provision of LNG logistic services | | Financial provision through finance leasing services for LNG vehicles, vessels and equipment | | Provision of LNG in the midstream and downstream market | | Provision of commercial vehicle platform services | | Trading of securities | | Provision of securities brokerage, bond placing, margin financing and securities investments | | Financial services through provision of money lending business | | Consolidated for continuing operations | | |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|--|------------------------------------|---|------------------------------------|---|------------------------------------|------------------------------------|------------------------------------|--|------------------------------------|--|------------------------------------|--|------------------------------------|----------|
| | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | Six months ended 30 September 2021 | Six months ended 30 September 2020 | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| REVENUE | | | | | | | | | | | | | | | | | | | |
| External | 235,673 | 186,617 | 61,449 | 100,170 | 318 | 740 | - | - | - | - | - | - | - | 687 | 1,598 | 1,286 | 299,038 | 289,500 | |
| RESULTS | | | | | | | | | | | | | | | | | | | |
| Segment results | (65,028) | (10,800) | (9,486) | 4,391 | (3,952) | (1,533) | - | - | - | - | - | - | - | (213) | 3,228 | - | (75,238) | (8,155) | |
| Other income and gains | | | | | | | | | | | | | | | | | | 4,668 | 295 |
| Finance costs | | | | | | | | | | | | | | | | | | (14,294) | (15,799) |
| Share of results of joint ventures | | | | | | | | | | | | | | | | | | (1,306) | (1,527) |
| Share of results of associates | | | | | | | | | | | | | | | | | | 32 | (678) |
| Loss on disposal of subsidiaries | | | | | | | | | | | | | | | | | | (2,156) | (564) |
| Loss on disposal of joint venture | | | | | | | | | | | | | | | | | | (1,808) | - |
| Gain on disposal of an associate | | | | | | | | | | | | | | | | | | 3,007 | - |
| Unallocated corporate expenses | | | | | | | | | | | | | | | | | | (10,900) | (16,581) |
| Loss before taxation | | | | | | | | | | | | | | | | | | (97,995) | (43,009) |

The Group's operations of the development of LNG businesses including the sales and distribution of LNG, provision of LNG logistic services, provision of finance leasing services for LNG vehicles, vessels and equipment, provision of LNG in the midstream and downstream market and provision of commercial vehicle platform services are located in the PRC and the remaining operations are located in Hong Kong during both six months ended 30 September 2021 and 30 September 2020.

6. LOSS BEFORE TAXATION

| Six months ended 30 September 2021 (Unaudited) HK\$'000 | Six months ended 30 September 2020 (Unaudited) HK\$'000 |
|--|--|
|--|--|

Loss before taxation has been arrived at after charging/(crediting):

(a) Finance costs

| | | |
|--|---------------|---------------|
| Interest expense on loans from a shareholder | 11,111 | 12,090 |
| Interest on bank loans | 481 | 1,522 |
| Interest expense on loan from a third party | 90 | 219 |
| Interest expense on lease liabilities | 2,612 | 1,968 |
| | 14,294 | 15,799 |

(b) Other items

| | | |
|--|---------|--------|
| Depreciation of right-of-use assets | 15,666 | 12,835 |
| Amortisation of other intangible assets | 490 | 461 |
| Depreciation of property, plant and equipment | 19,945 | 18,333 |
| Impairment on property, plant and equipment | – | 14,466 |
| Loss on disposal of plant and equipment | 2,574 | 563 |
| Staff costs: | | |
| Directors' remuneration | 135 | 135 |
| Staff cost excluding directors' remuneration | 50,329 | 64,155 |
| Retirement benefits scheme contribution, excluding those included in directors' remuneration | 6,035 | 1,444 |
| Total staff costs | 56,499 | 65,734 |
| Interest income on bank deposits | (77) | (300) |
| Loss on disposal of subsidiaries | 2,156 | 564 |
| Loss on disposal of joint venture | 1,808 | – |
| Gain on disposal of an associate | (3,007) | – |
| Gain on disposal of financial assets at fair value through profit or loss | (1,118) | – |
| Gain on fair value change of financial assets at fair value through profit or loss | (468) | – |

7. TAXATION

| | Six months ended 30 September 2021 (Unaudited) HK\$'000 | Six months ended 30 September 2020 (Unaudited) HK\$'000 |
|----------------------------------|--|---|
| Hong Kong Profits Tax credit | – | (4,440) |
| PRC Enterprise Income Tax credit | – | (1,078) |
| | <u>–</u> | <u>(5,518)</u> |

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the period.

The PRC Corporate Income Tax has not been provided as the Group did not generate any assessable profits in PRC during the period.

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2021 and 30 September 2020.

9. LOSS PER SHARE

The weighted average number of Shares for loss per Share calculation represents the average number of Shares in issue during the current and preceding periods.

There was no dilutive instrument at the end of the current period and during the preceding period. Therefore, the diluted loss per Share is same as basic loss per Share during the current and Preceding period.

The calculation of the basic and diluted loss per Share is based on the following data:

| | Six months ended 30 September 2021 (Unaudited) HK\$'000 | Six months ended 30 September 2020 (Unaudited) HK\$'000 |
|---|--|---|
| Loss for the period attributable to equity shareholders of the Company | <u>(91,580)</u> | <u>(35,543)</u> |
| Number of shares | | |
| Weighted average number of ordinary shares in issue for the purpose of calculation of both basic and diluted loss per Share | <u>5,643,797,090</u> | <u>5,643,797,090</u> |

10. RECEIVABLES UNDER LNG FINANCE LEASE ARRANGEMENTS

The Group provides finance leasing services for LNG vehicles and vessels in the PRC. The receivables under these finance lease arrangements are aged as follows:

| | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|------------------|---|---|
| Within one year | 12,400 | 12,400 |
| Less: Impairment | <u>(12,400)</u> | <u>(12,400)</u> |
| | <u>-</u> | <u>-</u> |

The Group entered into finance lease arrangements pursuant to which the lessees sold their vehicles and vessels to the Group and leased back the assets with lease period ranging from 2 years to 3 years (31 March 2021: 2 year to 3 years) from the date of inception. The ownership of leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and the interest accrued under the finance lease arrangements. The lessees retain control of the assets before and after entering into the arrangements. These finance lease arrangements do not constitute leases for accounting purposes.

At 30 September 2021, the effective interest rates applicable to the finance lease arrangements ranged from approximately 10.32% to 12.32% per annum (31 March 2021: 10.32% to 12.32%).

The receivables are secured by the leased vehicles and vessels. The Group has obtained guarantees provided by the controlling shareholders of the lessees and other independent third parties for certain finance lease arrangements. The Group has also obtained security deposits for certain finance lease arrangements and these security deposits were interest-free. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

11. LNG FINANCE LEASE RECEIVABLES

| | Minimum lease payments 30 September 2021 (Unaudited) HK\$'000 | Minimum lease payments 31 March 2021 (Audited) HK\$'000 | Present value of minimum lease payments 30 September 2021 (Unaudited) HK\$'000 | Present value of minimum lease payments 31 March 2021 (Audited) HK\$'000 |
|---|--|--|---|--|
| Within one year | 26,360 | 26,360 | 26,360 | 26,360 |
| Less: Unearned finance income | <u>—</u> | <u>—</u> | | |
| Present value of minimum lease payment receivables | 26,360 | 26,360 | | |
| Less: Impairment | <u>(26,360)</u> | <u>(26,360)</u> | <u>(26,360)</u> | <u>(26,360)</u> |
| | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |

The Group entered into finance lease contracts pursuant to which the Group purchased new vehicles or equipment from third party manufacturers or distributors of its choice or of the lessees' choice and leased the assets to the lessees with lease of 2 years (31 March 2021: 2 years) from the date of inception. The ownership of the leased assets will be transferred to the lessees at a minimal purchase option upon the settlement of the receivables and the interest accrued under the finance lease contracts. The lessees retain control of the assets after entering into the contracts.

The receivables are secured by the leased vehicles and equipment. The Group has obtained guarantees provided by the controlling shareholders of the lessees and other independent third parties for certain finance lease contracts. The Group has also obtained security deposits for certain finance lease contracts and these security deposits were interest-free. The lessees are obliged to settle the amounts according to the terms set out in the relevant agreements.

At 30 September 2021, the effective interest rates applicable to the finance lease ranged from approximately 9% to 12.48% per annum (31 March 2021: 9% to 12.48%).

12. LOAN RECEIVABLES

| | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|---|---|---|
| Loan receivables | 220,637 | 219,040 |
| Less: Impairment | (106,485) | (106,683) |
| Add: Transfer to financial asset at fair value through profit or loss | (2,586) | – |
| | 111,566 | 112,357 |

The Group seeks to maintain strict control over its outstanding loan receivables so as to minimise credit risk. The granting of loans is subject to approval by the management, whilst overdue balances are reviewed regularly by the management. Loan receivables are charged on effective interest rate mutually agreed with the contracting parties, at a fixed rate of 1% to 4.63% per annum (31 March 2021: 1% to 4.63%).

During the period ended 30 September 2021, the Group received pledged asset from borrower by market value with amount of approximately HK\$2,586,000 and reversed of impairment allowance by HK\$198,000.

The loan receivables are secured. The borrowers are obliged to settle the amounts according to the terms set out in the relevant agreements.

13. ACCOUNTS AND OTHER RECEIVABLES

| | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|--|---|---|
| Accounts receivables arising from dealing in securities (<i>note 13(a)</i>): | | |
| Cash clients | 317 | 317 |
| Less: Impairment | (317) | (317) |
| Margin clients | 5,568 | 5,568 |
| Less: Impairment | (4,173) | (4,173) |
| | 1,395 | 1,395 |
| Accounts receivables arising from LNG businesses (<i>note 13(b)</i>) | 50,851 | 61,169 |
| Less: Impairment | (38,391) | (31,410) |
| | 12,460 | 29,759 |
| Total accounts receivables | 13,855 | 31,154 |
| Prepayments, deposits and other receivables | 107,057 | 133,287 |
| Loan to a third party (<i>note 13(c)</i>) | 2,116 | 2,081 |
| Value-added tax recoverable | 53,793 | 50,138 |
| | 176,821 | 216,660 |

Notes:

- (a) The settlement terms of the accounts receivables from cash clients arising from the business of dealing in securities are two days after trade date.

As at 30 September 2021, the accounts receivable from margin clients was HK\$1,395,000 (31 March 2021: HK\$1,395,000).

- (b) The following is an aged analysis of accounts receivables arising from LNG businesses presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

| | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|-----------------|---|---|
| Within 3 months | 11,552 | 26,857 |
| 4 to 6 months | 166 | 2,893 |
| Over 6 months | 742 | 9 |
| | <u>12,460</u> | <u>29,759</u> |

- (c) At 30 September 2021, the loan was unsecured, interest-bearing at 8% per annum and repayable on demand (31 March 2021: 8%).

14. ACCOUNTS AND OTHER PAYABLES

| | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|---|---|---|
| Accounts payables arising from LNG businesses (<i>note 14(a)</i>) | 108,254 | 86,462 |
| Accrued charges and other payables | 72,076 | 84,666 |
| Contract liabilities | 21,644 | 25,320 |
| Guaranteed deposits on LNG finance leases and finance leases arrangements | 5,617 | 5,523 |
| Loans from a shareholder (<i>note 14(b)</i>) | 464,498 | 434,981 |
| Interest payable on loans from a shareholder (<i>note 14(b)</i>) | 48,542 | 37,333 |
| Loan from a third party (<i>note 14(c)</i>) | 3,128 | 2,129 |
| Payable for the right to acquire property, plant and equipment | 314,258 | 309,007 |
| | <u>1,038,017</u> | <u>985,421</u> |
| Non-current portion of loans from a shareholder | <u>(464,498)</u> | <u>(434,981)</u> |
| Current portion | <u>573,519</u> | <u>550,440</u> |

Notes:

- (a) The following is an aged analysis of accounts payables arising from LNG businesses presented based on invoice date at the end of the reporting period.

| | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|---------------------|---|---|
| Within three months | 20,713 | 56,653 |
| 4 to 6 months | 6,524 | 24,172 |
| over 6 months | 81,017 | 5,637 |
| | <u>108,254</u> | <u>86,462</u> |

The average credit period on purchases of LNG is 30 to 90 days.

- (b) The unsecured loans from a shareholder, Dr. Kan comprised of (i) approximately HK\$440,981,000 (31 March 2021: HK\$434,981,000) is interest-bearing at 5% (31 March 2021: 5%); (ii) approximately HK\$12,691,000 is interest-bearing at 8% and repayable on demand; and (iii) approximately HK\$10,826,000 is interest-bearing at 6% and repayable on demand. During the period, Dr. Kan agreed not to demand repayment to these loans until 30 September 2022. Balance of HK\$48,542,000 (31 March 2021 HK\$37,333,000) represents interest on the loans from the shareholder.
- (c) The loan is unsecured, repayable within one year and interest-bearing at 8% per annum (31 March 2021: 8%).

15. INTEREST-BEARING BANK BORROWINGS

| | 30 September 2021 (Unaudited) HK\$'000 | 31 March 2021 (Audited) HK\$'000 |
|---|---|---|
| Within one year | 24,058 | 23,656 |
| In the second to fifth year inclusive | 16,841 | 17,742 |
| After five years | 36,087 | 35,484 |
| | <u>76,986</u> | <u>76,882</u> |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | <u>(24,058)</u> | <u>(23,656)</u> |
| | <u>52,928</u> | <u>53,226</u> |

16. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period.

| | Minimum lease payments | | Present value of the minimum lease payments | |
|--------------------------------------|--|--|--|--|
| | 30 September 2021 (Unaudited) <i>HK\$'000</i> | 31 March 2021 (Audited) <i>HK\$'000</i> | 30 September 2021 (Unaudited) <i>HK\$'000</i> | 31 March 2021 (Audited) <i>HK\$'000</i> |
| Within 1 year | 56,207 | 55,305 | 51,200 | 52,561 |
| More than one year | 19,640 | 28,309 | 18,840 | 27,149 |
| Total minimum finance lease payments | 75,847 | 83,614 | 70,040 | 79,710 |
| Future finance charges | (5,807) | (3,904) | | |
| Present value of lease obligations | 70,040 | 79,710 | | |

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With the aim of “tackling air pollution and improving the environment”, the Group has been committed to promoting the application of clean energy – natural gas in the PRC. The Group has deployed its resources to establish a comprehensive LNG industry chain, aiming to become an LNG company with a new business model integrating online transaction and offline services. The Group has LNG resources from various channels, a sound and comprehensive marketing and transportation network, mature industrial technology, and a professional management team. In addition to the “extensive exploration of end customers”, the Group has also carried out professional business expansion by taking advantages of its strengths and solidifying the resources integration, striving to become a comprehensive clean energy group company with greater social influence and better reputation.

In the upstream LNG industry, the Group is a partner of Sinopec and CNOOC and has established joint ventures with them to secure upstream natural gas supply and its cost advantage. It is expected that the Group will procure global spot LNG in early 2022 to strengthen its absolute price advantage and stability.

In the midstream LNG industry, the Group has the largest domestic LNG logistics fleet and the largest LNG logistics and distribution system in the PRC and has established four major logistics bases in North China, East China, South Central China, and Northwest China. The Group intends to purchase additional LNG transportation fleet for the provision of a full spectrum of distribution supporting services to its partners.

In the downstream LNG industry, the Group will accelerate the establishment of clean energy supply centers in rural areas and certain cities with severe shortage of natural gas, thereby giving full play to its integrated functions of pipeline reverse transmission, vehicle and vessel refilling, Dewar bottles filling, rural areas gasification, point-to-point industrial gas supply and transportation of tank containers, to sell LNG to end customers through various manners instead of traditional sales channels. The Group plans to complete the establishment of 20 clean energy supply centers in Hubei, Hunan, Anhui, Jiangxi and other regions in the next three years, thereby connecting a total of 1,000,000 household users.

BUSINESS OF SALES AND DISTRIBUTION OF LNG

For the six months ended 30 September 2021, the LNG business of the Group still recorded losses, which were due to:

1. Affected by the price rise in domestic feed gas and the increased global market demand, the price of LNG continued to rise in line with the cost incurred for the international insurance and freight services. The decreased demand from downstream end users coupled with the decreased demand for logistics capacity, the Group's gross profit from sales to end users and the price of freight services significantly dropped as compared with the corresponding period.
2. Due to the ongoing outbreak of Covid-19, the Group was unable to use LNG tank containers for overseas gas procurement as originally planned, resulting in the suspension of the business of tank containers and the Group had to bear the relevant larger amount of expenses for the amortisation of the right-of-use of tank containers and the related fixed costs.

Retail of LNG (end customers)

For the first half of the year ended 30 September 2021, the Group had 69 existing end customers projects in operation (including 67 end customers projects in relation to industrial point-to-point supply and 2 refilling stations), and recorded LNG retail volume of 14,848 tons and achieved revenue of HK\$75,338,000 from the end customers projects.

Wholesale of LNG (trade)

For the first half of the year ended 30 September 2021, the Group recorded LNG wholesale volume of 39,015 tons and achieved revenue of HK\$160,335,000 from the wholesale of LNG.

Distribution of LNG (logistics)

For the first half of the year ended 30 September 2021, the Group had an internal logistics fleet comprised of 235 LNG refilling trucks, 44 tail-lift trucks and 281 refilling tractor trucks. The LNG volume distributed by the Group's internal logistics fleet reached 74,477,547 tons-kilometer, contributing revenue from distribution of LNG of HK\$61,449,000.

Gas pipeline connection (township residential user)

For the first half of the year ended 30 September 2021, by leveraging the establishment of clean energy supply centers, the Group obtained gas franchises in 54 villages and towns, including Guangshui of Hubei, Jingdezhen of Jiangxi and Lu'an of Anhui, among which 3 pipeline projects in rural areas were under construction. The Group registered 3,343 new residential customers for LNG services and received registration fees of HK\$8,814,000 from the residential customers, coupled with revenue of HK\$1,771,000 from value-added business in relation to the registration of new residential customers.

As of the first half of September 30, 2021, relying on the construction of clean energy supply center projects, the Group has obtained 54 township gas concessions in Guangshui, Jiangxi, Jingdezhen, Anhui, and Lu'an, Anhui. There are 3 township pipeline network projects under construction. During the period, 2,320 new residential user registered for pipeline connection, and the Group received partly prepayment pipeline connection fee of HK\$5,674,200. Meanwhile, the Group recorded an income of pipeline connection fee of HK\$1,770,577 from industrial users.

Sizable infrastructure projects

For the first half of the year ended 30 September 2021, the Group invested a total amount of HK\$235,631,000 to the construction of sizable field stations, among which 16 projects were under construction, namely Hubei Huanggang South East Hubei Reserve Peak Shaving Center and Gasification Reverse Transmission Project (湖北黃岡鄂東南儲備調峰中心及氣化反輸項目), Hubei Guangshui Clean Energy Supply Center and Rural Areas Gasification Project (湖北廣水清潔能源供應中心及氣化鄉鎮項目), Jiangxi Jingdezhen Clean Energy Supply Center and Rural Areas Gasification Project (江西景德鎮清潔能源供應中心及氣化鄉鎮項目), Hunan Shaoyang Clean Energy Supply Center and Rural Areas Gasification Project (湖南邵陽清潔能源供應中心及氣化鄉鎮項目), Anhui Lu'an Fenlukou Clean Energy Supply Center and Rural Areas Gasification Project (安徽六安分路口清潔能源供應中心及氣化鄉鎮項目), Anhui Lu'an Guzhen Clean Energy Comprehensive Utilisation Project (安徽六安固鎮清潔能源綜合利用項目), Shaanxi Fuping Clean Energy Logistics and Trading Base (陝西富平清潔能源物質基地), Jiangxi Guangchang County Clean Energy Comprehensive Utilisation Project (江西廣昌縣清潔能源綜合利用項目), Hebei Province Gangzhong Gaoyi Reserve Tank Project (河北省港眾高邑儲備庫項目), Hebei Gaoyi Haoyan Pipeline Network Project and Industrial Park Pipeline Network Project (河北高邑鄯炎管網項目及工業園區管網項目), Handan Fuxing District LNG Peak Shaving Reserve Station Project (邯鄲復興區LNG調峰儲備站項目), Hebei Chengde LNG Peak Shaving Reserve and Industrial Comprehensive Utilisation Project (河北承德LNG調峰儲備與產業綜合利用項目), Hubei Guangshui Yangzhai Oil and Gas Station Project (湖北廣水楊寨油氣合建站項目), Hubei Guangshui Changling Oil and Gas Station Project (湖北廣水長嶺油氣合建站項目), Hunan Shaoyang Oil, Gas, Hydrogen and Electricity Station Project (湖南邵陽油氣氫電合建站項目) and Jiangxi Jingdezhen 206 National Highway Oil and Gas Station Project (江西景德鎮206國道油氣合建站項目).

In particular, Hubei Huanggang South East Hubei Reserve Peak Shaving Center and Gasification Reverse Transmission Project (湖北黃岡鄂東南儲備調峰中心及氣化反輸項目), Hubei Guangshui Clean Energy Supply Center and Rural Areas Gasification Project (湖北廣水清潔能源供應中心及氣化鄉鎮項目), Jiangxi Jingdezhen Clean Energy Supply Center and Rural Areas Gasification Project (江西景德鎮清潔能源供應中心及氣化鄉鎮項目), Anhui Lu'an Fenlukou Clean Energy Supply Center and Rural Areas Gasification Project (安徽六安分路口清潔能源供應中心及氣化鄉鎮項目), and Anhui Lu'an Guzhen Clean Energy Comprehensive Utilisation Project (安徽六安固鎮清潔能源綜合利用項目) have completed main engineering construction and will commence production and operation in the second half of 2021.

SALES AND DISTRIBUTION OF LNG

Point-to-point supply (point supply)

The Group rationally developed single point direct supply for industrial end-users and selectively developed industrial point supply projects to lower project investment risk and ensure the long-term sustainable and steady operation of the industrial single point direct supply projects. As of 30 September 2021, the Group obtained a point-to-point LNG supply volume of 14,848 tons for industrial end-user projects and a revenue of approximately HK\$75,338,000.

Wholesale of LNG (trade)

As of 30 September 2021, the Group obtained a LNG wholesale volume of 39,015 tons which was mainly derived from the supply of LNG trucks. The Group obtained revenues related to the wholesale of LNG of approximately 161,475,000.

Distribution of LNG

As of 30 September 2021, the Group's fleet comprised LNG refilling trucks and tail-lift trucks for transportation. The Group's fleet achieved a load/distance ratio of 146,798,000 tonne-kilometers, with an external transportation revenue of approximately HK\$100,170,000.

Finance leasing

For the Period, the Group's finance lease companies did not commence any new project.

As at 30 September 2021, receivables under LNG finance lease arrangements and LNG finance lease receivables were zero, the Group have fully impaired for the outstanding finance lease receivables.

Trading of securities

The Group conducts its trading of Hong Kong securities business through Key Fit Group Limited, and did not carry out any securities trading for the six months ended 30 September 2021.

Securities brokerage

The Group conducts its securities brokerage business through China Hong Kong Capital Asset Management Limited ("CHKCAML"). CHKCAML is registered as a licensed corporation under the Securities and Futures Commission of Hong Kong (the "SFC") to carry on Type 1 (Dealing in Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (the "SFO"). CHKCAML has ceased its securities brokerage business on 1 April 2020. Type 1 license was returned to the Securities and Future Commission of Hong Kong ("SFC"), and waiting for SFC's formal approval.

Financial service

The Group conducts its financial services operation through its money lending business under the Money Lenders Ordinance in Hong Kong. The income generated from the provision of financial services for money lending business was HK\$1,598,000 for the Period. There was none new loan granted during the period. All the loans granted under the money lending business of the Group were secured loans and were funded by internal resources.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately 3% from approximately HK\$289,500,000 for the six months period ended 30 September 2020 to approximately HK\$299,038,000 for the Period. It was mainly due to the Group's business transformation, trade business transfer and terminal projects integration.

Revenue derived from provision of finance leasing services for LNG vehicles, vessels and equipment decreased by approximately 57% from approximately HK\$740,000 for the six months period ended 30 September 2020 to approximately HK\$318,000 for the Period because of no new lease was granted.

Revenue derived from sales and distribution of LNG including point-to-point supply of LNG and wholesale of LNG decreased by approximately 80.8% from approximately HK\$969,751,000 for the six months period ended 30 September 2020 to approximately HK\$186,617,000 for the Period because of the reduction in domestic LNG terminal business affected by the COVID-19 epidemic.

No revenue was derived from trading of securities for the Period, which was mainly due to the Group decided to concentrate on the LNG business in China.

No revenue was derived from provision of securities brokerage, bond placing, margin financing and securities investment business for the period as the Group has ceased the business of provision of securities brokerage and margin financing since 1 April 2020.

Revenue derived from the financial services through provision of money lending business decreased by approximately 85.1% from approximately HK\$1,286,000 for the six months period ended 30 September 2020 to approximately HK\$1,598,000 for the Period as no new loan had been granted to client.

Other income and gains

Other income and gains increased by approximately 11.58 times from approximately HK\$ HK\$295,000 for the six months period ended 30 September 2020 to approximately HK\$3,710,000 for the Period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 38.6% from approximately HK\$11,054,000 for the six months period ended 30 September 2020 to approximately HK\$6,714,000 for the Period. It was due to the increase in travel expenses and entertainment expenses in order to expand new projects during the period.

Administrative expenses

Administrative expenses increased by approximately 7.7% from approximately HK\$52,897,000 for the six months period ended 30 September 2020 to approximately HK\$56,962,000 for the Period, the increase was mainly due to the increase in share based payment.

Finance costs

Finance costs for the Period decreased by 9.5% from approximately 15,799,000 for the six months period ended 30 September 2020 to approximately HK\$14,294,000 for the Period.

Income tax benefit

The Group did not generate any assessable profits in Hong Kong and the PRC during the period.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group had total cash and bank balances of approximately HK\$36,523,000 as at 30 September 2021 (31 March 2021: approximately HK\$68,420,000). As at 30 September 2021, bank and other borrowings of the Group amounted to approximately HK\$76,986,000 (31 March 2021: HK\$76,882,000), lease liabilities of approximately HK\$70,040,000 (31 March 2021: HK\$79,710,000), loans from a shareholder of approximately HK\$464,498,000 (31 March 2021: HK\$434,981,000) and loan from a third party of approximately HK\$3,128,000 (31 March 2021: HK\$2,129,000). The bank borrowings bear interest rate at range of Loan Prime Rate plus derived 1% and People's Bank of China benchmark interest rate plus 2.15%. The Group's gearing ratio is calculated as net debt divided by total equity was 309% as at 30 September 2021 (31 March 2021: 236%). Net debt is calculated as bank and other borrowings less bank balances and cash. Net assets were approximately HK\$372,095,000 as at 30 September 2021 (31 March 2021: approximately HK\$455,708,000).

The Group recorded total current assets value of approximately HK\$336,672,000 as at 30 September 2021 (31 March 2021: approximately HK\$406,350,000) and total current liabilities value of approximately HK\$651,937,000 as at 30 September 2021 (31 March 2021: approximately HK\$628,275,000). The current ratio of the Group, calculated by dividing the total current assets value by the total current liabilities value, was approximately 0.52 as at 30 September 2021 (31 March 2021: approximately 0.65).

Currently, the Group's operating and capital expenditures are mainly financed by cash generated from operation, internal liquidity, bank borrowings and fund advanced from the controlling shareholder.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (final dividend for the year period ended 31 March 2021: Nil).

RISK MANAGEMENT

Our principal financial instruments include financial assets at fair value through profit or loss, loan receivables, receivables under LNG finance lease arrangements, LNG finance lease receivables, accounts and other receivables and bank balances and cash. The main purpose of these financial instruments is to support our LNG business, trading of securities business, securities brokerage, bond placing, margin financing and securities investments business and money lending business. We also have various financial assets and financial liabilities arising from our business operations. The principal risks arising from our financial instruments are foreign currency risk, credit risk and liquidity risk. We intend to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on our business and financial condition.

Foreign currency

Transactions of the Group were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the Period. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the period ended 30 September 2021, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

Credit risk

The Group's credit exposure generally arises from counterparty risk in the course of providing finance leasing services for LNG vehicles, vessels and equipment, engaging in sales and distribution of LNG, provision of LNG logistic services, sales of LNG vehicles, providing securities brokerage, bond placing, margin financing and securities investment services and money lending business. We implement our risk management system according to our plan based on our industry research, understanding of the customer's operations and financial condition. The Group believe that all of these are able to strengthen our control and management of our credit risk.

Late payment risk – in the event of late payment, we are entitled to charge interest at the default rate on the overdue amount until the same shall be paid. Such interest will accrue on a day-to-day basis. In addition, the Group may request a security deposit and collaterals which the Group may apply towards the payment or discharge of any obligation owned by the lessee for the finance leasing business.

The Group manage, limit and monitor concentration of credit risk wherever they are identified, in particular to assess the lessee's and the borrower's repayment ability periodically for the finance leasing and money lending business.

As to impairment and allowance policies, the Group assess at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. An impairment allowance of HK\$6,457,000 was made for Accounts receivables of the Group as at 30 September 2021.

Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. Our Group manages its liquidity risk through regularly monitoring with the following objectives: maintaining the stability of the Group's principal business, timely monitoring cash and bank position, projecting cash flows and evaluating the level of current assets to ensure liquidity of the Group.

TREASURY POLICIES

Bank balance and cash held by the Group were denominated in Hong Kong dollars, Renminbi and United States dollars. The Group currently does not have a foreign currency and interest rate hedging policy. However, the management of the Group monitored foreign currency and interest rate exposure from time to time and will consider hedging significant foreign currency and interest rate exposure should the need arise.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

DISPOSAL OF SUBSIDIARY

On 9 July 2021, Gangzong Trading (Zhuhai) Company Limited ("Gangzong Trading") an indirect wholly-owned subsidiary of the Company and Sinopec Fuel Oil Sales Company Limited ("Sinopec Fuel Oil") entered into a sale and purchase agreement, pursuant to which the subsidiary has conditionally agreed to sell and Sinopec Fuel Oil has conditionally agreed to purchase 50% equity interests in Shijiazhuang Sheng Ran Gas Trading Co., Ltd at a total consideration of RMB23,000,000 (approximately to HK\$27,667,000).

After the completion of the disposal of the 50% interest in Shijiazhuang Sheng Ran Gas Trading Co., Ltd on 6 September 2021, Shijiazhuang Sheng Ran Gas Trading Co., Ltd has ceased to be a subsidiary of the Company, became an indirect 50% joint venture of the Company and will be accounted for using equity method. The Group and Sinopec Fuel Oil had injected the additional capital of RMB23,000,000 into the joint venture.

ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARY

On 20 July 2021, Gangzong Trading (Zhuhai) Company Limited (“Gangzong Trading”) entered into sales and purchases agreement with Shigui Xia (石桂霞) has agreed to sell and Gangzong Trading has agreed to purchase, the 49% equity interest in CLNG (Tianjin) Trading Co., Ltd (“CLNG (Tianjin)”) for a cash consideration of RMB1,000,000 (approximately to HK\$1,203,000). After the completion of acquisition of 49% equity interests in CLNG (Tianjin) on 10 September 2021, CLNG (Tianjin) has become a wholly-owned subsidiary of the Company.

DISPOSAL OF JOINT VENTURE

On 15 September 2021, CLNG Natural Gas Co., Ltd. (“CLNG Natural Gas”) an indirect wholly-owned subsidiary of the Company and Joint Venture Partner entered into a sale and purchase agreement, pursuant to which the subsidiary has conditionally agreed to sell and Joint Venture Partners conditionally agreed to purchases a joint venture in Shijiazhuang Huanyan Natural Gas Sales Co., Ltd. at a total consideration of RMB10,200,000 (approximately HK\$12,270,000).

After the completion of the disposal of joint venture in Shijiazhuang Huanyan Natural Gas Sales Co., Ltd. on 16 September 2021, Shijiazhuang Huanyan Natural Gas Sales Co., Ltd. to be ceased as joint venture of the Company.

CAPITAL COMMITMENT

As at 30 September 2021, the total capital commitments by the Group amounted to approximately HK\$357,133,000 (31 March 2021: HK\$317,731,000) which were mainly made up of contracted/ authorised commitments in respect of the acquisition of plant and machinery, capital contribution to subsidiaries and associates.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2021 (31 March 2021: Nil).

STAFF AND REMUNERATION POLICIES

Human resources are our greatest assets. The Group always regards the personal development of our employees as highly important. The Group believes to maintain employees’ passion and enthusiasm as the key to its continued success and future development. Therefore, the Group has always placed its emphasis on the importance to talent cultivation and recruitment. The Group invests in regular training and other development courses for employees to enhance their technical and product knowledge as well as management skills.

As at 30 September 2021, the Group had 686 employees (31 March 2021: 779 employees), of whom 99 were administrative staff and operating staff; 428 were LNG truck driver; 71 were technical staff; 74 were managerial staff and the remaining 14 were marketing staff. The Group offers competitive remuneration packages to our employees. The Group remunerated its employees mainly based on the industry practice, individual's performance and experience. Apart from the basic remuneration, discretionary bonus and share options may be granted to eligible employees by reference to the Group's performance as well as individual's performance.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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

Neither the Company nor any of its subsidiaries purchased or sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "Audit Committee") include the review and supervision of the Group's financial reporting process, risk management and internal controls. The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the Period.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain high standards of accountability and protect interests of shareholders of the Company and other stakeholders.

The Company has complied with the code provisions of the Corporate Governance Code during the Period except for the following deviations:

1. Under the Code Provision A.2.1, the roles of chairman and chief executive officer should be separate. The positions of chairman and chief executive officer of the Company have been held by Dr. Kan during the Period. The Board believes that holding of both positions of chairman and chief executive officer by the same person allows more effective planning and execution of business strategies. The Board has full confidence in Dr. Kan and believes that his dual roles will be beneficial to the Group.

2. Under the Code Provisions A.4.1 and A.4.2, non-executive Director should be appointed for a specific term and each Director should be subject to retirement by rotation at least once every three years. The existing independent non-executive Directors and non-executive Directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association (the “Articles of Association”) of the Company at least once every three years.
3. Under the Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. The executive directors, Dr. Kan Che Kin Billy Albert and Mr. Li Kai Yien attended the annual general meeting held on 31 August 2021, other directors were unable to attend the AGM, the secretary of the Company to report to them on the views of the Shareholders in the general meetings. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the non-executive Directors and independent non-executive Directors was ensured.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed that they complied with the required standards as set out in the Model Code during the Period.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company’s website at <http://chinalng.todayir.com>. The 2021/22 interim report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

On behalf of the Board
Kan Che Kin, Billy Albert
Chairman

Hong Kong, 30 November 2021

As at the date of this announcement, the executive Directors are Dr. Kan Che Kin, Billy Albert, Mr. Li Kai Yien, Arthur Albert; the non-executive Directors are Mr. Simon Murray and Dr. Lam, Lee G.; and the independent non-executive Directors are Mr. Li Siu Yui, Mr. Chow Ching Ning and and Mr. Lam Lum Lee.

* *For identification purposes only*