



中國天然氣集團有限公司

CHINA LNG GROUP LIMITED

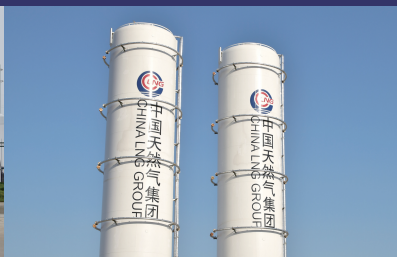
(incorporated in the Cayman Islands with limited liability)

(Stock Code: 931)

美麗鄉鎮 綠色先行

BEAUTIFUL TOWNS/ GREEN PRIORITY

2021/22 INTERIM REPORT



Guangshui City Project



Fuliang County Project



Shaoyang County Project



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Kan Che Kin, Billy Albert (*Chairman*)
Mr. Li Kai Yien, Arthur Albert

Non-Executive Directors

Mr. Simon Murray
Dr. Lam, Lee G.

Independent Non-Executive Directors

Mr. Li Siu Yui
Mr. Lam Lum Lee
Mr. Chow Ching Ning

AUDIT COMMITTEE

Mr. Li Siu Yui (*Chairman*)
Mr. Chow Ching Ning
Mr. Lam Lum Lee

REMUNERATION COMMITTEE

Mr. Li Siu Yui (*Chairman*)
Mr. Chow Ching Ning
Dr. Kan Che Kin, Billy Albert

NOMINATION COMMITTEE

Mr. Li Siu Yui (*Chairman*)
Mr. Chow Ching Ning
Dr. Kan Che Kin, Billy Albert

COMPANY SECRETARY

Dr. Kan Che Kin, Billy Albert

INDEPENDENT AUDITOR

PKF Hong Kong Limited

AUTHORISED REPRESENTATIVES

Dr. Kan Che Kin, Billy Albert
Mr. Li Kai Yien, Arthur Albert

PRINCIPAL BANKERS

Hang Seng Bank Limited
China Construction Bank (Asia) Corporation
Limited
Hankou Bank Co., Ltd., PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F, St. John's Building
33 Garden Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

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STOCK CODE

931

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		(315,241)	(257,058)
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)	(14,294)	(15,799)
Loss before taxation	6	(97,995)	(43,009)
Taxation	7	–	5,518
Loss for the period		(97,995)	(37,491)
Attributable to:			
Equity shareholders of the Company		(91,580)	(35,543)
Non-controlling interests		(6,415)	(1,948)
Loss for the period		(97,995)	(37,491)
Loss per share (HK cents)	9		
– Basic		(1.62)	(0.63)
– Diluted		(1.62)	(0.63)

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)	–
	8,969	7,866
Total comprehensive loss for the period	(89,026)	(29,625)
Total comprehensive (loss)/income for the period attributable to:		
Equity shareholders of the Company	(88,557)	(34,398)
Non-controlling interests	(469)	4,773
	(89,026)	(29,625)

The notes on pages 10 to 40 form part of this interim financial report.

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	10	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	11	–	–
LNG finance lease receivables	12	–	–
Loan receivables	13	111,566	112,357
Accounts and other receivables	14	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	<i>Notes</i>	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Current liabilities			
Accounts and other payables	15	573,519	550,440
Interest-bearing bank borrowings	16	24,058	23,656
Lease liabilities	17	51,200	52,561
Tax payable		3,160	1,618
		651,937	628,275
Net current liabilities		(315,265)	(221,925)
Non-current liabilities			
Loans from a shareholder	15	464,498	434,981
Interest-bearing bank borrowings	16	52,928	53,226
Lease liabilities	17	18,840	27,149
Deferred tax liabilities		3,215	3,245
		539,481	518,601
Net assets		372,095	455,708
Capital and reserves			
Share capital	18	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		372,095	455,708

The notes on pages 10 to 40 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	112,876	434,385	775	(11,594)	(77,988)	(315,355)	143,099	369,570	512,669
Loss for the year	-	-	-	-	-	(82,264)	(82,264)	(27,173)	(109,437)
Other comprehensive income/(loss) for the year, net of tax:									
Exchange differences on arising on transaction of:									
Foreign operations of subsidiaries	-	-	-	-	24,487	-	24,487	23,083	47,570
Foreign operations of joint ventures	-	-	-	-	96	-	96	-	96
Foreign operations of associates	-	-	-	-	404	-	404	-	404
Reverse of exchange reserve upon disposal of subsidiaries	-	-	-	-	(546)	-	(546)	-	(546)
Total comprehensive income/(loss) for the year	-	-	-	-	24,441	(82,264)	(57,823)	(4,090)	(61,913)
Share-based payments	-	-	2,930	-	-	-	2,930	-	2,930
Cancellation of share options	-	-	(146)	-	-	-	(146)	-	(146)
Disposal of subsidiaries	-	-	-	-	-	-	-	2,168	2,168
At 31 March 2021 and 1 April 2021 (audited)	112,876	434,385	3,559	(11,594)	(53,547)	(397,619)	88,060	367,648	455,708

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 31 March 2021 and 1 April 2021 (audited)	112,876	434,385	3,559	(11,594)	(53,547)	(397,619)	88,060	367,648	455,708
Loss for the period	-	-	-	-	-	(91,580)	(91,580)	(6,415)	(97,995)
Other comprehensive income/ (loss) for the period, net of tax:									
Exchange differences arising on translation of:									
Foreign operations of subsidiaries	-	-	-	-	3,126	-	3,126	5,946	9,072
Foreign operations of joint ventures	-	-	-	-	701	-	701	-	701
Foreign operations of associates	-	-	-	-	16	-	16	-	16
Release of exchange reserve upon disposal of a subsidiary	-	-	-	-	(820)	-	(820)	-	(820)
Total comprehensive income/ (loss) for the period	-	-	-	-	3,023	(91,580)	(88,557)	(469)	(89,026)
Share-based payment	-	-	4,750	-	-	-	4,750	-	4,750
Cancellation of share option	-	-	(62)	-	-	-	(62)	-	(62)
Acquisition of additional interests in subsidiary	-	-	-	(206)	-	-	(206)	(997)	(1,203)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	1,928	1,928
At 30 September 2021 (unaudited)	112,876	434,385*	8,247*	(11,800)*	(50,524)*	(489,199)*	3,985	368,110	372,095

* These reserve accounts comprise the consolidated reserves of deficit of HK\$108,891,000 (2020: deficit of HK\$24,816,000) in the consolidated statement of financial position.

The notes on pages 10 to 40 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	30 September 2021 (Unaudited) HK\$'000	30 September 2020 (Unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	13,742	35,013
NET CASH (USED IN) INVESTING ACTIVITIES	(60,468)	(34,526)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	13,363	(11,877)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,363)	(11,390)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	1,466	(3,063)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	68,420	50,031
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	36,523	35,578

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 ceased the business of provision of securities brokerage and margin financing since 1 April 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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
	299,038	289,500

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;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION *(continued)*

- (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION (continued)

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		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020	September 2021	September 2020
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. LOSS BEFORE TAXATION

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

(a) Finance costs

Interest expense on loans from a shareholder
Interest on bank loans
Interest expense on loan from a third party
Interest expense on lease liabilities

Six months ended 30 September 2021 (Unaudited) HK\$'000	Six months ended 30 September 2020 (Unaudited) HK\$'000
11,111	12,090
481	1,522
90	219
2,612	1,968
14,294	15,799

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. LOSS BEFORE TAXATION *(continued)*

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. LOSS PER SHARE *(continued)*

The calculation of the basic loss per share amounts for the Period is based on the loss for the Period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 5,643,797,090 (2020: 5,643,797,090) in issue during the Period.

The diluted loss per share for the Period ended 30 September 2021 and 2020 is equal to the basic loss per share as there was no dilutive potential ordinary share in issue.

The calculations of basic and diluted loss per share are based on:

	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	(91,580)	(35,543)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculation of both basic and diluted loss per Share	5,643,797,090	5,643,797,090

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. PLANT AND EQUIPMENT

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
At the beginning of the period/year	490,742	470,054
Additions	46,016	69,237
Disposal of subsidiaries (note 20)	(27,752)	(2,572)
Transfer to interest in joint ventures (note 20)	(27,752)	–
Depreciation	(19,945)	(55,861)
Disposals	(2,849)	(6,317)
Impairment	–	(14,466)
Exchange adjustments	8,309	30,667
At end of the period/year	466,769	490,742

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. 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	(12,400)	(12,400)
	—	—

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. 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	-	-		
Present value of minimum lease payment receivables	26,360	26,360		
Less: Impairment	(26,360)	(26,360)	(26,360)	(26,360)
	-	-	-	-

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%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. 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)
Less: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. ACCOUNTS AND OTHER RECEIVABLES

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Accounts receivables arising from dealing in securities (note 14(a)):		
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 (note 14(b))	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 (note 14(c))	2,116	2,081
Value-added tax recoverable	53,793	50,138
Total accounts and other receivables	176,821	216,660

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. ACCOUNTS AND OTHER RECEIVABLES *(continued)*

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
	12,460	29,759

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. ACCOUNTS AND OTHER PAYABLES

	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Accounts payables arising from LNG businesses (note 15(a))	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 (note 15(b))	464,498	434,981
Interest payable on loans from a shareholder (note 15(b))	48,542	37,333
Loan from a third party (note 15(c))	3,128	2,129
Payable for the right to acquire property, plant and equipment	314,258	309,007
	1,038,017	985,421
Non-current portion of loans from a shareholder	(464,498)	(434,981)
Current portion	573,519	550,440

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. ACCOUNTS AND OTHER PAYABLES (continued)

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
	108,254	86,462

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%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. 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
	76,986	76,882
Less: Amount due for settlement within 12 months (shown under current liabilities)	(24,058)	(23,656)
	52,928	53,226

17. 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) HK\$'000	31 March 2021 (Audited) HK\$'000	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
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		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE CAPITAL

	30 September 2021 (Unaudited) HK'000	31 March 2021 (Audited) HK'000
Issued and fully paid: 5,643,797,090 (31 March 2021: 5,643,797,090) ordinary shares	112,876	112,876

A summary of movements in the Company's share capital is as follows:

	Number of shares in issues	Share Capital HK'000	Share premium HK'000	Total HK'000
At 1 April 2020, 31 March 2021, 1 April 2021 and 30 September 2021	5,643,797,090	112,876	434,385	547,261

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 30 August 2019 so as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any full-time employees, directors, consultants or advisors of the Group, or any substantial shareholders of the Group, or any distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution or potential contribution to the development and growth of the Group.

Under the Scheme, the maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Subject to the approval of the Company's shareholders, the aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE OPTION SCHEME *(continued)*

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme in any 12-month period up to and including the date of grant must not exceed 1% of the issued share capital of the Company for the time being. Where any further grant of options to a participant under the Scheme would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who or whose associate is the grantee). Where any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates would result in the total number of shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million, such grant must be approved by the Company's shareholders in general meeting.

The offer of a grant of share options might be accepted in writing within 21 days inclusive of the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 21 days from the date of the offer).

19. SHARE OPTION SCHEME *(continued)*

The subscription price shall be a price solely determined by the directors of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

The Scheme shall be valid and effective for a period of ten years commencing on the date of share options grant and expiring on the business day immediately preceding the 10th anniversary thereof, subject to early termination provisions contained in the Scheme.

The maximum number of shares of the Company which may be issued upon exercise of all options that may be granted under the existing Scheme limit is 564,379,709 shares (representing approximately 10% of the issued share capital of the Company as at the date of approval of the Scheme).

There is no performance target which must be achieved before any of the options can be exercised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE OPTION SCHEME (continued)

- (a) A summary of the movements in share options under the Share Option Scheme during the period ended 30 September 2021 is as follows:

	Date of grant	Exercise period	Exercise Price	Number of share options					Outstanding at 30 September 2021	
				Outstanding at 1 April 2020	Granted during the year	Cancelled during the year	Outstanding at 31 March 2021	Granted during the period		Cancelled during the period
Director	31 December 2019	31 December 2021 to 31 December 2029	HK\$0.53	1,692,000	—	—	1,692,000	—	—	1,692,000
		31 December 2022 to 31 December 2029	HK\$0.53	1,692,000	—	—	1,692,000	—	—	1,692,000
		31 December 2023 to 31 December 2029	HK\$0.53	2,256,000	—	—	2,256,000	—	—	2,256,000
Employees	31 December 2019	31 December 2021 to 31 December 2029	HK\$0.53	7,200,000	—	(1,200,000)	6,000,000	—	—	6,000,000
		31 December 2022 to 31 December 2029	HK\$0.53	7,200,000	—	(1,200,000)	6,000,000	—	—	6,000,000
		31 December 2023 to 31 December 2029	HK\$0.53	9,600,000	—	(1,600,000)	8,000,000	—	—	8,000,000
Employees	15 April 2020	15 April 2022 to 15 April 2030	HK\$0.248	—	1,200,000	—	1,200,000	—	—	1,200,000
		15 April 2023 to 15 April 2030	HK\$0.248	—	1,200,000	—	1,200,000	—	—	1,200,000
		15 April 2024 to 15 April 2030	HK\$0.248	—	1,600,000	—	1,600,000	—	—	1,600,000
Employees	31 March 2021	31 March 2023 to 31 March 2031	HK\$0.50	—	10,350,000	—	10,350,000	(735,000)	—	9,615,000
		31 March 2024 to 31 March 2031	HK\$0.50	—	10,350,000	—	10,350,000	(735,000)	—	9,615,000
		31 March 2025 to 31 March 2031	HK\$0.50	—	13,800,000	—	13,800,000	(990,000)	—	12,820,000
Director	7 April 2021 (Note)	16 July 2023 to 16 July 2031	HK\$0.50	—	—	—	—	30,000,000	—	30,000,000
		16 July 2024 to 16 July 2031	HK\$0.50	—	—	—	—	30,000,000	—	30,000,000
		16 July 2025 to 16 July 2031	HK\$0.50	—	—	—	—	40,000,000	—	40,000,000
Employees	30 September 2021	30 September 2023 to 30 September 2031	HK\$0.50	—	—	—	—	2,700,000	—	2,700,000
		30 September 2024 to 30 September 2031	HK\$0.50	—	—	—	—	2,700,000	—	2,700,000
		30 September 2025 to 30 September 2031	HK\$0.50	—	—	—	—	3,600,000	—	3,600,000
				<u>29,640,000</u>	<u>38,500,000</u>	<u>(4,000,000)</u>	<u>64,140,000</u>	<u>109,000,000</u>	<u>(2,450,000)</u>	<u>170,690,000</u>
Weighted average exercise price			HK\$0.53	HK\$0.474	HK\$0.248	HK\$0.496	HK\$0.50	HK\$0.5	HK\$0.5	HK\$0.499

Note: Approved by Independent Shareholders at Extraordinary General Meeting which held on 16 July 2021.

The share options outstanding as at 30 September 2021 have a weighted average remaining contractual life of 9.49 years (31 March 2021: 9.45 years).

The share options are vested as: (a) first 30% on the two-year anniversary from the date of grant; (b) next 30% on the three-year anniversary from the date of grant; and (c) remaining 40% on the four-year anniversary from the date of grant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE OPTION SCHEME (continued)

(b) Fair value of share options granted

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the share option granted is measured based on Binomial Option Pricing Model.

	30 September 2021	7 April 2021	31 March 2021	15 April 2020	31 December 2019
The closing price of the Company's share immediately before the date of grant (HK\$)	0.36	0.47	0.48	0.249	0.53
Share price of the Company at the date of grant (HK\$)	0.35	0.485	0.47	0.248	0.53
Expected price (HK\$)	0.50	0.50	0.50	0.248	0.53
Expected volatility (%)	68.377	68.202	68.849	68.074	69.113
Expected dividend yield (%)	0	0	0	0	0
Risk-free interest rate (%)	1.156	0.946	1.1323	0.634	1.706

The expected volatility is based on the historical volatility (calculated based on the expected life of the share options), adjusted for any expected changes to future volatility due to public available information. Expected dividends are based on historical dividends. Changes in subjective input assumptions could materially affect the fair value estimate. Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants. However, the management has taken into consideration of historical staff turnover pattern for the estimation of expected option life.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. SHARE OPTION SCHEME (continued)

(b) Fair value of share options granted (continued)

Fair value of share options granted during the years ended 31 March 2021 and 2020 was as follows:

Grantees	Position	Date of grant	Number of share of the Company to be issued upon exercise of the options granted to such grantee in full	Fair value of the options granted (in HK\$'000)
Directors				
Kan Che Kin, Billy Albert	Chairman, Executive Director and Substantial shareholder of the Company	31 December 2019	5,640,000	1,902
		16 July 2021	100,000,000	24,931
Lam Yu Yeung (note 1)	Chairman Director and Chief Financial Office of the Company	31 December 2019	2,400,000	809
Employees				
Wang Guoliang	Deputy General Manager	31 December 2019	20,000,000	5,973
		31 March 2021	20,000,000	5,270
Tan QiSheng (note 2)	Deputy General Manager	31 December 2019	4,000,000	1,195
Wong Lai Shan	Financial Controller	15 April 2020	4,000,000	544
		31 March 2021	3,000,000	790
Other 33 employees		31 March 2021	11,500,000	3,030
Other 8 employees		30 September 2021	9,000,000	1,593

Note 1: Mr. Lam Yu Yeung resigned as a director on 6 March 2020, the share options granted to Mr. Lam were cancelled on 6 March 2020.

Note 2: Mr. Tan QiSheng was terminated his employment with the Group on 9 May 2020, the share options granted to Mr. Tan were cancelled on 9 May 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. DISPOSAL OF SUBSIDIARIES

- (a) On 1 July 2020, CLNG Natural Gas Co. Ltd (港能天然氣有限責任公司), an indirect wholly owned subsidiary of the Company and Xi'an Sisheng Energy Technology Co., Ltd. (西安思晟能源技術有限公司) ("Sisheng Energy") entered into sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell and Sisheng Energy has conditionally agreed to purchase 51% equity interests in Shannxi Gangneng Natural Gas Co., Ltd. (陝西港能天然氣有限公司) ("Shannxi Gangneng Natural Gas") at a consideration of RMB149,890. Completion of the share transfer took place on 6 August 2020 and Shannxi Gangneng Natural Gas has ceased to be a subsidiary of the Group.

	(Unaudited) HK'000
Deposits and other receivables	843
Cash and bank balances	1
Accounts and other payables	(114)
	<u>730</u>
Loss on disposal of a subsidiary	(564)
	<u>166</u>
Satisfied by:	
Cash consideration	<u>166</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Shannxi Gangneng Natural Gas during the period was as follows:

Cash consideration	166
Cash and cash equivalents disposed of	(1)
	<u>165</u>
Net inflow of cash and cash equivalents in respect of the disposal of Shannxi Gangneng Natural Gas	<u>165</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. DISPOSAL OF SUBSIDIARIES *(continued)*

- (b) 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.

	(Unaudited) <i>HK\$'000</i>
Property, plant and equipment	55,504
Other intangible assets	397
Accounts and other receivables	36,393
Cash and cash equivalents	510
Accounts and other payables	(43,423)
	<hr/> 49,381
Release of exchange reserve	820
Transferred to interests in joint venture at fair value	(24,690)
Loss on disposal	2,156
	<hr/> <hr/> <u>27,667</u>
Satisfied by:	
Cash consideration	<hr/> <hr/> <u>27,667</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) *(continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Shijiazhuang Sheng Ran Gas Trading Co., Ltd during the period was as follows:

	(Unaudited) HK\$'000
Cash consideration	27,667
Cash and cash equivalents disposed of	(510)
	<u>27,157</u>

21. 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.

	(Unaudited) HK\$'000
Carrying amount on the acquisition date	2,034
Carrying amount of non-controlling interests on the acquisition date	997
Consideration	<u>(1,203)</u>
Difference recognised in special reserve	<u>(206)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22. 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 Partner 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.

	(Unaudited)
	<i>HK'000</i>
Carry amount of interest in joint venture on the disposal date	14,078
Consideration	<u>(12,270)</u>
Loss on disposal of interest in joint venture	<u><u>1,808</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RELATED PARTY TRANSACTIONS

- (a) Saved as disclosed elsewhere in these financial statements, the Group had the following material transactions with its related parties during the period.

	Six months ended	
	30 September 2021 (Unaudited) HK'000	30 September 2020 (Unaudited) HK'000
Interest expense on loans from an executive director and the substantial shareholder	11,111	12,090

Dr. Kan is an executive director and the chairman of the Company. As such, Dr. Kan is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Thus, the transactions mentioned above constitute continuing connected transactions for the Company under the Listing Rules.

- (b) The Company entered into loan facility agreements with Dr. Kan in relation to the provision of standby facilities of HK\$800,000,000 (31 March 2021: HK\$800,000,000) to the Company by Dr. Kan. At 30 September 2021, this facility had been utilised to the extent of HK\$464,498,000 (31 March 2021: HK\$434,981,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

23. RELATED PARTY TRANSACTIONS *(continued)*

- (c) Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	Six months ended	
	30 September 2021 (Unaudited) HK'000	30 September 2020 (Unaudited) HK'000
Short-term benefits	8,689	6,119
Post-employment benefits	1,897	554
Share-based payments	2,159	1,336
	12,745	8,009

24. COMMITMENTS

At the end of reporting period, the Group had outstanding capital commitments as follows:

	Period ended 30 September 2021 (Unaudited) HK'000	Year ended 31 March 2021 (Audited) HK'000
Contracted but not provided for		
Plant and machinery	357,133	359,768
Capital contribution to joint venture	–	4,953
	357,133	364,721

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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)

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 (河北高邑鄆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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 first half year of 2022.

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 increased by approximately 26% from approximately HK\$186,617,000 for the six months period ended 30 September 2020 to approximately HK\$235,673,000 for the Period because of increase in volume of LNG Trading.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue derived from the financial services through provision of money lending business increased by approximately 24% from approximately HK\$1,286,000 for the six months period ended 30 September 2020 to approximately HK\$1,598,000 for the Period.

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\$3,711,000 for the Period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 38.6% from approximately HK\$4,845,000 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 expense or benefit

The Group did not generate any assessable profits in Hong Kong and the PRC during the Period, no Hong Kong or PRC profit tax was provided for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 an indirect 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 purchase 51% interest equity in 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 51% interest equity 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).

LITIGATION

As at 30 September 2021, the Company received notice of a lawsuit in the PRC on 19 August 2021 as the Guarantor for a subsidiary in the PRC who is involved in a lawsuit regarding a dispute in the interest being charged under a lease contract, which the subsidiary has been withholding certain rental payments totaling RMB31.76 million (Equivalent to approximately HKD38,204,000). The full amount of the arrear rentals have been recorded under the current lease liabilities of the Group in this unaudited interim report. The potential financial impact if the subsidiary loses in the lawsuit could bring as much as a further RMB 6 million (Equivalent to approximately HKD7,217,000) penalties to the Group, which however is not of material significance to the Group.

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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2021, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO) or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest and Short Position in the Company

Name of Director	Nature of interests	Long position/ Short position	Number of Shares held	Number of underlying shares pursuant to share options (Note 2)	Total	Approximately percentage of shareholding (Note 3)
Dr. Kan Che Kin, Billy Albert	Beneficial owner	Long position	3,526,093,139	105,640,000	3,631,733,139	64.35%
	Beneficial owner	Short position	169,543,940	-	169,543,940	3.00%
Mr. Li Kai Yien	Beneficial owner	Long position	200,000	-	200,000	0.00%
Mr. Simon Murray	Beneficial owner	Long position	5,000,000 (Note 1)	-	5,000,000	0.09%
Dr. Lam, Lee G.	Beneficial owner	Long position	10,000,000 (Note 1)	-	10,000,000	0.18%

OTHER INFORMATION AND CORPORATE GOVERNANCE

Note:

1. These Shares represent the option shares, which were beneficially owned by Dr. Kan, were granted by Dr. Kan to Mr. Murray and Dr. Lam upon the exercise in full of the rights pursuant to option deed agreements signed between Dr. Kan and each of Mr. Murray and Dr. Lam.
2. These represent the interests of share options granted to the Director under the share option scheme adopted by the Company on 30 August 2019 to subscribe for shares.
3. These percentages were compiled based on the total number of issued shares (i.e. 5,643,797,090 shares) at 30 September 2021.

Interests in shares in associated corporation(s) of the Company

Name of Director	Name of company in which interests were held	Nature of interests	Number of Shares held	Approximate percentage of interests in the capital of the associated corporation
Dr. Kan Che Kin, Billy Albert	Key Fit Group Limited	Beneficial owner	69,982,878 Shares	9.99%

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2021.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2021, so far as was known to the Directors and chief executives of the Company, no other person (other than Directors or chief executives of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 30 September 2021.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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.

OTHER INFORMATION AND CORPORATE GOVERNANCE

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.
- (i) Independent non-executive Directors Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee, and the non-executive Directors Mr. Simon Murray and Dr. Lam, Lee G were unable to attend the extraordinary general meeting held on 16 July 2021 as they had other business engagement. However, they subsequently requested the chairman of the meeting to report to them on the views of the Shareholders in the general meeting. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the NEDs and INEDs was ensured.
 - (ii) The Independent non-executive Director Mr. Chow Ching Ning attended the AGM held on 30 August 2021, Independent non-executive Directors Mr. Li Siu Yui and Mr. Lam Lum Lee, and the non-executive Directors Mr. Simon Murray and Dr. Lam, Lee G were unable to attend the annual general meeting held on 30 August 2021 as they had other business engagement. However, they subsequently requested the chairman of the meeting to report to them on the views of the Shareholders in the general meeting. As such, the Board considers that the development of a balanced understanding of the views of Shareholders among the NEDs and INEDs 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.

BOARD OF DIRECTORS

As at the date of this report, 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 Mr. Lam Lum Lee.

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

Hong Kong, 30 November 2021