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天倫燃气
TIANLUN GAS

Tian Lun Gas Holdings Limited

天倫燃气控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1600)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

Highlights of results for the year ended 31 December 2023:

- Operating revenue was RMB7,725 million, representing a slight growth of 2.4% as compared with RMB7,543 million for the corresponding period of last year. Among which, revenue from gas sales increased by 7.3% to RMB6,149 million, and revenue from value-added services increased 11.5% to RMB371 million.
- Gas sales volume in retail business amounted to 1,741 million m³, representing an increase of 4.5% as compared with 1,666 million m³ for the corresponding period of last year.
- Increased over 280,000 households of urban gas residential users.
- It is recommended to pay final dividends per share of RMB10.82 cents for the year of 2023. In 2023, a cumulative dividend of RMB17.64 cents per share was paid.

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2023 together with the audited comparative figures for the corresponding period of last year as follows.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2023 was the first year for China to fully implement the spirit of the 20th National Congress of the Communist Party of China. It was a critical year for the implementation of the “14th Five-Year Plan” to inherit the past and usher in the future. It was also the year when the economy resumed development after three years of COVID-19 prevention and control. The economic “report card” achieved by the nation was remarkable. China’s economy has achieved an upward recovery curve, with GDP growing by 5.2% year-on-year. Such growth rate remained the leader among the world’s major economies. At current stage, all authorities across the nation are firmly implementing the strategy of expanding domestic demand, accelerating the establishment of a new and more superior open economic system, promoting smooth connectivity of domestic and international circulation, and making the road to high-quality development more determined and powerful.

The results recorded by Tian Lun Gas in 2023 was inseparable from the guidance of key national policies. We have achieved high-quality development of the enterprise while responding to industry trends and complying with policy changes and contributed to the realization of China’s energy transformation targets.

We adhere to the principle of safety and the bottom line of safe development. In 2023, residential gas safety remained the top priority for urban gas development. In August, the Work Safety Commission of the State Council issued a notice on the “National Urban Gas Safety Special Rectification Work Plan”. Tian Lun Gas has taken systematic and beneficial measures to focus on tackling key problems, comprehensively investigating and rectifying the risks of the entire gas chain in our operating areas, thereby further consolidating the foundation of gas safety management.

We focus on the gas industry and enhance the added value of gas services. At present, the process of China’s energy transformation has sped up and the nation is vigorously developing renewable energy and low-carbon energy has become an effective starting point to achieve energy transformation. Based on the basic judgment on the optimization process of China’s current energy structure, Tian Lun Gas will still focus on grasping the transitional “golden period” of natural gas in the energy transformation process, as well as information empowerment and wisdom empowerment so as to take intelligent manufacturing as the starting point to ensure the sustainable and healthy development of urban gas as an industry in the long term.

We support the dual carbon goal, and promote new development in the energy field. In 2023, global energy consumption continued to accelerate its transformation towards cleanliness, low-carbonization, electrification and distribution. Tian Lun Gas followed the trend of green energy development, transformed the traditional single energy service model, launched high-quality comprehensive energy service projects, further promoted the transformation from “gas” to “energy”, and aimed to become China’s first-class green low-carbon energy supplier and service provider.

OUTLOOK

In 2023, Tian Lun Gas has gone through multiple challenges, while the high-quality development momentum of its results had not diminished. Looking forward to the future, Tian Lun Gas will strive to make progress while maintaining stability, and the pace of high-quality development will be more determined. Tian Lun Gas is anchored to on its primary gas business with a more systematic energy supply strategy. At the same time, it actively develops a synergistic development business involving renewable energy. By assessing the situation, it actively promotes comprehensive energy service business, and strives to create value for customers.

Both two major priorities of expanding sales volume and ensuring supply for people's livelihood are essential to firmly conduct our primary urban gas business. For Tian Lun Gas, the growth of residential gas consumption was relatively stable, while the major increment was in industrial and commercial gas consumption. With the rapid recovery of the economy and the implementation of the long-term strategy of the "dual carbon" goal, we consider that industrial and commercial gas consumption still has great growth potential. Subsequently, the Company will rely on various localities to comprehensively promote the "bottled-to-piped-gas" policy, realize all necessary changes in its operating areas, continue to step up its efforts in acquiring industrial and commercial users, and combine such measures with the urban renewal plan to simultaneously promote piped gas coverage and home access in urban villages, old communities and neighborhoods. Meanwhile, we believe that promoting the construction of gas pipelines with high-quality and high standards and improving gas supply capabilities are the keys to the high-quality development of Tian Lun Gas. The Company will strengthen its gas supply capabilities by enhancing natural gas source security and promoting interconnection of urban gas pipeline networks to meet the needs of users.

Of course, Tian Lun Gas does not only provide high-quality gas supply services, we will also continue to develop comprehensive energy services that can create synergies with our primary gas business. In the past two years, we have been developing in a cleaner and lower-carbon direction. Relying on our massive urban gas layout across the nation and our long-term brand reputation, we will develop renewable energy starting with household photovoltaics, and will also engage in a wider range of comprehensive energy service to develop energy business based on user needs. We are committed to creating higher economic and social value for the nation.

Looking forward to 2024, Tian Lun Gas will coordinate both development and safety, resolutely shoulder the social responsibility of investigating and rectifying gas safety risks and accident hazards, and solidly promote the special rectification of household gas and old pipeline networks so as to enhance the sense of responsibility and mission for the special rectification of urban gas safety, and effectively improve the quality and efficiency of inspection and rectification. At the same time, the Company will special safety rectifications and continue to effectively conduct the renovation and modification of aging urban gas pipelines to ensure safe operation. The Company will also assist in urban renewal projects, promote high-quality urban development, and make people's lives safer, more comfortable, and better.

ACKNOWLEDGEMENT

Tian Lun Gas has always been developing by overcoming challenges, growing through ups and downs, trials and tribulations. In 2023, Tian Lun Gas has achieved outstanding results. Such breakthrough results would not happen without the consistent efforts and dedication of each employee, and the support and responsibility of the management team. I would like to thank all of my colleagues for their hard work and dedication in their positions, paving the way for the Company's development and growth.

Zhang Yingcen

Chairman

CEO MESSAGE

Dear Shareholders,

On behalf of the Board and fellow staff, I am pleased to present our annual results for the year ended 31 December 2023 (the “**Year**”).

2023 was the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. The global natural gas trade pattern was restructured, and the supply sources of the domestic natural gas market were gradually diversified. With the restoration of domestic production and living order and the recovery of macroeconomic growth, especially the sharp rebound in the growth rate of consumption and service industries, natural gas demand has maintained a strong recovery trend and production volume has steadily increased. According to data released by the National Development and Reform Commission, the apparent consumption of natural gas nationwide in 2023 was 394.53 billion m³, representing a year-on-year increase of 7.6%, indicating that there is still broad space for domestic natural gas development. At the same time, as the nation has proposed the “dual carbon” strategy and the “3060” goal, natural gas, as a clean fossil fuel, will be an important tool for China to slow down the growth of carbon emissions. However, traditional energy is also facing multiple challenges such as new energy substitution and supply and demand balance. In the face of new changes in the domestic energy landscape, while maintaining the stable and high-quality development of urban gas business, the Group continued to expand and innovate low-carbon energy business, accelerate the layout of new energy business to respond to risks and opportunities brought by changes in the industry and market. As of 31 December 2023, the Group had 69 urban gas projects across the PRC providing gas services to over 5,550,000 households of urban and rural residents and over 40,000 industrial and commercial users.

RESULTS

For the year ended 31 December 2023, the Group recorded operating revenue of RMB7,725 million, representing a slight increase of 2.4% as compared with the same period last year.

BUSINESS REVIEW

In 2023, China's economy has gradually resumed normal from the abnormal state during the pandemic. The service industry and consumption grew rapidly, and new industries and new driving forces flourished, becoming important supports for economic growth. In particular, China's economy still continued to make steady progress while the growth momentum of the global economy remained sluggish. According to the latest data released by the National Bureau of Statistics, the GDP for the year grew by 5.2% year-on-year. As the domestic economy continued to recover, and industrial and commercial activities resumed, the demand for natural gas in turn grew steadily, accordingly, the potential of the gas market remains promising in the medium term.

In 2023, the retail business of natural gas continued to be the largest contributor to the Group's revenue. The Group's retail sales volume of natural gas reached 1,741 million m³, representing an increase of 4.5% compared to the corresponding period of last year, which was mainly due to the fact that the Group has been actively carrying out gas source optimization measures and promoting gas sales contango mechanism. At the same time, for industrial and commercial users, the Group has carried out differentiated gas sales marketing strategies based on different types of industrial activities to increase users' willingness to use gas.

In 2023, the Group took advantage of the implementation of the government's policy of ensuring the delivery of buildings and projects, and formulated flexible development strategies based on market and user needs. During the year ended 31 December 2023, there were over 280,000 new urban gas residential users, and the cumulative number of residential management users of engineering construction and service has increased to 5.55 million, laying a solid foundation for achieving the annual profit target.

In 2023, the value-added business structure continued to be optimized, and the Group continued to promote technological innovation and improve the depth of product management to achieve the purpose of reducing costs and increasing efficiency. At the same time, the Group co-built its own brand production base, established stable cooperative relationships, and formed a win-win cooperation model with suppliers. As at 31 December 2023, revenue from the value-added business reached RMB371 million, representing an increase of 11.5% compared to RMB333 million for the corresponding period of last year.

Facing the continued recovery of the economy, the Group continued to focus on its gas business, providing users with low-carbon, economical, safe and convenient energy services through business extension and innovation, thereby further expanding and innovating low-carbon energy business, and assisting rural revitalization.

The Group's current operating area has covered 16 provinces across China and has accumulated over 5.59 million users. Among which, the scale of user managed within Henan Province has reached 3 million households, and nearly 2 million users are township households.

OUTLOOK

2024 is a critical year for the implementation of the "14th Five-Year Plan". Under the wise leadership of the party and the government, in the face of the recovery and adjustment of the global economy, domestic demand will continue to improve, China's economy will grow towards its potential level, and it will remain the main driving force for global economic recovery in the future. In particular, under the national "carbon peaking and carbon neutrality" strategy, clean energy represented by natural gas is still regarded as an important medium for resource transformation, bringing new development opportunities to the gas industry. In the future, the Group will seize the major development opportunities under the dual carbon goal and continue to promote the transformation and upgrading from gas supply to comprehensive clean energy business.

With the issuance of the "Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting the Development and Growth of the Private Economy", the private economy is a new force in promoting Chinese-style modernization, an important foundation for high-quality development, and an important force in driving China to comprehensively build a modern and powerful socialist country and achieve the second centenary goal. In the future, the private economy will surely usher in high-quality development, which will bring new historical opportunities and strong policy support to the Group's future development.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Revenue	3	7,725,448	7,542,859
Cost of sales	4	<u>(6,272,601)</u>	<u>(6,149,950)</u>
Gross profit		1,452,847	1,392,909
Distribution expenses	4	(87,802)	(77,187)
Administrative expenses	4	(237,830)	(233,639)
Net impairment losses on financial assets and contract assets		(67,397)	(64,293)
Other income	5	21,445	23,413
Other losses — net	6	<u>(43,571)</u>	<u>(104,395)</u>
Operating profit		1,037,692	936,808
Finance income		9,429	11,541
Finance expenses		<u>(391,241)</u>	<u>(324,955)</u>
Finance expenses — net	7	<u>(381,812)</u>	<u>(313,414)</u>
Share of results of associates and a joint venture		<u>60,146</u>	<u>46,730</u>
Profit before income tax		716,026	670,124
Income tax expense	8	<u>(209,749)</u>	<u>(200,852)</u>
Profit for the year		<u>506,277</u>	<u>469,272</u>
Profit attributable to:			
— Owners of the Company		479,562	444,598
— Non-controlling interests		<u>26,715</u>	<u>24,674</u>
		<u>506,277</u>	<u>469,272</u>
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB per share)			
— Basic and diluted earnings per share	9	<u>0.49</u>	<u>0.45</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Profit for the year	<u>506,277</u>	<u>469,272</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	<u>(13,500)</u>	<u>(9,600)</u>
Other comprehensive income for the year, net of tax	<u>(13,500)</u>	<u>(9,600)</u>
Total comprehensive income for the year	<u><u>492,777</u></u>	<u><u>459,672</u></u>
Attributable to:		
— Owners of the Company	<u>466,062</u>	434,998
— Non-controlling interests	<u>26,715</u>	<u>24,674</u>
	<u><u>492,777</u></u>	<u><u>459,672</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2023	2022
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	3,756,751	3,646,105
Right-of-use assets	265,252	268,115
Investment properties	38,663	41,576
Intangible assets	4,859,397	4,980,409
Investments accounted for using the equity method	866,050	801,015
Deferred tax assets	8,038	18,044
Financial assets at fair value through other comprehensive income	41,800	59,800
Financial assets at fair value through profit or loss	11,057	80,687
Other non-current assets	98,800	80,891
	<u>9,945,808</u>	<u>9,976,642</u>
Current assets		
Inventories	180,839	129,260
Contract assets	2,141,420	2,667,764
Trade and other receivables	10 2,084,010	1,644,577
Financial assets at fair value through other comprehensive income	14,328	10,899
Financial assets at fair value through profit or loss	160,567	54,712
Cash and cash equivalents	964,310	1,340,135
Restricted cash	199,242	134,745
	<u>5,744,716</u>	<u>5,982,092</u>
Total assets	<u><u>15,690,524</u></u>	<u><u>15,958,734</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

		As at 31 December	
		2023	2022
	<i>Notes</i>	RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	<i>11</i>	8,264	8,511
Treasury shares	<i>11</i>	(73,233)	(158,925)
Share premium	<i>11</i>	81,317	341,096
Reserves	<i>12</i>	979,170	877,666
Retained earnings		<u>4,804,155</u>	<u>4,439,597</u>
		<u>5,799,673</u>	<u>5,507,945</u>
Non-controlling interests		<u>312,148</u>	<u>314,725</u>
Total equity		<u>6,111,821</u>	<u>5,822,670</u>
LIABILITIES			
Non-current liabilities			
Borrowings		3,113,873	4,287,778
Lease liabilities		6,407	6,886
Deferred tax liabilities		735,906	745,495
Deferred income		<u>18,951</u>	<u>11,387</u>
		<u>3,875,137</u>	<u>5,051,546</u>
Current liabilities			
Trade and other payables	<i>13</i>	980,052	1,161,991
Contract liabilities		612,176	575,851
Dividend payables		29,553	6,837
Current income tax liabilities		391,157	414,422
Borrowings		3,687,581	2,915,286
Lease liabilities		3,047	1,569
Financial liabilities at fair value through profit or loss		<u>—</u>	<u>8,562</u>
		<u>5,703,566</u>	<u>5,084,518</u>
Total liabilities		<u>9,578,703</u>	<u>10,136,064</u>
Total equity and liabilities		<u><u>15,690,524</u></u>	<u><u>15,958,734</u></u>

1. GENERAL INFORMATION OF THE GROUP

Tian Lun Gas Holdings Limited (the “**Company**”) was incorporated on 20 May 2010 in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands as an exempted company with limited liability. The Company is an investment holding company and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 November 2010.

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the engineering construction service by providing residential, commercial and industrial users with construction and installation of gas pipeline, and infrastructure laying and installation as well as transportation, distribution and sales of gases including natural gas and compressed natural gas (“**CNG**”) and production and sales of liquefied natural gas (“**LNG**”) in bulk and in cylinders in certain cities of the People’s Republic of China (the “**PRC**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2024.

These consolidated financial statements are presented in RMB, unless otherwise stated.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Note 2.2.1 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current accounting period reflected in these financial statements.

2. BASIS OF PREPARATION *(Continued)*

2.2 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interest in associates and a joint venture.

Subsequent to 31 December 2023, the Group has successfully obtained a three-year syndicated loan of HKD869 million and a foreign currency loan of USD40 million (equivalents RMB1,073 million in total) and another three-year loan of HKD200 million (equivalents RMB182 million in total) to repay the USD168 million syndicated loan (equivalents RMB1,196 million) due February 2024, together with the consideration of future operating cashflows generated by the Group's operations and the Group's ability to maintain reasonable financing costs through appropriate financing portfolio, the Board of Directors is of the opinion that the Group has sufficient funds to meet its working capital commitments, expected capital expenditure and debt obligations. As a result, the consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss (including derivative instruments), which are carried at fair value.

The preparation of financial statements in conformity with HKFRs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4 of the consolidated financial statement.

2.2.1 New and amended standards adopted by the Group

The Group has applied the following new and amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

2. BASIS OF PREPARATION *(Continued)*

2.2 Basis of preparation of the financial statements *(Continued)*

2.2.1 *New and amended standards adopted by the Group (Continued)*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2.2.2 *New standards and amendments not yet adopted by the Group*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the senior executive management team on monthly basis that are used to make strategic decisions.

The senior executive management team considers the business from a “product” perspective only, as geographically all the products are provided within the PRC, which is considered as one geographic location with similar risks and returns.

The reportable segments derive their revenue and profit primarily from sales of natural gas in cylinders, sales of natural gas in bulk and engineering construction services.

The senior executive management reviews business performance according to the types of end-users who use its products. For sales made to residential customers, industrial and commercial customers, and transportation customers is classified as sales of natural gas in cylinders; whereas for sales made to city gas enterprise customers for direct supply and wholesale purpose, and gas source trading customers is classified as sales of natural gas in bulk. The revenue from rental income of investment properties, value-added business and other miscellaneous income, has been reviewed by the senior executive management team, and its results are included in the “all other segments”.

The senior executive management team assesses performance of the operating segments based on segment results which represent the profit before taxation earned by each segment without allocation of other income, other gains — net, finance expense — net, share of results of associates and a joint venture, unallocated corporate expenses such as central administration costs and directors’ salaries.

3. SEGMENT INFORMATION *(Continued)*

The Group does not allocate assets and liabilities to its segments, as the senior executive management team do not use these information to allocate resources to or evaluate the performance of operating segment. Therefore, the Group does not report a measure of segment assets and liabilities for each reportable segment.

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2023 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	<u>5,120,000</u>	<u>1,028,653</u>	<u>1,044,910</u>	<u>941,384</u>	<u>(409,499)</u>	<u>—</u>	<u>7,725,448</u>
Inter-segment revenue	—	—	—	409,499	(409,499)	—	—
External revenue	<u>5,120,000</u>	<u>1,028,653</u>	<u>1,044,910</u>	<u>531,885</u>	<u>—</u>	<u>—</u>	<u>7,725,448</u>
Timing of revenue recognition							
At a point in time	5,120,000	1,028,653	—	529,683	—	—	6,678,336
Over time	<u>—</u>	<u>—</u>	<u>1,044,910</u>	<u>2,202</u>	<u>—</u>	<u>—</u>	<u>1,047,112</u>
Segment profit	<u>421,759</u>	<u>73,816</u>	<u>479,630</u>	<u>193,525</u>	<u>—</u>	<u>—</u>	<u>1,168,730</u>
Unallocated expenses						(41,515)	(41,515)
Net impairment losses on financial assets and contract assets						(67,397)	(67,397)
Other income						21,445	21,445
Other losses — net						<u>(43,571)</u>	<u>(43,571)</u>
Operating profit							<u>1,037,692</u>
Finance expenses — net						(381,812)	(381,812)
Share of results of associates and a joint venture						<u>60,146</u>	<u>60,146</u>
Profit before income tax							<u>716,026</u>
Income tax expense						<u>(209,749)</u>	<u>(209,749)</u>
Profit for the year							<u><u>506,277</u></u>

3. SEGMENT INFORMATION *(Continued)*

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2022 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	<u>4,905,179</u>	<u>825,907</u>	<u>1,408,858</u>	<u>834,517</u>	<u>(431,602)</u>	<u>—</u>	<u>7,542,859</u>
Inter-segment revenue	—	—	—	431,602	(431,602)	—	—
External revenue	<u>4,905,179</u>	<u>825,907</u>	<u>1,408,858</u>	<u>402,915</u>	<u>—</u>	<u>—</u>	<u>7,542,859</u>
Timing of revenue recognition							
At a point in time	4,905,179	825,907	—	399,968	—	—	6,131,054
Over time	<u>—</u>	<u>—</u>	<u>1,408,858</u>	<u>2,947</u>	<u>—</u>	<u>—</u>	<u>1,411,805</u>
Segment profit	<u>314,584</u>	<u>61,946</u>	<u>599,772</u>	<u>137,479</u>	<u>—</u>	<u>—</u>	<u>1,113,781</u>
Unallocated expenses						(31,698)	(31,698)
Net impairment losses on financial assets and contract assets						(64,293)	(64,293)
Other income						23,413	23,413
Other losses — net						<u>(104,395)</u>	<u>(104,395)</u>
Operating profit							<u>936,808</u>
Finance expenses — net						(313,414)	(313,414)
Share of results of associates and a joint venture						<u>46,730</u>	<u>46,730</u>
Profit before income tax							<u>670,124</u>
Income tax expense						<u>(200,852)</u>	<u>(200,852)</u>
Profit for the year							<u><u>469,272</u></u>

The principal subsidiaries of the Company are domiciled in the PRC. All the revenue from external customers are derived from the PRC, and all the non-current assets are located in the PRC.

4. EXPENSES BY NATURE

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	5,463,931	5,278,145
Depreciation on property, plant and equipment	212,544	202,174
Depreciation on investment properties	2,734	2,685
Amortisation of intangible assets	126,315	122,796
Employee benefit expenses	302,003	307,911
Depreciation of right-of-use assets	13,188	11,401
Engagement of construction and design services	308,022	357,880
Office and travelling expenses	57,167	66,570
Maintenance costs	37,364	37,339
Energy consumption	31,811	35,363
Taxes	25,597	24,057
Auditors' remuneration		
— Audit services	3,000	3,550
Licensing fee for the exclusive operating rights for city pipeline network	1,100	1,100
Advertising expenses	3,313	2,105
Miscellaneous	10,164	7,700
	<u>6,598,233</u>	<u>6,460,776</u>
Total cost of sales, distribution expenses and administrative expenses	<u>6,598,233</u>	<u>6,460,776</u>

5. OTHER INCOME

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants in relation to		
— Tax refund	1,554	2,977
— Subsidies for local investment rewards and other incentives	19,891	20,436
	<u>21,445</u>	<u>23,413</u>

6. OTHER LOSSES — NET

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Gains on disposal of property, plant and equipment	6,889	2,555
Penalty and overdue fines	(1,972)	(1,031)
Changes in fair value of contingent consideration	—	49,449
Net foreign exchange losses	(76,695)	(245,598)
Gains on financial assets and financial liabilities at fair value through profit or loss	20,774	82,475
Others	7,433	7,755
	<u>(43,571)</u>	<u>(104,395)</u>

7. FINANCE EXPENSES — NET

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income		
— bank deposits	<u>(9,429)</u>	<u>(11,541)</u>
Interest expenses		
— bank borrowings	398,177	331,375
— leasing liabilities	507	560
— others	9,865	9,105
Less: amounts capitalised on qualifying assets	<u>(17,308)</u>	<u>(16,085)</u>
	<u>391,241</u>	<u>324,955</u>
	<u><u>381,812</u></u>	<u><u>313,414</u></u>

8. INCOME TAX EXPENSE

- (a) The Company is not subject to profits tax in its country of incorporation.
- (b) Hong Kong profits tax

For the years ended 31 December 2023 and 31 December 2022, there are no Hong Kong profits tax applicable (tax rate 16.5%) to any Group entities.

- (c) PRC corporate income tax (the “**PRC CIT**”)

All the Company’s subsidiaries incorporated in the PRC are subject to the PRC CIT, which has been provided based on the statutory income tax rate of the assessable income of each of such companies during the years ended 31 December 2023 and 31 December 2022, as determined in accordance with the relevant PRC income tax rules and regulations. The CIT rate of the relevant subsidiaries operating in the PRC is 25% (2022: 25%), except for certain group entities which are entitled to various tax rates or tax exemptions and reliefs.

The amount of income tax expense charged to profit or loss represents:

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax on profits for the year	204,832	196,830
Deferred tax	<u>4,917</u>	<u>4,022</u>
	<u>209,749</u>	<u>200,852</u>

9. EARNINGS PER SHARE

- (a) Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2023	2022
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>479,562</u>	<u>444,598</u>
Weighted average number of shares in issue (<i>thousands</i>)	<u>969,084</u>	<u>982,830</u>
Basic earnings per share (<i>RMB per share</i>)	<u>0.49</u>	<u>0.45</u>

- (b) The diluted earnings per share was the same as the basic earnings per share as there was no potential dilutive share issued during the years ended 31 December 2022 and 2023.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Trade receivables — gross (a)	550,416	515,629
Receivables due from related parties (a)	1,131,612	463,631
Less: provision for impairment	(169,574)	(45,330)
Notes receivable	44,586	15,614
Other receivables	102,203	107,624
Less: provision for impairment	(302)	(302)
Value-added-tax to be offset and prepaid income tax	<u>35,625</u>	<u>29,601</u>
	1,694,566	1,086,467
Prepayments	<u>389,444</u>	<u>558,110</u>
	<u>2,084,010</u>	<u>1,644,577</u>

- (a) The credit period generally granted to customers in relation to sales of gas is up to two months. As for the customers in relation to engineering construction service, the Group generally requests advance payments, and in circumstances of credit sales, management closely monitors the credit quality of the customers, and credit period was granted case by case with maximum of two years. The following is an ageing analysis of trade receivables and receivables due from related parties in trade nature amounting to RMB1,118,016,000 (2022: RMB450,034,000), presented based on billing date at the end of the reporting period:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Less than one year	1,363,006	821,521
1 year to 2 years	266,167	113,773
Over 2 years	<u>39,259</u>	<u>30,369</u>
	<u>1,668,432</u>	<u>965,663</u>

11. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

(a) Share capital and share premium

	Number of shares <i>(thousands)</i>	Ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
Issued and fully paid:				
At 1 January 2022	<u>1,003,615</u>	<u>8,466</u>	<u>528,133</u>	<u>536,599</u>
Dividends relating to 2022 dividend	—	—	(223,081)	(223,081)
Cancellation of shares	(43,588)	(358)	(297,325)	(297,683)
Issuance of shares upon placement	<u>50,000</u>	<u>403</u>	<u>333,369</u>	<u>333,772</u>
At 31 December 2022	<u>1,010,027</u>	<u>8,511</u>	<u>341,096</u>	<u>349,607</u>
Cancellation of shares	(28,142)	(247)	(88,644)	(88,891)
Dividends relating to 2023 dividend <i>(Note 14)</i>	—	—	(171,135)	(171,135)
At 31 December 2023	<u>981,885</u>	<u>8,264</u>	<u>81,317</u>	<u>89,581</u>

The total authorised number of ordinary shares is 2,000,000,000 shares (2022: 2,000,000,000 shares) with a par value of HKD0.01 per share (2022: HKD0.01 per share).

(b) Treasury shares

	Number of shares <i>(thousands)</i>	Amounts <i>RMB'000</i>
At 31 December 2021	31,490	200,697
Repurchase of shares	52,178	255,911
Cancellation of shares	<u>(43,588)</u>	<u>(297,683)</u>
At 31 December 2022	<u>40,080</u>	<u>158,925</u>
At 31 December 2022	40,080	158,925
Repurchase of shares	881	3,199
Cancellation of shares	<u>(28,142)</u>	<u>(88,891)</u>
At 31 December 2023	<u>12,819</u>	<u>73,233</u>

12. RESERVES

	Capital reserves	Statutory reserves	Financial assets at fair value through other comprehensive income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	(90,608)	804,605	22,822	736,819
Revaluation-gross	—	—	(12,800)	(12,800)
Revaluation-tax	—	—	3,200	3,200
Acquisition of additional interests of a subsidiary	(12)	—	—	(12)
Appropriation	—	150,459	—	150,459
At 31 December 2022	<u>(90,620)</u>	<u>955,064</u>	<u>13,222</u>	<u>877,666</u>
At 1 January 2023	(90,620)	955,064	13,222	877,666
Revaluation-gross	—	—	(18,000)	(18,000)
Revaluation-tax	—	—	4,500	4,500
Appropriation	—	115,004	—	115,004
At 31 December 2023	<u>(90,620)</u>	<u>1,070,068</u>	<u>(278)</u>	<u>979,170</u>

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables (a)	344,181	358,256
Notes payables	219,308	427,700
Amounts due to related parties	6,689	16,244
Accrued payroll and welfare	7,676	6,069
Interest payables	16,090	13,243
Other taxes payables	289,631	229,419
Contingent consideration payables	9,993	14,516
Other payables	86,484	96,544
	<u>980,052</u>	<u>1,161,991</u>

13. TRADE AND OTHER PAYABLES (Continued)

(a) At 31 December 2023 and 31 December 2022, the ageing analysis of the trade payables, based on billing date was as follows:

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Less than 1 year	302,272	317,393
1 year to 2 years	15,298	18,437
2 years to 3 years	14,890	6,906
Over 3 years	11,721	15,520
	<u>344,181</u>	<u>358,256</u>

14. DIVIDENDS

	2023	2022
	RMB'000	RMB'000
Final dividend for the year ended 31 December 2022 of RMB11.00 cents per share(2021: RMB14.75 cents per share) paid to ordinary shares	105,336	148,031
Interim dividend for the year ended 31 December 2023 of RMB6.82 cents per share(2022: RMB7.35 cents per share) paid to ordinary shares	<u>65,799</u>	<u>75,050</u>
	<u>171,135</u>	<u>223,081</u>

On 28 March 2024, the Board of Directors resolved to propose a final dividend for the year ended 31 December 2023 of RMB10.82 cents per share, amounting to approximately RMB106,240,000 (2022: RMB11.00 cents per share, approximately RMB105,336,000). This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.

BUSINESS REVIEW

The main businesses of the Group include provision of gas pipeline construction and infrastructure laying and installation for residential, commercial and industrial users, as well as transportation, distribution and sales of gases including natural gas and CNG and production and sales of LNG in bulk and in cylinders.

The key results and operating information of the Group for the year ended 31 December 2023 as compared to the corresponding period of the previous year are as follows:

	For the year ended 31 December		
	2023	2022	Change by
New pipeline gas users:	305,610	355,673	(14.1)%
— Urban gas residential users (households)	284,575	282,601	0.7%
— Township residential users (households)	16,517	68,136	(75.8)%
— Industrial and commercial users (households)	4,518	4,936	(8.5)%
Total pipeline gas users:	5,599,925	5,294,315	5.8%
— Urban gas residential users (households)	3,593,886	3,309,311	8.6%
— Township residential users (households)	1,959,209	1,942,692	0.9%
— Industrial and commercial users (households)	46,830	42,312	10.7%
Natural gas sales volume (in ten thousand m ³):	208,528	191,177	9.1%
— Sales volume of retail business of natural gas (in ten thousand m ³)	174,126	166,634	4.5%
— Natural gas sales volume to residential users (in ten thousand m ³)	55,316	52,411	5.5%
— Natural gas sales volume to industrial and commercial users (in ten thousand m ³)	109,528	106,318	3.0%
— Natural gas sales volume to transportation users (in ten thousand m ³)	9,282	7,905	17.4%
— Sales volume of wholesale business of natural gas (in ten thousand m ³)	34,402	24,543	40.2%
Long-haul pipeline gas transmission volume (in ten thousand m ³)	71,640	75,931	(5.7)%
Total length of medium and high-pressure pipelines (kilometre)	9,173	8,813	4.1%

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group's revenue amounted to RMB7,725 million, representing a slight growth of 2.4% as compared with the corresponding period of last year. Among which, revenue from engineering construction services amounted to RMB1,045 million which represented a decrease of 25.8% as compared with the corresponding period of last year; revenue from gas retail business amounted to RMB5,120 million which represented an increase of 4.4% as compared with the corresponding period of last year; revenue from gas wholesale business amounted to RMB1,029 million which represented a growth of 24.5% as compared with the corresponding period of last year. The Group's revenue was primarily derived from sales of natural gas in cylinders and in bulk business, engineering construction service business, accounting for 66.3%, 13.3% and 13.5% (the corresponding period of last year: 65.0%, 10.9%, 18.7%), respectively, of the total revenue for the year ended 31 December 2023.

Revenue from Gas Retail Business

For the year ended 31 December 2023, revenue from gas retail business of the Group amounted to RMB5,120 million, representing a year-on-year increase of 4.4% as compared with RMB4,905 million for the corresponding period of last year.

Meanwhile, the Group has vigorously tapped the potential of industrial and commercial users and formulated flexible and effective industrial and commercial development strategies. For the year ended 31 December 2023, revenue from gas sales of the Group's industrial and commercial users amounted to RMB3,481 million, representing an year-on-year growth of 4.8%.

Revenue from Gas Wholesale Business

For the year ended 31 December 2023, revenue from gas wholesale business of the Group amounted to RMB1,029 million, representing a year-on-year growth of 24.5% as compared with RMB826 million for the corresponding period of last year.

Revenue from Engineering Construction Services

For the year ended 31 December 2023, revenue from engineering construction services amounted to RMB1,045 million, representing a year-on-year decrease of 25.8% as compared with RMB1,409 million for the corresponding period of last year. Among them, the Group actively seized the opportunities of urban renewal and development, carried out flexible development strategies, and ensured stable profitability of the engineering construction services business. The revenue from engineering construction services of urban gas business amounted to RMB854 million, representing an year-on-year increase of 1.9% as compared with RMB838 million of the corresponding period of last year.

Revenue from Other Businesses

Most of the revenue from other businesses comes from value-added services. During the Reporting Period, the Group continued to optimize the “product + service” system, promote innovative businesses, and improve after-sales service capabilities, bringing in revenue from other businesses of RMB532 million, representing an increase of 32.0% as compared with RMB403 million of the corresponding period of last year. Among which, revenue from value-added services was RMB371 million, representing an increase of 11.5% as compared with RMB333 million of last year.

Gross Profit and Segment Profit

For the year ended 31 December 2023, the Group realized gross profit of RMB1,453 million, representing an increase of RMB60 million or 4.3% from the corresponding period of last year. Overall gross profit margin of the Group was 18.8%, basically the same as the corresponding period of last year.

For the year ended 31 December 2023, the Group realized segment profit of RMB1,169 million, representing a year-on-year increase of 4.9% as compared with RMB1,114 million for the corresponding period of last year. Among which, the urban gas business realized a segment profit of RMB1,136 million, representing a year-on-year increase of 21.1% as compared with RMB938 million for the corresponding period of last year (an increase of 31.6% in the segment profit of gas sales; an increase of 5.4% in the segment profit of engineering construction services; an increase of 40.8% in the segment profit of other businesses).

Other losses — Net

For the year ended 31 December 2023, due to exchange losses and other reasons, other losses — net of the Group amounted to RMB44 million, representing a decrease of RMB61 million as compared with the corresponding period of last year.

Finance Expenses — Net

For the year ended 31 December 2023, finance expenses — net of the Group amounted to RMB382 million, representing an increase of RMB68 million as compared with the corresponding period of last year.

Net Profit and Core Profit

For the year ended 31 December 2023, net profit of the Group amounted to RMB506 million, representing an increase of 7.9% as compared with the corresponding period of last year. For the year ended 31 December 2023, core profit of the Group amounted to RMB577 million, among which, core profit from urban gas business amounted to RMB558 million, representing an increase of 18.9% as compared with RMB469 million for the corresponding period of last year.

Net Profit Attributable to Owners of the Company

For the year ended 31 December 2023, net profit attributable to owners of the Company was RMB480 million, representing an increase of 7.9% as compared with the corresponding period of last year.

FINANCIAL POSITION

The Group has been adopting prudent policies in respect of financial resources management, including maintaining an appropriate level of cash and cash equivalents as well as sufficient credit limits, in order to cope with the needs of daily operation and business development and control the borrowing at a healthy level.

For the year ended 31 December 2023, the Group incurred capital expenditure of RMB328 million, of which RMB5 million was used in project acquisitions and RMB323 million in continuously improving urban gas business. The above capital expenditure was financed by the Group's operating cash flows and bank borrowings.

As at 31 December 2023, the Group held cash and cash equivalents of RMB964 million in total, of which 98.5% was denominated in RMB, 1.4% was denominated in Hong Kong dollars and 0.1% was denominated in US dollars, safeguarding the needs of project expansion and acquisition of businesses of the Group.

As at 31 December 2023, the Group's total borrowings were RMB6,801 million (among which loans denominated in RMB were RMB3,853 million, loans denominated in US dollars were RMB2,390 million and loans denominated in HK dollars were RMB558 million). Among those borrowings, 45.8% of which were classified as non-current liabilities, and 54.2% of which were classified as current liabilities. As at 31 December 2023, the gearing ratio, calculated based on the percentage of total liabilities over total assets, was 61.0%.

FINANCE COST AND EXCHANGE RISK MANAGEMENT

For the year ended 31 December 2023, the Group's finance cost was RMB398 million.

For the year ended 31 December 2023, the Group's overseas borrowings denominated in foreign currencies accounted for 43.3% of its total borrowings. The Group will continue to closely monitor the changes in exchange rates and strive to lower its finance costs through diversified arrangements, and will adopt necessary measures to lower its exchange risk as and when necessary.

Repurchase, Sell or Redeem any Shares of the Company

During the year ended 31 December 2023, the Company purchased certain of its shares on the Stock Exchange. The details of such share repurchase for the year ended 31 December 2023 are summarised below:

Month	Number of shares repurchased	Repurchase price of shares per share		Price paid <i>In total</i> HK\$
		<i>Highest</i> HK\$	<i>Lowest</i> HK\$	
January 2023	880,500	4.42	3.80	3,654,792.11

The 880,500 shares repurchased in January 2023 were cancelled in April 2023.

The shares of the Company were repurchased by the Company pursuant to the mandate granted by the shareholders at the annual general meeting held in May 2022, for the purpose of benefiting the Company and its shareholders as a whole by increasing the net asset value and earnings per share of the Company.

Save as disclosed above, neither the Company nor its subsidiaries had purchased, redeemed or sold any of listed securities of the Company during the Year.

Contingent Liabilities

As at 31 December 2023, the Group had no material contingent liabilities.

Dividend

Pursuant to the resolutions of the Board on 28 March 2024, the Board recommended the payment of a final dividend (the “**Final Dividend**”) for the year ended 31 December 2023 of RMB10.82 cents per share. Together with an interim dividend of RMB6.82 cents per share which had been paid, total dividend paid for the year ended 31 December 2023 was RMB17.64 cents per share.

The Final Dividend will be paid in Hong Kong dollars on or about 21 June 2024 (Friday) to the Shareholders whose names appear on the register of members of the Company on 7 June 2024 (Friday), subject to the Shareholders’ approval at the forthcoming annual general meeting. Further announcement will be made by the Company in relation to the exact amount of the Final Dividend in Hong Kong dollars when the conversion rate for Renminbi to Hong Kong dollars to be adopted has been determined by the Board.

Closure of Register of Members

In order to determine the Shareholders' entitlement to the proposed Final Dividend, the register of members of the Company will be closed from 4 June 2024 (Tuesday) to 7 June 2024 (Friday) (both days inclusive).

In order to be eligible to receive the proposed Final Dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Group's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 3 June 2024 (Monday).

Model Code for 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 C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries made to all the Directors, each of them confirmed that they strictly complied with the required standards set out in the Model Code for the year ended 31 December 2023.

Corporate Governance Code

The Company has adopted and has complied with all code provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules for the period from 1 January 2023 to 31 December 2023.

Audit Committee

The audit committee (the "**Audit Committee**") of the Company consists of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Mr. Lei Chunyong and Ms. Zhou Lin. The Audit Committee had reviewed and discussed the annual consolidated results and consolidated financial statements of the Group for the year ended 31 December 2023.

Scope of work of KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

Annual Report

The Company's annual report for the year ended 31 December 2023 will be published on the website of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company's website (www.tianlungas.com), and copies of the annual report will be despatched to the shareholders of the Company in due course.

By order of the Board
Tian Lun Gas Holdings Limited
Zhang Yingcen
Chairman

Zhengzhou, the PRC, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan (Chief Executive), Mr. Liu Min and Ms. Li Tao; the non-executive Directors are Ms. Chen Hong and Mr. Zhang Daoyuan; and the independent non-executive Directors are Mr. Li Liuqing, Ms. Ou Yaqun, Mr. Lei Chunyong and Ms. Zhou Lin.