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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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of China LNG Group Limited (the “**Company**”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2022 (the “**Current Year**”), together with the comparative figures for the year ended 31 March 2021 (the “**Previous Year**”), as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
REVENUE	3	432,547	775,235
Cost of revenue		<u>(466,673)</u>	<u>(724,604)</u>
Gross (loss)/profit		(34,126)	50,631
Other income and other gains and losses		7,750	537
Selling and distribution expenses		(11,939)	(11,026)
Administrative expenses		(124,602)	(117,158)
Reversal of impairment/(impairment) under expected credit losses model		10,318	(9,067)
Impairment of non-financial assets		(33,470)	(14,466)
Reversal of impairment/(impairment) of interests in associates		1,904	(2,081)
Finance costs		(11,101)	(7,798)
Share of losses of:			
Joint ventures		(1,607)	(2,559)
Associates		<u>(2,626)</u>	<u>(756)</u>
LOSS BEFORE TAX		(199,499)	(113,743)
Income tax (expense)/credit	4	<u>(69)</u>	<u>4,306</u>
LOSS FOR THE YEAR		<u><u>(199,568)</u></u>	<u><u>(109,437)</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)***Year ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
Attributable to:			
Owners of the Company		<b>(198,790)</b>	(82,264)
Non-controlling interests		<b>(778)</b>	(27,173)
		<b><u>(199,568)</u></b>	<b><u>(109,437)</u></b>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	<b>6</b>		
– Basic		<b><u>(HK3.52 cents)</u></b>	<b><u>(HK1.46 cents)</u></b>
– Diluted		<b><u>(HK3.52 cents)</u></b>	<b><u>(HK1.46 cents)</u></b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LOSS FOR THE YEAR	<u><u>(199,568)</u></u>	<u><u>(109,437)</u></u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of:		
Foreign operations of subsidiaries	56,151	47,570
Foreign operations of joint ventures	147	96
Foreign operations of associates	1	404
Reclassification of cumulative exchange reserve upon disposal of a subsidiary	<u>(3,688)</u>	<u>(546)</u>
	<u>52,611</u>	<u>47,524</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(146,957)</u></u>	<u><u>(61,913)</u></u>
Attributable to:		
Owners of the Company	(157,370)	(57,823)
Non-controlling interests	<u>10,413</u>	<u>(4,090)</u>
	<u><u>(146,957)</u></u>	<u><u>(61,913)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		506,771	490,742
Other intangible assets		5,416	6,832
Right-of-use assets		135,820	152,220
Interests in joint ventures	7	77,746	42,012
Interests in associates		222	915
Deposits for acquisition of plant and equipment		124,989	144,348
Deposits for acquisition of land use rights		49,186	49,958
Other assets		322,069	309,007
Statutory deposits		200	200
		<hr/>	<hr/>
Total non-current assets		1,222,419	1,196,234
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss		3	–
Inventories		9,958	8,913
Receivables under LNG finance lease arrangements, net of allowance for credit losses		2,994	–
LNG finance lease receivables, net of allowance for credit losses		7,223	–
Loan and reimbursement receivables	8	118,302	112,357
Accounts and other receivables, prepayments and deposits	9	198,229	216,660
Bank balances held on behalf of clients		995	–
Cash and cash equivalents		26,601	68,420
		<hr/>	<hr/>
Total current assets		364,305	406,350
<b>CURRENT LIABILITIES</b>			
Accounts payables	10	147,156	86,462
Other payables and accruals		471,873	463,978
Interest-bearing bank borrowings	11	49,706	23,656
Lease liabilities		77,133	52,561
Tax payable		1,026	1,618
		<hr/>	<hr/>
Total current liabilities		746,894	628,275
<b>NET CURRENT LIABILITIES</b>		<hr/> <b>(382,589)</b>	<hr/> <b>(221,925)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>839,830</b>	<hr/> <b>974,309</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***At 31 March 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Loans from a shareholder		<b>466,930</b>	434,981
Interest-bearing bank borrowings	<i>11</i>	<b>46,452</b>	53,226
Lease liabilities		<b>2,626</b>	27,149
Deferred tax liabilities		<b>3,208</b>	3,245
		<hr/>	<hr/>
Total non-current liabilities		<b>519,216</b>	518,601
		<hr/>	<hr/>
Net assets		<b>320,614</b>	455,708
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>112,876</b>	112,876
Reserves		<b>111,005</b>	(24,816)
		<hr/>	<hr/>
		<b>223,881</b>	88,060
		<hr/>	<hr/>
Non-controlling interests		<b>96,733</b>	367,648
		<hr/>	<hr/>
Total equity		<b>320,614</b>	455,708
		<hr/> <hr/>	<hr/> <hr/>

# NOTES

## 1. Corporate and Group information

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

The address of the registered office 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 8th floor, St. John’s Building, 33 Garden Road, Central, Hong Kong.

The Company is an investment holding company, the Group was principally engaged in (i) the sales and distribution of liquefied natural gas (“**LNG**”) in the People’s Republic of China (the “**PRC**”), including the point-to-point supply of LNG (retail), the wholesale of LNG (trade), the LNG pipeline network (township residential user) and the distribution of LNG (logistic) services; and (ii) the financial services business, including the provision of finance leasing services for LNG vehicles and equipment as approved by Chinese Ministry of Foreign Trade and Economic Cooperation, to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities with the licences under the Securities and Futures Ordinance (“**SFO**”) issued by the Securities and Future Commission (“**SFC**”) in Hong Kong, and to carry out money lending business through a valid money lenders licence under the Money Lenders Ordinance in Hong Kong.

The Group has suspended the security trading business and is in the process of returning of client assets during the year.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

These financial results have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial results are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand unless otherwise stated.

### (b) Initial application of amendments to HKFRSs

In the current year, the Group initially applied the following amendments to HKFRSs:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19 Related Rent Concession beyond 30 June 2021

The application of the above amendments to HKFRSs in the current year has no material impact on the consolidated financial statements for the current and prior years.

### (c) Adoption of the going concern basis

When preparing the consolidated financial statements, the Group’s ability to continue as a going concern has been assessed. The consolidated financial statements have been prepared by the directors on a going concern basis notwithstanding that the Group incurred a loss of HK\$199,568,000 for the year ended 31 March 2022 and as of that date, the Group had net current liabilities of HK\$382,589,000 as the directors considered that:

- (1) Dr. Kan Che Kin, Billy Albert (“**Dr. Kan**”), being the beneficial owner and controlling shareholder of the Company, has undertaken to provide continuing financial support to the Group on 28 June 2022;

- (2) The Company entered into loan facility agreements with Dr. Kan in relation to the provision of standby facilities of HK\$800,000,000 to the Company by Dr. Kan and the Group had unutilised facilities of approximately HK294,526,000 as at 31 March 2022;
- (3) The Group is taking measures to tighten controls over various costs and actively enhance its market position in the LNG industry by expanding its customer base with the aim to attain profitable and positive cash flow operations in the coming financial year;
- (4) The Group is actively negotiating with a bank in the Mainland China to obtain a new credit line to finance the Group's operations; and
- (5) The continuing coronavirus pneumonia epidemic has impact on the global business environment. The directors are closely monitoring the development of its situation.

After taking into consideration of the above factors and funds expected to be generated internally based on the directors' estimation on the future cash flow of the Group, the directors are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future and consider that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and to provide for any further liabilities which might arise.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue is analysed as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers		
Sales of LNG	<b>315,039</b>	580,747
Provision of LNG logistic services	<b>116,893</b>	187,854
	<b>431,932</b>	768,601
Finance lease income	–	1,993
Provision of financial services	–	983
Interest income from loan financing	<b>615</b>	3,658
	<b>432,547</b>	775,235

Information reported to the chairman of the Board of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and performance assessment among segments focuses specifically on different types of goods and services. Segment profit represents the profit earned by each segment without allocation of corporate and other expenses, share of results of associates and joint ventures, other income, other gains and losses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment. Inter-segment sales are charged at prevailing market rates.



During the current year, the reportable operating segments are re-grouped due to internal reorganisation and change of internal financial reporting to the CODM, as follows:

- (a) Sales and distribution of LNG including the wholesale of LNG, point-to-point supply of LNG, LNG pipeline network and provision of LNG logistic services (“**LNG business**”) in the PRC; and
- (b) Financial services business, including the provision of finance leasing services for LNG vehicles and equipment in the PRC, the provision of securities brokerage, margin financing, asset management services and money lending business in Hong Kong (“**Financial services**”).

The comparative figures are also re-grouped to conform with the current year presentation.

The following is an analysis of the Group’s revenue and results by reportable segments which are also the operating segments for the years under review:

## 2022

	<b>LNG business</b> <i>HK\$’000</i>	<b>Financial</b> <b>services</b> <i>HK\$’000</i>	<b>Others</b> <i>HK\$’000</i>	<b>Consolidated</b> <i>HK\$’000</i>
Segment revenue	656,645	615	–	657,260
Intersegment sales	(224,713)	–	–	(224,713)
Revenue from external customers	<u>431,932</u>	<u>615</u>	<u>–</u>	<u>432,547</u>
Segment results before depreciation and amortisation	(128,202)	11,767	(106)	(116,541)
Depreciation and amortisation	(76,878)	(1,054)	–	(77,932)
Segment results	<u>(205,080)</u>	<u>10,713</u>	<u>(106)</u>	<u>(194,473)</u>

## 2021

	LNG business <i>HK\$’000</i>	Financial services <i>HK\$’000</i>	Others <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Segment revenue	942,394	6,634	–	949,028
Intersegment sales	(173,793)	–	–	(173,793)
Revenue from external customers	<u>768,601</u>	<u>6,634</u>	<u>–</u>	<u>775,235</u>
Segment results before depreciation and amortisation	1,519	(8,364)	(59)	(6,904)
Depreciation and amortisation	(88,774)	(1,248)	–	(90,022)
Segment results	<u>(87,255)</u>	<u>(9,612)</u>	<u>(59)</u>	<u>(96,926)</u>

#### 4. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for both years.

Taxes on profits assessable elsewhere have been calculated at the applicable tax rates prevailing in the jurisdictions in which the Group operates.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Hong Kong		
Over-provision in prior years	(15)	(2,824)
Current tax – Elsewhere		
Charge for the year	–	105
Under/(over) provision in prior years	84	(10)
Deferred tax		
Current year	–	(1,577)
Total tax expense/(credit)	<u>69</u>	<u>(4,306)</u>

#### 5. DIVIDENDS

No dividends was proposed or paid by the Company during the year ended 31 March 2022 (2021: Nil)

#### 6. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share attributable to ordinary equity holders of the Company is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 5,643,797,090 (2021: 5,643,797,090) in issue during the year.

The diluted loss per share for the years ended 31 March 2022 and 2021 is equal to the basic loss per share as there was no dilutive potential ordinary share in issue.

The calculation of basic and diluted loss per share is based on:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	<u>(198,790)</u>	<u>(82,264)</u>
	<b>Number of shares</b>	
	2022	2021
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>5,643,797,090</u>	<u>5,643,797,090</u>

## 7. INTERESTS IN JOINT VENTURES

	2022 HK\$'000	2021 HK\$'000
Share of net assets	77,746	39,930
Loan to a joint venture	—	2,082
	<u>77,746</u>	<u>42,012</u>

The loan to a joint venture was unsecured, borne interest at 8% per annum and repaid during the year.

Particulars of the Group's principal joint ventures are as follows:

Name	Particulars of issued equity held	Place of establishment and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
港海能源(珠海)有限公司 (Formerly known as 港海能源(上海)有限 公司)	Registered capital of RMB 25,500,000 (2021: RMB 25,500,000)	PRC/Mainland China	51 (2021: 51)	(note)	51 (2021: 51)	Sales and distribution of LNG
石家莊盛冉燃氣貿易有限 公司	Registered capital of RMB 80,000,000 (2021: RMB 80,000,000)	PRC/Mainland China	50 (2021: Nil)	50	50 (2021: Nil)	Trading of natural gas and transportation

*Note:* The joint venture is jointly controlled by the Group and other shareholder by virtue of contractual arrangements among shareholders which require simple majority of directors' approval for major business decisions. The Group and the other shareholder each can appoint 2 directors out of total 5 directors of this joint venture, whereas the remaining 1 director is jointly appointed by both the Group and the other shareholder. Therefore, it is classified as a joint venture of the Group.

The joint ventures are accounted for using the equity method.

On 15 September 2021, the Group entered into a sale and purchase agreement with independent third parties to dispose 51% of issued share capital of 石家莊鄙焱天然氣銷售有限公司, which was an immaterial joint venture, for a cash consideration of RMB10,200,000 (equivalent to approximately HK\$12,394,000), resulting in a loss of HK\$312,000.

## 8. LOAN AND REIMBURSEMENT RECEIVABLES

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Loan receivables, net of allowance for credit losses	<u>4,457</u>	<u>25,453</u>
Reimbursement receivables	<u>113,845</u>	<u>86,904</u>
	<b><u>118,302</u></b>	<b><u>112,357</u></b>

Loan receivables relate to 2 (2021: 3) customers. 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 management. Loan receivables are charged at the effective interest rates mutually agreed with contracting parties at fixed rates of 1% to 4.63% (2021: 1% to 4.63%) per annum.

An undertaking is provided by Dr. Kan over loan receivables from a borrower in the presence of default and is recognised as reimbursement receivables as at the end of the reporting period.

In prior year, reimbursement receivables and allowance for credit losses are presented on a net basis and are reclassified of conform with the current year presentation.

## 9. ACCOUNTS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Accounts receivables arising from dealing in securities, net of allowance for credit losses	<i>(a)</i>		
Cash clients		–	–
Margin clients		<b>1,395</b>	1,395
Accounts receivables arising from LNG business, net of allowance for credit losses	<i>(b)</i>	<u>18,861</u>	<u>29,759</u>
Total accounts receivables		<b>20,256</b>	31,154
Prepayments		<b>43,562</b>	70,568
Deposits and other receivables		<b>78,997</b>	62,719
Loans to third parties		<b>2,169</b>	2,081
Amount due from a joint venture	<i>(c)</i>	<b>2,222</b>	–
Value-added tax recoverable		<u>51,023</u>	<u>50,138</u>
		<b><u>198,229</u></b>	<b><u>216,660</u></b>

*Notes:*

- (a) The Group has suspended the security trading business and is in the process of returning client assets.
- (b) The ageing analysis of accounts receivables arising from LNG business presented based on the invoice date and net of loss allowance is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 <b>HK\$'000</b>
Within 3 months	<b>13,779</b>	26,857
4 to 6 months	<b>5,009</b>	2,893
7 to 9 months	<b>73</b>	9
	<u><b>18,861</b></u>	<u>29,759</u>

- (c) The amount is unsecured, interest-free and repayable on demand.

## 10. ACCOUNTS PAYABLES

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <b>HK\$'000</b>
Accounts payables arising from dealing in securities	<i>(a)</i>		
Cash clients		<b>927</b>	–
Margin clients		<b>75</b>	–
Accounts payables arising from LNG business	<i>(b)</i>	<b>146,154</b>	86,462
		<u><b>147,156</b></u>	<u>86,462</u>

*Notes:*

- (a) The Group has suspended the security trading business and is in the process of returning client assets.
- (b) An ageing analysis of the accounts payables arising from LNG business as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2022</b> <b>HK\$'000</b>	2021 <b>HK\$'000</b>
Within 3 months	<b>92,293</b>	56,653
4 to 6 months	<b>21,109</b>	24,172
Over 6 months	<b>32,752</b>	5,637
	<u><b>146,154</b></u>	<u>86,462</u>

## 11. INTEREST-BEARING BANK BORROWINGS

The Group's bank loans are repayable as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	49,706	23,656
In the second to fifth year inclusive	29,932	17,742
After five years	<u>16,520</u>	<u>35,484</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>96,158</u> <u>(49,706)</u>	76,882 <u>(23,656)</u>
	<u><u>46,452</u></u>	<u><u>53,226</u></u>

The bank borrowing are secured by land use rights with aggregate carrying amount of approximately HK\$39,845,000 and property, plant and equipment with aggregate carrying amount of approximately HK\$28,603,000.

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The Board would like to draw the users' attention that the Company's external auditor, without qualifying their opinion, has included the "Material Uncertainty Related to Going Concern" paragraph in the independent auditor's report in the consolidated financial statements of the Group for the year ended 31 March 2022.

Attention to note 2(c) above has been drawn by the Company's external auditor which indicates that the Group incurred a net loss of HK\$199,568,000 for the year ended 31 March 2022 and as of that date, the Group had net current liabilities of HK\$382,589,000 respectively. As stated in note 2(c), these conditions, along with other matters as set forth in note 2(c) above, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Their opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

After rapid development in recent years, natural gas is widely used in families, transportation, industrial and service sectors, and accelerated by the low-carbon energy transformation, the natural gas consumption in China has grown quickly. According to statistics from the National Energy Administration and the General Administration of Customs, the national apparent consumption of natural gas amounted to 372.6 billion cubic meters (approximately 258.75 million tons) and natural gas imported 121.356 million tons for 2021, among which liquefied natural gas (“LNG”) imports were 78.96 million tons representing 65% of the total natural gas imports. The LNG mainly imported from Australia, Qatar, Malaysia, Indonesia and the Russian.

During the year of 2021, the post-lockdown temporary economic recovery and the extreme weather brought by La Niña stimulated a short-term growth on LNG demand. The impact of novel coronavirus pandemic (the “**Pandemic**”) on LNG supply chain and consumption end has further increased during the year of 2022, particularly the worsening of power curtailment in the PRC in the second half year and the surge in LNG prices caused by the Russia-Ukraine conflict which have made immense pressure to the operating environment of domestic LNG enterprises.

At present, the inflation pressure of major developed economies has become obvious, the domestic market in the People’s Republic of China (“**PRC**”) is expected to maintain a recovery growth. The LNG industry continues to feature with various risks and challenges due to, among others, the geopolitical conflicts, frequent international trade frictions and poor global logistics. Due to the price of LNG remain uncertain, the Group expects that the high price of LNG will continue to exert pressure on the profit for a period of time. The Group will closely monitor the impact of external factors on the prices of LNG.

### BUSINESS REVIEW

The Group was principally engaged in (i) LNG business, the sales and distribution of LNG in the PRC, including the point-to-point supply of LNG (retail), the wholesale of LNG (trade), the LNG pipeline network (township residential user) and the distribution of LNG (logistic) services; and (ii) financial services business, including the provision of finance leasing services for LNG vehicles and equipment as approved by Chinese Ministry of Foreign Trade and Economic Cooperation, to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities with the licences under the Securities and Futures Ordinance (“**SFO**”) issued by the Securities and Futures Commission (“**SFC**”) and to carry out money lending business through a valid money lenders licence under the Money Lenders Ordinance in Hong Kong.

## **SALES AND DISTRIBUTION OF LNG**

### **Point-to-point Supply of LNG (retail)**

The point-to-point supply of LNG transports LNG from supply basins to industrial and commercial enterprises or markets that use LNG to meet their energy needs.

As of 31 March 2022, the Group served over 190 enterprises on their regular energy needs and operating 2 integrated energy refilling stations to provide ideal electricity and gas energy for vehicles. The Group recorded a LNG retail volume of 21,497 tons, the income from the Supply of LNG (retail) amounted approximately HK\$138,786,000, contribute 32.1% to the total revenue for the Current Year.

### **Wholesale of LNG (trade)**

The significant increase in LNG prices under the combined effect of persistent Pandemic has made a difficult year for LNG industry around the world, the purchase orders of the Group reduced as a result of the unusual nature gas price surge in the global market and the drop in local demand.

As of 31 March 2022, the Group recorded a LNG trade volume of 39,295 tons, income from the Wholesale of LNG (trade) amounted approximately HK\$176,253,000, contribute 40.7% to the total revenue for the Current Year.

### **LNG Pipeline Network (township residential user)**

The LNG pipeline network of the Group transmits LNG from supply sources to interconnect pipelines and to residential users, leveraged by the well developed clean energy supply centers and LNG pipeline network of the Group, to improve the rural countryside infrastructures and residential living conditions.

As of 31 March 2022, the Group held 34 effective township LNG franchises right granted by the PRC local governments, the franchises right allows the Group as the sole operator to supply the LNG to residential, industrial and commercial user in the franchised zone. As at the year end date, the Group possesses LNG transmission and ancillary facilities in Hubei, Anhui and Jiangxi provinces to supply LNG and provide LNG related value-added services to 1,631 household residential users.

### **Distribution of LNG (logistic)**

Equipped with a great number of clean energy transportation trucks and mobile LNG storage containers that are specially made for the distribution of LNG, the distribution delivery fleets of the Group provides road freight transportation services for external clients and for the Group's LNG retail and wholesale business. The distribution delivery fleets enables the Group to distribute LNG to its related companies and customers at low costs via safety and fast delivery, in turn, the trucks refill LNG energy from the Group's LNG refilling stations, which forms a closed loop of the supply chain within the Group.



As of 31 March 2022, the Group's LNG distributional delivery equipment comprise 160 LNG tank trucks, 206 tractor trucks, 72 tall-lift trucks and 8 other functional trucks. The distribution delivery fleets transmitted a total of 207,511,093 ton-kilometers of which 31.9% are delivered for the Group, income from the distribution of LNG (logistic) amounted approximately HK\$116,893,000, contribute 27% to the total revenue for the Current Year.

## **Infrastructure Projects**

The construction of clean energy peak sharing centers and LNG pipeline network in the rural countryside is essential to our success. We managed by investing in highly skilled workforces, hiring third-party inspectors during construction, operating prudently and monitoring construction progress continuously to make effective capital investments.

During the Current Year, the Group mainly invested in the construction projects of: Hubei Huanggang South East Hubei Reserve Peak Shaving Center and Gasification Reverse Transmission Project (“**Hubei Huanggang**”), Hubei Guangshui Clean Energy Supply Center and Gasification and Township Project (“**Hubei Guangshui**”), Anhui Lu'an Fenglukou Clean Energy Supply Center and Gasification and Township Project (“**Luan Fenglukou**”), Anhui Lu'an Guzhen Clean Energy Comprehensive Utilisation Project (“**Luan Guzhen**”), Hubei Guangshui Yangzhai Oil and Gas Station Project (“**Guangshui Yangzhai**”), Hubei Guangshui Changling Oil and Gas Station Project (“**Guangshui Changling**”) and Jiangxi Jingdezhen 206 National Highway Oil and Gas Station Project (“**Jiangxi Jingdezhen**”), Hunan Shaoyang Clean Energy Supply Center and Gasification and Township Project (“**Hunan Shaoyang**”) and Shanxi Fuping Clean Energy Logistics and Trading Headquarters (“**Shanxi Fuping**”).

The Hubei Huanggang, Hubei Guangshui, Luan Fenglukou, Luan Guzhen and Jiangxi Jingdezhen projects have been partially completed and put into operation in the second half of 2021 but further expanded during the Current Year. The Guangshui Yangzhai, Guangshui Changling projects are expected to reach their commercial operations in 2023 or later.

## **FINANCIAL SERVICES BUSINESS**

The financial services businesses of the Group including: (i) the provision of finance leasing services typically for LNG vehicles and equipment and its been approved by the Chinese Ministry of Foreign Trade and Economic Cooperation; (ii) the provision of securities brokerage business, discretionary investment management and fund management services in Hong Kong through an indirect subsidiary of the Company namely China Hong Kong Capital Asset Management Company Limited (“**CHK CAM**”), which is licensed by the SFC to conduct Type 1 (dealing in securities) and Type 9 (asset management) regulated activities; and (iii) money lending business through an indirect subsidiary holding a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws) of Hong Kong.

During the Current Year, the Group did not strive in the financial services business but endeavor in the core business of sales and distribution of LNG by implementing the changes under the most trouble time. Upon the request of CHK CAM, the commission of SFC had agreed to suspend the licence of the Company to carry out Type 1 regulated activities pursuant to section 195(1)(d) of the SFO with effect from 28 January 2022. The Group has suspended the security trading business and is in the process of returning client assets.

## **FINANCIAL REVIEW**

### **Revenue**

For the Current Year, the Group recorded revenue from operations in an amount of approximately HK\$432.5 million, compared to that of approximately HK\$775.2 million for the previous year, representing a decrease of 44.2%. The decrease in revenue was mainly due to the decrease in the income from Wholesale of LNG (trade) business, due to the significant raise in the price of nature gas in global market which resulted in the decrease in demand.

Income from the Supply of LNG was approximately HK\$138.7 million for the Current Year, compare to that of HK\$181 million for the Previous Year, representing a decrease of 23.3%. The decrease in income was mainly due to the decrease in domestic LNG demand in industrial customers that caused by the interruptions of power curtailment which resulted in temporary production came to standstill, the high prices of LNG also stimulated consumers to use alternative energy with lower prices. Income from the Supply of LNG comprises income arose from point-to-point LNG supply (retail), residential user LNG consumption and relevant add value services.

Income from the Wholesale of LNG (trade) was approximately HK\$176.2 million for the Current Year, compare to that of HK\$399.8 million for the Previous Year, representing a decrease of 55.9%. The decrease in trade income was the mix result of drop in domestic demand and the volatile LNG prices.

Income from the Distribution of LNG (logistic) was approximately HK\$116.9 million for the Current Year, compare to that of HK\$187.9 million for the Previous Year, representing a decrease of 37.8%. The decrease in logistic income was mainly due to the decreased demand in downstream.

Income from Financial Services Business was approximately HK\$0.6 million for the Current Year, compare to that of HK\$6.6 million for the Previous Year, representing a decrease of 90.7%. Financial Services Business income compromises interest income from money lending and from LNG finance lease arrangements.

### **Gross (Loss)/Profit and Gross (Loss)/Profit Margin**

Gross loss incurred for the Current Year due to the exceptional surge in the LNG price that caused by the Russia-Ukraine conflict and the mutual sanctions between western countries and Russia, which led to a thin gross margin of the Group that could not cover the fixed cost. The overall gross loss of the Group for the Current Year was approximately HK\$34.1 million compared to that of approximately gross profit of HK\$50.6 million for the Previous Year. The gross loss margin for the Current Year was approximately 7.9%, as compared to gross profit margin of 6.5% for the Previous Year.

## **Other Income and Other Gains and Losses**

Other income and other gains and losses of the Group mainly comprise the net effect of loss on disposal of property, plant and equipment, gain on financial assets through profit or loss, gain on disposal of an associate, and exchange gain. Other income and other gains and losses amounted to approximately HK\$7.8 million for the Current Year as compared to approximately HK\$0.5 million for the Previous Year. The increase in other income was mainly attributed to the gain on disposal of an associate and gain on financial assets through profit or loss.

## **Selling and Distribution Expenses**

The selling and distribution expenses of the Group mainly comprise salaries and benefits of sales and marketing staff, advertising and promotion expenses. Selling and distribution expenses for the Current Year increased by 8.3% to approximately HK\$11.9 million as compared to that of approximately HK\$11 million for the Previous Year. The increase was mainly due to the increase in the number of employees in retail business and the additional redundancy compensation incurred in wholesale business during the Current Year.

## **Administrative Expenses**

The administrative expenses of the Group mainly relates to administrative employee related costs including the salaries of directors and staffs, employer's contributions for social insurance and pension funds, rental and office expenses, amortisation on intangible assets and right-of-use assets and depreciation on property, plant and equipment. The administrative expenses for the Current Year increased by 6.4% to approximately HK\$124.6 million as compared to that of approximately HK\$117.2 million for the Previous Year. Despite the tightened cost control measure exercised by the Group, the recognition of share based payment expense on share options granted to employees during the year and the increase in amortisation and depreciation on property, plant and equipment resulted the increase in administrative expenses.

## **Finance Costs**

The finance costs of the Group mainly comprise interest on lease liabilities and interest on bank and other borrowings. Finance costs for the Current Year increased by 42.4% to approximately HK\$11.1 million compared to that of approximately HK\$7.8 million for the Previous Year. The increase was mainly attributable due to the increase in interest expenses on bank borrowings and the interest provision on potential default.

## **Impairment Losses Under Expected Credit Loss Model, net of reversal**

As at 31 March 2022, the Company engaged an independent qualified valuer to determine the expected credit loss of the Group in respect of loan receivables, finance lease receivables, accounts and other receivables (the “**Receivables**”). The reversal of impairment of the Group under ECL model on Receivables are approximately HK\$10.3 million (2021: impairment losses of HK\$9.1 million) was recognised for the Current Year.

## **Impairment Loss on Fixed Assets**

The impairment tests is performed on the Group's sales and distribution of LNG businesses segment (the "CGU") using cash flow projections approved by the management covering a period of five years, impairment loss occurs when the recoverable amount is below the carrying value. The major revenue streams of the CGU included in the cash flow projections comprising (i) the supply of LNG (including retail and township residential consumption); (ii) the wholesale of LNG (trade); and (iii) the distribution of LNG (logistic).

Based on the impairment test, the recoverable amount of the CGU is below its carrying value, as such, an impairment loss in the sum of HK\$33.5 million was recognised for the Current Year.

## **Income Tax Credit/Expense**

Income tax credit/(expense) mainly comprise current income tax and deferred income tax, the PRC subsidiaries of the Group are subject to the Enterprise Income Tax as determined under PRC tax laws and accounting standards.

Income tax expense of the Group for the Current Year amounted to approximately HK\$69,000 as compared to the tax credit of approximately HK\$4.3 million for the Previous Year. The increase in income tax expense was due to the over provision of PRC enterprise income tax and deferred tax in the Previous Year.

## **Loss for The Year**

As a combined result of the factors discussed above, the Group's net loss for the Current Year was approximately HK\$199.6 million as compared to a net loss of approximately HK\$109.4 million for the Previous Year.

## **Final Dividend**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

## **Property, Plant and Equipment**

As at 31 March 2022, the property, plant and equipment of the Group amounted to approximately HK\$506.8 million mainly consisting HK\$234.7 million equipment and machinery for LNG supply business, HK\$126.1 million motor vehicles for LNG distribution and HK\$53.8 million construction in progress for infrastructure projects. The increase in property plant and equipment was attributed to projects of Hubei Huanggang, Hubei Guangshui, Luan Fenglukou, Luan Guzhen and Jiangxi Jingdezhen which have completed the major construction and transferred from construction in progress to property, plant and equipment during the Current Year.

## **Loan and Reimbursement Receivables**

As at 31 March 2022, the loan and reimbursement receivables of the Group amounted to approximately HK\$118.3 million (2021: HK\$112.4 million), are due from two (2021: three) borrowers (an individual and his self owned Company) made in the ordinary course of the Group's money lending business some years ago, which are secured by legal charges over the borrowers' assets. Senior management of the Company has always been monitoring closely the recovery of the loans under the previous adverse condition of the social unrest in Hong Kong, the ongoing trade dispute between the PRC and the United States and the COVID outbreak, which severely weakened our local economies and resulted in a wave of defaults from borrowers due to financial difficulties in almost all business sectors.

The loan receivables comprise the outstanding principal amount and related accrued interest. Dr. Kan, the substantial shareholder of the Company, has undertaken with the Company that the Company reserves the right to execute a reimbursement receivable on the aforementioned loan and interest if the borrowers fail to repay.

## **Trade and Other Receivables**

As at 31 March 2022, the trade and other receivables of the Company amounted to approximately HK\$198.2 million (2021: HK\$216.7 million), the trade and other receivables consisting of trade receivables, value-added tax recoverable, prepayments, deposit and other receivables. The decrease was mainly due to the decrease in revenue for the Current Year.

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

As at 31 March 2022, the cash and cash equivalents of the Group amounted to approximately HK\$26.6 million (2021: HK\$68.4 million), which were mainly denominated in Hong Kong Dollar and Renminbi.

As at 31 March 2022, total interest-bearing bank and other borrowings of the Group amounted to approximately HK\$601.6 million (2021: HK\$549.2 million) mainly consists the loans from and interest payable to the substantial shareholder of the Company and the bank borrowings. The interest-bearing bank and other borrowings were mainly used for working capital purpose. The maturity profile was spread over a period, with approximately HK\$88.2 million repayable within one year and approximately HK\$513.4 million repayable after one year.

During the Current Year, the Group financed its operations and investment activities through a combination of (i) operating cashflows; and (ii) interest-bearing borrowings. As at 31 March 2022, equity attributable to equity shareholders of the Company amounted to approximately HK\$223.9 million (2021: HK\$88.1 million).

## **GEARING RATIO**

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated by dividing the interest-bearing debts by total equity at the year end date and expressed as a percentage, the net debts are defined as interest-bearing borrowings that exclude payables and accruals incurred in the ordinary course of business. The gearing ratio of the Group as at 31 March 2022 was 187.7%.

The gearing ratio as at 31 March 2021 was calculated by including account payables, accruals and other payable which incurred in the ordinary course of business. In the opinion of the Directors, the gearing ratio shall reflect the dependency of the Company on external capital to finance its investments, in this regard, liabilities in the ordinary course of business shall exclude from the net debts, the gearing ratio as at 31 March 2021 is restated at 120.5%.

## **PLEDGE OF ASSETS**

As at 31 March 2022, the Group's land use rights, certain construction in progress and equipment and machinery with an aggregate carrying amount of approximately HK\$68.4 million (2021: HK\$61.7 million) were pledged to secure certain loans and banking facilities granted to the Group.

## **CAPITAL MANAGEMENT**

The objective of the Group's capital management is to ensure adequate return and to uphold the assets of the Group to continue as going concern. The Group actively and regularly reviews and adjust capital structure to cope with changes in economic conditions.

## **CAPITAL EXPENDITURE**

The Group's capital expenditures primarily consist of expenditures on projects under development, LNG storage tanks and equipment.



## **CAPITAL COMMITMENT**

As at 31 March 2022, the total capital commitments by the Group amounted to approximately HK\$264.4 million (2021: HK\$359.8 million), which were mainly contracted commitments in respect of project construction and purchase of machinery and equipment.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 March 2022 (2021: Nil).

## **RISK MANAGEMENT AND INTERNAL CONTROL**

The risk management framework, coupled with the internal controls of the Group, ensures that the risks associated with different business units are effectively controlled in line with the Group's risk appetite. The Group does not have an internal audit department, an annual review is conducted on whether there is a need for such an internal audit department is required. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, as supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness. The Group engaged an external consultant, Y.L. Fung & Company, to perform annual review on risk management and assess the internal control system, and to make recommendations for improving and strengthening the risk management and internal control system. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified. The Board considered the Group's internal control system to be effective and adequate.

The Group has various financial assets and financial liabilities arising from business operations, we intend to achieve an appropriate balance between these risks and the investment returns so as to minimise the potential adverse impact on the business and financial condition. The money lending, LNG equipment finance lease and securities brokerage business of the Group faces a variety of risks in its operations, including credit risk, liquidity risk, interest rate risk, operational risk, and legal and compliance risk. The Group recognises the importance of effective risk management for identifying and mitigating these risks. The Group manages the risks through comprehensive due diligence on customers, information review and multi-level approval process to the characteristics of its business operations. The Group will continue to monitor and review the operation and performance of the risk management and improve from time to time to adapt to the changes in market conditions and the regulatory environment.

### **Credit Risk**

Decisions made on loan, securities brokerage and LNG equipment finance leases applications are subject to reviews of the Group's management, new customers are required to pass the financial background and credit checks, which must be approved by the Group's senior management, before they can be granted. In terms of credit monitoring, the Group will check for irregularities and report to the senior management as necessary. The senior management will perform sample checks on the client files to ascertain that approval procedures and documentation are properly performed.

For receivables with collateral, the Company will identify possible irregularities in the quality of the client's portfolio. If the collateral ratio, if applicable, increased to or above a pre-determined accepted level, the customer may be required to deposit additional collateral or partially repay the outstanding balance in order to bring the collateral ratio below the accepted level. In cases where the customer requests a restructuring of the repayment schedule, approval has to be obtained from the Group's senior management on a case-by-case basis, the approved restructurings will be monitored on an ongoing basis.

### **Foreign Currency Risk**

The major operating units of the Company is in China and is exposed to foreign exchange risk that comes from future commercial transactions and holding assets and liabilities in Renminbi, as the reports of the Company is in Hong Kong Dollar, a strengthen of the Hong Kong Dollar against Renminbi will have a negative impact on the reported comprehensive income. The Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments.

### **Commodity Price Risk**

The Group's exposure to seasonal LNG price risk is managed with a portfolio of self-build storage capacity as well as LNG purchase and sale agreements. We manage the exposure on these contracts by entering into market price mark-up contracts and adjustable inventory capacity to manage variable price fluctuations that arise from LNG transactions. Financial instruments and hedging activities is considered when necessary to offset market price volatility.

## **LEGAL PROCEEDINGS**

There were small claims and legal proceedings for or against several subsidiaries of the Company in relation to the ordinary course of its business, the relevant amounts of such legal proceedings have been duly considered, it is the opinion of management that the ultimate outcome in these legal proceedings, individually or collectively, will not have a material adverse effect on its financial position or results of operations to the extent not previously provided for.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2022, the Group had a staff roster of 628 members (2021: 779) of which 432 are LNG truck drivers. The related staff costs (including directors' emoluments) for the Current Year amounted to approximately HK\$116.7 million (2021: HK\$135.8 million), the decrease in staff costs were mainly due to the reduction in number of staffs as a result of the measurement adopted by the Group in response to the impact brought by the Pandemic. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed. In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company.



The emoluments of the Directors and senior management is determined by reference to their performance for the year, experience, qualification, duties and responsibilities in the Company and the prevailing market rate and will be subject to review by the remuneration committee and the Board from time to time.

Human resources are the most valuable asset to the Group, we always attaches great importance to the personal development of our employees, we believes the maintaining enthusiasm of employees is the key to continuous success, hence the Group emphasized the importance of talent cultivation and put resources in regular training courses to enhance employees' technical knowledge and safety awareness as well as management skills.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

References are made to the announcements of the Company dated 12 July 2021 and 24 December 2021, whereas the indirect wholly-owned subsidiary of the Company entered into a sales and purchase agreement with an independent third party, SinoPec Fuel Oil Sales Company Limited (“**Sinopec**”), in relation to the sale of the 50% equity interest of Shijiazhuang Sheng Ran Gas Trading Company Limited (“**Sheng Ran**”) at a consideration of RMB23,000,000 (approximately HK\$27,667,000) which is calculated on the basis of 50% of the unaudited net asset value of Sheng Ran and taken into account that 50% of the loss of the from the valuation reference date to 30 June 2021. Upon completion of the disposal, the assets and liabilities and the financial results of Sheng Ran no longer be consolidated into the financial statements of the Group, it becomes an indirect 50% joint venture of the Company and be accounted for using equity method.

Each of the Group and Sinopec contributed additional capital fund of RMB23,000,000 respectively into the joint venture as agreed. The deemed disposal aim to develop more energy business opportunities and to satisfy the distribution demand of Sinopec's nationwide filling stations, the deemed disposal has widened the client and income base hence increase the revenue of Sheng Ran, strengthen the financial positions of the Group.

Saved as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

## **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 year ended 31 March 2022.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed in this announcement, there was no other specific plan for material investments or capital assets as at 31 March 2022.

## **CORPORATE GOVERNANCE CODE**

The Board and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The Company has adopted the code provisions set out in the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules as its code of corporate governance. For the Current Year, the Board is of the view that the Company has complied with all code provisions set out in the CG Code save and except for code provision A.2.1 and A.4.1 of the CG Code set out as follows:

Code provision A.2.1 of the CG Code as set out in Appendix 14 to the Listing Rules states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Dr. Kan has held the positions as the Chairman of the Board and chief executive officer of the Company during the Current Year. Notwithstanding the deviation from code provision A.2.1, the Board believes that with the support of the management, vesting the roles of both chairman and chief executive officer on the same person can facilitate execution of the Group’s business strategies and provide a strong and consistent leadership to the Group. The Board considers that the appointment of Dr. Kan as the Chairman of the Board and the chief executive officer of the Company will not impair the balance of power as all major decisions are made in consultation with members of the Board. In addition, under the supervision of the Board which currently consists of two executive Directors, three non-executive Director and three independent non-executive Directors as at the date of the announcement, the interests of the shareholders of the Company will be adequately and fairly represented.

Code Provision A.4.1 stipulates that non-executive director shall be appointed for a specific term and subject to re-election, whereas Code Provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The existing independent non-executive Directors and non-executive Directors of the Company are not appointed for specific terms, but subject to retirement by rotation and eligible for re-election pursuant to the By Law of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

### **Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. In response to a specific enquiry by the Company, all Directors have confirmed that they had fully complied with the requirements of the Model Code during the Current Year.

### **Securities Transactions by Senior Management and Staff**

The senior management and staff have been individually notified and advised about the Model Code by the Company.

## **SCOPE OF WORK OF PKF HONG KONG LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PKF Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PKF Hong Kong Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PKF Hong Kong Limited on the preliminary announcement.

## **AUDIT COMMITTEE**

The Company established an Audit Committee in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provision of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee. Currently Mr. Li Siu Yui is the chairman of the Audit Committee.

## **REVIEW OF ANNUAL RESULTS**

The consolidated annual financial statements of the Group for the Current Year have been reviewed and approved by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for the shares of the Company as required under the Listing Rules up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The notice of the annual general meeting will be published in the Company's website and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

**PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <http://china.lng.todayir.com>. The annual report of the Company for the year ended 31 March 2022 containing all information required by the Listing Rules will be dispatched to shareholders of the Company and published on the above websites in due course.

By Order of the Board  
**China LNG Group Limited**  
**Kan Che Kin, Billy Albert**  
*Chairman*

Hong Kong, 28 June 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Kan Che Kin, Billy Albert (Chairman) and Mr. Li Kai Yien, Arthur Albert; and three non-executive Directors, namely Dr. Lam, Lee G., Mr. Simon Murray and Mr. Xiao Cong; and three independent non-executive Directors, namely Mr. Li Siu Yui, Mr. Chow Ching Ning and Mr. Lam Lum Lee.*

\* *For identification purposes only*