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中油潔能

SINO GAS HOLDINGS GROUP LIMITED

中油潔能控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1759)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

BUSINESS HIGHLIGHTS

During the year, the sales volume of liquefied petroleum gas increased by approximately 7.1% to approximately 361.3 thousand tonnes (2020: approximately 337.5 thousand tonnes), the sales volume of compressed natural gas increased by approximately 23.9% to approximately 75.1 million cubic metres (2020: approximately 60.6 million cubic metres), and the sales volume of liquefied natural gas decreased by approximately 33.7% to approximately 12.4 thousand tonnes (2020: approximately 18.7 thousand tonnes).

During the year, the revenue increased by approximately 48.5% to approximately RMB1,907.8 million (2020: approximately RMB1,284.4 million).

During the year, the gross profit decreased by approximately 9.3% to approximately RMB92.8 million (2020: approximately RMB102.3 million).

During the year, the profit for the year decreased by approximately 35.4% to approximately RMB8.4 million (2020: approximately RMB13.0 million).

During the year, the profit attributable to equity shareholders of the Company decreased by approximately 23.0% to approximately RMB9.7 million (2020: approximately RMB12.6 million).

THE FINANCIAL STATEMENTS

The board (the "**Board**") of directors (the "**Directors**") of Sino Gas Holdings Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**Our Group**", "**we**" or "**us**") for the year ended 31 December 2021, together with comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** **RMB'000**	2020 *RMB'000*
Revenue	*4*	**1,907,822**	1,284,358
Cost of sales		**(1,815,035)**	(1,182,054)
Gross profit		**92,787**	102,304
Other income	*5*	**41,914**	24,323
Staff costs		**(36,537)**	(37,662)
Depreciation		**(23,649)**	(25,101)
Short-term lease charges		**(2,069)**	(2,040)
Other operating expenses		**(35,129)**	(35,898)
Finance costs	*6*	**(20,051)**	(6,516)
Share of result of an associate		**160**	–
Share of result of a joint venture		**(3,380)**	(1,099)
Profit before taxation	*7*	**14,046**	18,311
Income tax expenses	*8*	**(5,598)**	(5,320)
Profit for the year		**8,448**	12,991
Other comprehensive (loss) income:			
Items that will not be reclassified to profit or loss			
Exchange difference on translation of the Company's financial statements		**(4,731)**	(10,576)
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on translation of functional currency to presentation currency		**1,645**	3,818
Other comprehensive loss for the year		**(3,086)**	(6,758)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the year ended 31 December 2021

	Notes	**2021** **_RMB'000_**	2020 *RMB'000*
Total comprehensive income for the year		**5,362**	6,233
Profit (Loss) for the year attributable to:			
Equity holders of the Company		**9,664**	12,627
Non-controlling interests		**(1,216)**	364
Profit for the year		**8,448**	12,991
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Company		**6,578**	5,869
Non-controlling interests		**(1,216)**	364
Total comprehensive income for the year		**5,362**	6,233
		RMB cents	*RMB cents*
Earnings per share			
Basic and diluted	*9*	**4.47**	5.85

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		**137,302**	152,503
Right-of-use assets		**49,585**	62,132
Interest in an associate		**20,160**	–
Interest in a joint venture		**13,488**	16,868
Financial assets measured at fair value through profit or loss		**16,350**	3,350
Pledged and restricted deposits		**–**	70,000
Deferred tax assets		**11,384**	8,505
		248,269	313,358
Current assets			
Inventories		**2,937**	3,231
Financial assets measured at fair value through profit or loss		**–**	50,960
Trade and other receivables	*11*	**192,157**	185,060
Income tax recoverable		**4,154**	4,834
Pledged and restricted deposits		**394,500**	53,050
Bank balances and cash		**77,450**	56,304
		671,198	353,439
Current liabilities			
Trade and other payables	*12*	**24,855**	44,380
Interest-bearing borrowings		**476,500**	196,597
Lease liabilities		**3,313**	7,301
Financial liabilities measured at fair value through profit or loss		**–**	2,958
		504,668	251,236
Net current assets		**166,530**	102,203
Total assets less current liabilities		**414,799**	415,561

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2021

	Notes	**2021** **_RMB'000_**	2020 *RMB'000*
Non-current liabilities			
Lease liabilities		**28,552**	34,308
Deferred tax liabilities		**1,809**	1,765
		30,361	36,073
NET ASSETS		**384,438**	379,488
Capital and reserves			
Share capital	*13*	**1,892**	1,892
Reserves		**354,705**	348,127
Equity attributable to equity holders of the Company		**356,597**	350,019
Non-controlling interests		**27,841**	29,469
TOTAL EQUITY		**384,438**	379,488

NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in Renminbi ("**RMB**") unless otherwise indicated)*

1. CORPORATE INFORMATION

Sino Gas Holdings Group Limited (the "**Company**") was incorporated in the Cayman Islands on 26 March 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address and the principal place of business of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 3103, Block A1, Caifu Shiji Square, 13 Haian Road, Tianhe District, Guangzhou, the People's Republic of China (the "**PRC**"), respectively.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 28 December 2018. The immediate parent of the Company is China Full Limited which is incorporated in Hong Kong. In the opinion of the directors, the ultimate controlling party of the Company is Mr. Ji Guang.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in retail and wholesale of liquefied petroleum gas ("**LPG**"), compressed natural gas ("**CNG**") and liquefied natural gas ("**LNG**") in the PRC.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable IFRSs, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**"), the disclosure requirements of the Companies Ordinance (Cap. 622) (the "**CO**") and the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year.

Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "**Reform**"). The amendments complement those issued in September 2019 and relate to:

- changes to contractual cash flows — a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting — a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

- disclosures — a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Impairment of property, plant and equipment and right-of-use assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, the asset maybe considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of non-financial assets. These assets are tested for impairment at least annually or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgements relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

Loss allowance for expected credit losses

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

Impairment of investments and receivables

The Group assesses annually if investment in subsidiaries, an associate and a joint venture has suffered any impairment in accordance with IAS 36 and follows the guidance of IFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Depreciation rate of the property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and residual values, if any, of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of useful lives and residual values, if any, are based on the historical experience with similar assets and taking into account anticipated changes on how such assets are to be deployed. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Future changes in IFRSs

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 16	*Proceeds before Intended Use* [1]
Amendments to IAS 37	*Cost of Fulfilling a Contract* [1]
Amendments to IFRS 3	*Reference to the Conceptual Framework* [1]
Annual Improvements to IFRSs	*2018–2020 Cycle* [1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* [2]
Amendments to IAS 1	*Disclosure of Accounting Policies* [2]
Amendments to IAS 8	*Definition of Accounting Estimates* [2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction* [2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[1] Effective for annual periods beginning on or after 1 January 2022
[2] Effective for annual periods beginning on or after 1 January 2023
[3] The effective date to be determined

The Directors are in the process of assessing the possible impact on the future adoption of the new/revised IFRSs, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

3. SEGMENT INFORMATION

The Group manages its reporting segments by different business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and the Board of Directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Retail: This segment principally generates revenue from the sale of LPG, CNG and LNG to vehicular end-users by operating gas refuelling stations and industrial customers.

- Wholesale: This segment principally generates revenue from the sale of LPG, CNG and LNG to gas merchants.

For the purposes of assessing the performance of operating segments and allocating resources between segments, the Group's most senior executive management and the Board of Directors monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the costs of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other income and expenses, such as staff costs, depreciation, short-term lease charges and other operating expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Analysis of the Group's segmental information by business and geographical location during the year is set out below.

(a) Segment results

	Retail		**Wholesale**		**Total**	
	2021	2020	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue recognised at a point in time from external customers and reportable segment revenue	**265,741**	236,595	**1,642,081**	1,047,763	**1,907,822**	1,284,358
Reportable segment gross profit	**80,129**	83,760	**12,658**	18,544	**92,787**	102,304

(b) Reconciliation of reportable segment results to consolidated profit before taxation

	2021	2020
	RMB'000	*RMB'000*
Total reportable segment gross profit	**92,787**	102,304
Other income	**41,914**	24,323
Staff costs	**(36,537)**	(37,662)
Depreciation	**(23,649)**	(25,101)
Short-term lease charges	**(2,069)**	(2,040)
Other operating expenses	**(35,129)**	(35,898)
Finance costs	**(20,051)**	(6,516)
Share of result of an associate	**160**	–
Share of result of a joint venture	**(3,380)**	(1,099)
Total consolidated profit before taxation	**14,046**	18,311

(c) Geographic information

The Group's revenue is substantially generated from the sales of LPG, CNG and LNG in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided for the years ended 31 December 2021 and 2020.

(d) Information about major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2021 and 2020.

4. REVENUE

		2021	
	Retail	**Wholesale**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue from contracts with customers within IFRS 15			
— LPG	**31,518**	**1,571,401**	**1,602,919**
— CNG	**212,252**	**29,505**	**241,757**
— LNG	**21,971**	**30,475**	**52,446**
— Others	**–**	**10,700**	**10,700**
	265,741	**1,642,081**	**1,907,822**

	2020		
	Retail	Wholesale	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within IFRS 15			
— LPG	48,328	979,135	1,027,463
— CNG	160,362	28,805	189,167
— LNG	27,905	30,106	58,011
— Others	–	9,717	9,717
	236,595	1,047,763	1,284,358

5. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Interest revenue calculated using the effective interest method	**16,496**	3,062
Gain on disposal of property, plant and equipment	**254**	255
Lease income under operating leases	**5,442**	5,418
Net fair value loss of financial assets and liabilities measured at fair value through profit or loss	**(2,114)**	(1,550)
Gain on acquisition of control over a joint venture	**–**	2,656
Government grants *(Note)*	**523**	7,741
Exchange gain, net	**2,337**	6,078
Wavier of the overprovision of accrued berthing services charges	**18,125**	–
Sundry income	**851**	663
	41,914	24,323

Note: The government grants represented the incentive subsidies received from various PRC government authorities. There are no conditions or future obligations attached to these grants.

6. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on bank loans	**17,957**	4,270
Interest on lease liabilities	**2,094**	2,246
	20,051	6,516

7. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2021	2020
	RMB'000	*RMB'000*
Other items		
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**32,764**	36,920
Contribution to defined contribution retirement schemes*	**3,441**	327
Termination benefits	**332**	415
	36,537	37,662
Auditor's remuneration	**1,100**	1,390
Depreciation		
— Property, plant and equipment	**14,950**	14,932
— Right-of-use assets	**8,699**	10,169
Exchange gain, net	**(2,337)**	(6,078)
Provision for impairment loss on property, plant and equipment	**2,241**	5,286

* During the year ended 31 December 2020, the PRC government granted reductions or exemptions from social securities contribution to the PRC subsidiaries due to the Covid-19 pandemic.

8. TAXATION

	2021	2020
	RMB'000	*RMB'000*
Current tax		
Current year	**7,053**	7,850
Under provision in prior year	**1,380**	–
	8,433	7,850
Deferred taxation		
Origination and reversal of temporary difference	**(2,835)**	(2,530)
Total tax expense for the year	**5,598**	5,320

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the Group's BVI subsidiaries are not subject to income tax in those jurisdictions for the years ended 31 December 2021 and 2020.

(b) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2020: 16.5%). Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the years ended 31 December 2021 and 2020.

(c) The statutory PRC Corporate Income Tax for the PRC subsidiaries are 25% (2020: 25%).

(d) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%. The Group's Hong Kong subsidiaries are subject to PRC dividend withholding tax on dividends receivable from their PRC subsidiaries, an associate and a joint venture.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit attributable to the ordinary equity shareholders of the Company of approximately RMB9,664,000 (2020: approximately RMB12,627,000) and the weighted average number of 216,000,000 (2020: 216,000,000) shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted earnings per share is the same as basic earnings per share for the years presented.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

11. TRADE AND OTHER RECEIVABLES

	Note	2021 RMB'000	2020 RMB'000
Trade receivables			
From third parties		**86,535**	83,785
From a joint venture		**26,752**	36,001
		113,287	119,786
Less: Loss allowance		**(1,846)**	(1,846)
	11(a)	**111,441**	117,940
Other receivables			
Value-added tax receivables		**6,954**	8,482
Prepayments for purchase of inventories		**50,405**	40,013
Loan to a third party		**7,672**	11,342
Deposits and other receivables		**23,768**	15,366
		88,799	75,203
Less: Loss allowance		**(8,083)**	(8,083)
		80,716	67,120
		192,157	185,060

11(a) The ageing analysis of trade receivables by invoice date and net of loss allowance is summarised as follows:

	2021 RMB'000	2020 RMB'000
Within 1 month	**79,016**	81,702
1 to 3 months	**25,936**	17,866
3 to 6 months	**6,147**	18,067
6 to 12 months	**342**	305
	111,441	117,940

12. TRADE AND OTHER PAYABLES

	Note	**2021** *RMB'000*	2020 *RMB'000*
Trade payables			
To third parties	*12(a)*	**2,723**	1,546
Contract liabilities		**4,010**	10,012
Other payables			
Accrued berthing services charges		**–**	18,125
Payables for purchase and construction of property, plant and equipment		**3,690**	4,126
Accrued charges and other payables		**11,315**	6,912
Employee benefits payables		**2,419**	2,757
Other tax payables		**698**	902
		18,122	32,822
		24,855	44,380

12(a) The ageing analysis of trade payables by invoice date is summarised as follows:

	2021 *RMB'000*	2020 *RMB'000*
Within 1 month	**1,564**	444
1 to 3 months	**407**	495
3 to 6 months	**752**	601
Over 6 months	**–**	6
	2,723	1,546

13. SHARE CAPITAL

	2021		2020	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
	Number of shares	***RMB'000***	Number of shares	*RMB'000*
Issued and fully paid:				
At beginning of the year and **at the end of the reporting period**	**216,000,000**	**1,892**	216,000,000	1,892

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Since the outbreak of the novel coronavirus (COVID-19) pandemic (the "**Pandemic**"), countries have actively promoted the research and development of vaccine and its inoculation in 2021. Although the global economy continued to recover moderately, the recurrence of the Pandemic undoubtedly posed challenges and uncertainties to the recovery of economy. The transition of energy mix, coupled with multiple factors such as climate change and geopolitical contest, had a tremendous repercussion on the stability of energy market, which triggered sharp fluctuations in energy prices. Consequently, energy crisis swept all over the world. Despite a complex internal and external environment, China's economy maintained overall stability with steady progress and it ranked high among major economies in terms of growth. China's GDP registered a rise of 8.1% in 2021 compared with last year's level, growing 5.1% on average over the past two years. We got the 14th Five-Year Plan off to a good start.

Liquefied petroleum gas (the "**LPG**") gradually got rid of the bite of the Pandemic in 2021. Driven by the uptrend in prices of international crude oil, soaring Saudi CP and global energy shortage, the price of LPG surged drastically and remained high. As industries resumed consumption and domestic refinery processing rate rebounded, a relatively large increase occurred in the supply and demand for LPG during the year. In our country, the domestic output of LPG reached 47.57 million tonnes, an increase of 6.95% from 2020. The apparent consumption of LPG stood at 71.02 million tonnes, representing a year-on-year increase 12.38%. In recent years, the priority of LPG consumption has been given to domestic use and chemical use. Due to the structural adjustment made to transportation energy policy, the Group is withdrawing from the LPG vehicular sector in an orderly and gradual manner. During the year, the Group continuously improved the quality of its services and made its business model more diversified by making full use of its self-owned terminal, ancillary logistics delivery and premium gas. We also tapped into LPG industrial, commercial and domestic sectors and enhanced consumer satisfaction and enterprise value. The sales of our Group have been scaled up during the year.

2021 is the first year of 14th Five-Year Plan. Energy consumption maintaining steady growth and energy mix tilting towards clean and low-carbon energy become the keynote of the development of energy in China. Under the background of Double Carbon Targets, natural gas will serve as an important tool for our country to peak carbon dioxide emissions. China successively introduced favourable policies such as the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Long-Range Objectives through the Year 2035 (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要), Working Guidance for Energy in 2021 (2021年能源工作指導意見), Action Plan for Deepening the Reform of Price Mechanism of the 14th Five-Year Plan Period (「十四五」時期深化價格機制改革行動方案), all of which strikingly contributed to the development of natural gas market across upstream, midstream and downstream and the continuous increase of share in primary energy consumption in China. The apparent consumption of natural gas in China reached 372.6 billion cubic meters in 2021, representing a year-on-year growth of 12.7%. Affected by factors including the effective control in the Pandemic in 2021, the economic recovery, the global energy crisis, the weak petrochemical investments, commodity prices surged dramatically as well as natural gas prices. Confronted with high natural gas prices, the Group has reduced procurement costs by means of sources of natural gas from various suppliers, adhered to a supply system of the integration of industry chains across upstream, midstream and downstream and provided premium and stable natural gas products for our end customers by means of our existing compress natural gas mother stations, logistics and terminal stations.

BUSINESS REVIEW

The Group is an integrated LPG and natural gas supplier in the PRC with a complete industry chain that engages in the sales of LPG and natural gas in Guangdong Province, Henan Province and Hebei Province and the operation of vehicular refuelling stations (車用加氣站) and domestic stations (民用站) in Guangdong Province and Henan Province with over 16 years of proven track records in the industry.

For the year ended 31 December 2021, the Group has recorded revenue of approximately RMB1,907.8 million, representing an increase of approximately RMB623.4 million as compared to approximately RMB1,284.4 million in 2020. The increase in revenue was mainly attributable to the rise in the sales volume and the unit selling price of LPG and compressed natural gas (the "**CNG**") during the year.

(1) LPG Business

LPG could be used as fuel sources for cooking, heating appliances or vehicle fuel. As at 31 December 2021, the Group had 1 LPG vehicular refuelling station and 2 LPG domestic stations in Guangdong Province. There was also an LPG terminal with storage facilities located in Guangdong Province. Compared with the same period in 2020, we ceased to operate 3 LPG vehicular refuelling stations. That was because the loss caused by the significant decrease in sales resulted from the phase-out of vehicles fulled by LPG in Guangzhou central areas under the influence of the structural adjustment on transportation energy policy. Therefore, the Group closed 3 LPG refuelling vehicular stations and had been trying to convert one of them into a hydrogenation station in response to the government's policy.

The Group possesses a comprehensive business model in our LPG business. Our upstream procurement of LPG consists of large scale LPG domestic gas suppliers with their own terminal and storage which mainly import LPG from overseas, and domestic petrochemical refineries. With the delivery of our intermediary logistics (including vehicles or gas carrier ships designated for LPG use), the Group is able to provide LPG to our customers including LPG vehicular refuelling stations, LPG domestic stations and wholesale customers, and our customers consist of retail and wholesale customers. The Group also owns the LPG terminals through Jiangmen Xinjiang Gas Company Limited (江門市新江煤氣有限公司) ("**Jiangmen Xinjiang Gas**"), a joint venture of the Group.

For the year ended 31 December 2021, the Group has recorded an LPG sales revenue of approximately RMB1,602.9 million, representing an increase of approximately RMB575.4 million as compared to approximately RMB1,027.5 million in 2020. The increase in revenue was mainly attributable to the rise in the wholesale sales volume of LPG and the unit selling price of LPG.

(2) CNG Business

CNG is widely used in short distance vehicles such as local buses, taxis and private vehicles. As at 31 December 2021, we had 12 CNG vehicular refuelling stations, 1 liquefied-to-compressed natural gas (the "**L-CNG**") vehicular refuelling station and 3 CNG mother stations in Henan Province.

The CNG business model is well supported by our upstream suppliers primarily consist of PetroChina Company Limited ("**PetroChina**"), by utilising the West to East Gas Transmission Tunnel (西氣東輸管道) to be supplied to our CNG mother stations, with our own logistics fleet being the major logistic system to the location of our CNG vehicular refuelling stations and the locations of our customers while some of our wholesale customers may also arrange for their own logistics arrangement. Our downstream portfolio consists of CNG vehicular refuelling stations and our customers consist of a variety of retail and wholesale customers.

For the year ended 31 December 2021, the Group has recorded the CNG sales revenue of approximately RMB241.8 million, representing an increase of approximately RMB52.6 million as compared to approximately RMB189.2 million in 2020. The increase in revenue was mainly attributable to the rise in the sales volume of CNG for vehicles and the unit selling price of CNG during the year.

(3) LNG Business

The LNG refuelling market in China is still at an emerging stage due to its relatively high cost to process, liquefy and store compared with CNG. With the support of the PRC government policies, the development and promotion of LNG in the South China and coastal areas has developed rapidly, especially the rising demand for LNG in the industrial and power generation industries, which has laid a solid foundation for the growth of LNG. As at 31 December 2021, we had 2 LNG vehicular refuelling stations in Guangdong Province and 1 L-CNG vehicular refuelling station in Henan Province.

For our LNG business model, the Group possesses a strong upstream procurement suppliers formed by large-scale LNG terminal companies. As vehicles containing special cryogenic storage facilities and tanks for LNG use are required for transportation of LNG, the Group uses third party logistics service providers to transport our LNG to our LNG vehicular refuelling stations and to our wholesale customers. Meanwhile, the downstream portfolio consists of the LNG vehicular refuelling stations and our customers consist of retail and wholesale customers.

For the year ended 31 December 2021, the Group has recorded the LNG sales revenue of approximately RMB52.4 million, representing a decrease of approximately RMB5.6 million as compared to approximately RMB58.0 million in 2020. The decrease in revenue was mainly due to the decrease in the sales volume of LNG during the year.

As at 31 December 2021, we operated a total of 21 gas refuelling stations and 3 petroleum refuelling stations, two of which are jointly-owned gas refuelling stations.

As at 31 December 2021, the number of our gas refuelling stations and petroleum refuelling stations in operation are set out below:

	As at 31 December 2021	As at 31 December 2020
Gas refuelling stations		
LPG station	**3**[(1)]	6
CNG station	**12**	12
LNG station	**2**	2
L-CNG station	**1**	1
CNG mother station	**3**	3
Total number of gas refuelling stations	**21**	24
Petroleum refuelling stations		
Petroleum refuelling stations	**3**	3
Total	**24**	27

Meanwhile, as at 31 December 2021, the breakdown of our gas refuelling stations and petroleum refuelling stations in operation by cities and provinces are set out below:

City, Province	LPG refuelling stations	LNG refuelling stations	CNG refuelling stations	L-CNG refuelling stations	Petroleum refuelling stations	Total number of stations
Guangzhou, Guangdong Province	1	2	0	0	0	3
Jiangmen, Guangdong Province	2[(2)]	0	0	0	0	2
Total number of stations in Guangdong Provinces	3	2	0	0	0	5
Xinyang, Henan Province	0	0	1	0	0	1
Zhengzhou, Henan Province	0	0	8	0	1	9
Zhumadian, Henan Province	0	0	3[(3)]	0	2	5
Xinzheng, Henan Province	0	0	3[(4)]	1	0	4
Total number of stations in Henan Province	0	0	15	1	3[(5)]	19
Total	3	2	15	1	3	24

Notes:

1. Affected by the structural adjustment on transportation energy policy, three LPG refuelling station of the Group located in Guangzhou City, Guangdong Province noted a significant decrease in the number of refuelling vehicles, which led to a significant decrease in sales and loss of these LPG vehicular refuelling stations. Therefore, the Group closed down these LPG refuelling stations and had been trying to convert one of the LPG refuelling stations into a hydrogenation station in response to the government's policy.

2. The two LPG domestic stations are owned by Jiangmen Xinjiang Gas, a joint venture of the Group.

3. It comprises one CNG mother station in Zhumadian City, Henan Province.

4. It comprises two CNG mother stations in Xinzheng City, Henan Province.

5. The three petroleum refuelling stations are operated by independent third parties.

The revenue by product mix for the years ended 31 December 2021 and 2020 are summarized as below:

	For the year ended 31 December 2021			For the year ended 31 December 2020		
	Sales volume *(Note)*	**Revenue** *(RMB'000)*	**Percentage of revenue** *(%)*	Sales volume *(Note)*	Revenue *(RMB'000)*	Percentage of revenue *(%)*
Retail						
LPG	**4,951**	**31,518**	**1.7%**	8,614	48,328	3.8%
CNG	**64.2**	**212,252**	**11.1%**	48.6	160,362	12.5%
LNG	**4,395**	**21,971**	**1.1%**	7,573	27,905	2.2%
Sub-total		**265,741**	**13.9%**		236,595	18.5%
Wholesale						
LPG	**356,323**	**1,571,401**	**82.4%**	328,872	979,135	76.2%
CNG	**10.9**	**29,505**	**1.5%**	12.0	28,805	2.2%
LNG	**8,014**	**30,475**	**1.6%**	11,154	30,106	2.3%
Others		**10,700**	**0.6%**		9,717	0.8%
Sub-total		**1,642,081**	**86.1%**		1,047,763	81.5%
Total		**1,907,822**	**100.0%**		1,284,358	100.0%

Note: Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million cubic metres.

OUTLOOK AND PROSPECTS

Since the outbreak of the Pandemic in 2020, it had undoubtedly brought a severe impact on global economy. The research and development of vaccine and its inoculation promoted actively all over the world led the global economy to recovery. Although the Pandemic hasn't got completely controlled yet and remained uncertain to some extent, it is on the whole under control in the current stage. That means that the whole world will enter a post-pandemic era and the Pandemic management will be normalised. The Group will continue to take effective measures to prevent and control the Pandemic, keep all employees in good condition and carry out businesses in a steady and orderly manner.

Under the background of Double Carbon Targets, natural gas and LPG are bound to be major energy for China to accomplish the goals and usher in opportunities for considerable development under coexistence. The Group's businesses are in clean energy sector, which attracts much attention from China as the direction of development and enjoys a broad prospect in respect of development.

In terms of LPG, its supply and demand will continue to grow for years to come as the integration of oil refineries develops and gradually becomes mature. Driven by the rapid development of deep processing industries, LPG will play a significant role in chemical sector. Looking forward to 2022, risks and opportunities will coexist in energy market. The global supply and demand will be in tight balance, for the global energy crisis remain unresolved. With the gradual recovery of end consumption and the effective containment of the Pandemic in China, the supply and demand for LPG is expected to increase compared with 2021's level. South China still dominates the market and will continue to maintain a high level of demand. We are committed to diving into South China and alerting to changes and trends in overseas and domestic oil and gas markets. We will work to make amiable communications with our suppliers to ensure long-term and stable gas supply for us and strengthen our ability of LPG logistics and storage in South China, seize opportunities for the sustainable growth in the LPG consumption from civil, industrial and commercial customers. We will endeavour to improve and expand our marketing teams and maintain an aggressive momentum in the battle for gaining market's share. We will provide premium and professional services to customers, proactively explore new energy field and vigorously promote the transformation and the upgrading of our businesses with a focus on safety in operation.

In terms of natural gas, it will play a significant role in China's energy mix as we look forward to the development of the 14th Five-Year Plan and the accomplishment of the Double Carbon Targets. As natural gas market become more market-driven in 2022, the type of upstream participants will be more diversified, infrastructure in midstream will be more open and the development of downstream will be more robust. Flexible system of production, supplying, storage and marketing will be progressively enhanced and market-based pricing will be achieved step by step. The share of natural gas in primary energy is expected to stand at 11.5% in 2025, up to 14% in 2030. The Group will act as an proactive participant in the market-led reform of gas in response to a series of policies such as Double Carbon and Double Control. We will improve the self-owned system of supplying, storage, delivery and marketing, go on deepening the industrial chain across upstream, midstream and downstream, promote quality products and services of the Group and make unremitting endeavour to develop fuel businesses in vehicular, industrial and chemical sectors.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group has recorded revenue of approximately RMB1,907.8 million, representing an increase of approximately RMB623.4 million as compared to approximately RMB1,284.4 million in 2020. The increase in revenue was mainly attributable to the rise in the sales volume and the unit selling price of LPG and CNG during the year.

Revenue from contracts with customers within the scope of IFRS 15	**2021**	2020
	RMB'000	*RMB'000*
LPG	**1,602,919**	1,027,463
CNG	**241,757**	189,167
LNG	**52,446**	58,011
Others	**10,700**	9,717
	1,907,822	1,284,358

Cost of Sales and Gross Profit

The Group's cost of sales primarily consisted of all costs of procuring LPG, CNG and LNG from the Group's suppliers and logistic services providers for transporting gases. The Group's cost of sales increased by approximately RMB632.9 million from approximately RMB1,182.1 million in 2020 to approximately RMB1,815.0 million in 2021, which was mainly due to the rise in the purchase volume and the purchase unit price of LPG and CNG.

For the year ended 31 December 2021, the gross profit of the Group was approximately RMB92.8 million, representing a decrease of approximately RMB9.5 million as compared to approximately RMB102.3 million in 2020. The decrease in gross profit margin was due to the rise in the purchase price of LPG and LNG and the decrease in the retail sales volume of LPG and LNG for vehicles which has relatively higher gross profit margin.

Other Income

For the year ended 31 December 2021, the Group's other income amounted to approximately RMB41.9 million, representing an increase of approximately RMB17.6 million as compared to approximately RMB24.3 million in the corresponding period in 2020. This was mainly due to the increase in interest revenue calculated using the effective interest method and the waiver of the overprovision of accrued berthing services charges during the year.

Staff Costs

For the year ended 31 December 2021, the Group's staff costs were approximately RMB36.5 million, representing a decrease of approximately RMB1.2 million as compared to approximately RMB37.7 million in 2020. This was mainly due to the cessation of operation of the three LPG refuelling stations of the Group which led to the reduction of some refuelling station employees during the year.

Depreciation

For the year ended 31 December 2021, the depreciation of the Group was approximately RMB23.6 million, representing a decrease of approximately RMB1.5 million as compared to approximately RMB25.1 million in 2020. The decrease was mainly due to the closure of 3 LPG vehicular refuelling stations and the disposal of related assets by the Group during the year.

Short-term Lease Charges

For the year ended 31 December 2021, the short-term lease charges of the Group was approximately RMB2.1 million, which was basically the same as the short-term lease charges of approximately RMB2.0 million for the same period in 2020.

Other Operating Expenses

For the year ended 31 December 2021, the Group's other operating expenses were approximately RMB35.1 million, representing a decrease of approximately RMB0.8 million as compared to approximately RMB35.9 million in 2020. This was mainly due to the closure of 3 LPG vehicle refuelling stations by the Group during the year.

Finance Costs

For the year ended 31 December 2021, the Group's finance costs were approximately RMB20.1 million, representing an increase of approximately RMB13.6 million as compared to approximately RMB6.5 million in 2020. This was mainly due to the increase in bank borrowing rates and average bank borrowings balances in 2021.

Profit Before Taxation

For the year ended 31 December 2021, the Group's profit before taxation was approximately RMB14.0 million, representing a decrease of approximately RMB4.3 million as compared to approximately RMB18.3 million in 2020.

Income Tax Expenses

For the year ended 31 December 2021, the Group's income tax expenses was approximately RMB5.6 million, representing an increase of RMB0.3 million as compared to approximately RMB5.3 million in 2020.

Profit for the Year

On the basis of the aforementioned reasons, for the year ended 31 December 2021, the Group achieved a profit for the year of approximately RMB8.4 million, representing a decrease of approximately RMB4.6 million as compared to approximately RMB13.0 million in 2020.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

For the year ended 31 December 2021, the financial position of the Group remained stable. The total value of assets was approximately RMB919.5 million, representing an increase of RMB252.7 million as compared to the total value of assets of approximately RMB666.8 million in 2020. The Group's cash was mainly held for working capital and gas facilities and equipment needs.

As at 31 December 2021, the Group had approximately RMB472.0 million in cash and bank balances.

Capital Expenditure

The capital expenditure of the Group was mainly related to the payments for purchase of property, plant and equipment amounted to approximately RMB4.1 million for the year ended 31 December 2021.

Interest-bearing Borrowings

The Group's interest-bearing borrowings as at 31 December 2021 and 2020 are summarised below:

	2021	2020
	RMB'000	*RMB'000*
Secured bank loans	**476,500**	196,597

Gearing Ratio

The gearing ratio (calculated on the basis of the Group's total liabilities over total assets) was approximately 58.2% as at 31 December 2021 (31 December 2020: approximately 43.1%). The increase in gearing ratio was mainly attributable to the increase in bank loans of the Group.

Final Dividend

The Board has resolved not to declare the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of 448 employees (2020: 502), including 59 employees (2020: 49) of our joint venture, Jiangmen Xinjiang Gas. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and devotion of employees, acknowledges the important position of talent resource in the development of business operation and is committed to develop and maintain good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

USE OF PROCEEDS FROM THE LISTING

After deduction of all related listing expenses and commissions, the net proceeds from the listing of shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 28 December 2018 (the "**Listing**") amounted to approximately HK$120.3 million. Details of the proposed use of such net proceeds are disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 27 February 2020. Up to 31 December 2021, the Group had utilized approximately HK$63.7 million, representing approximately 53.0% of the net proceeds from the Listing as follows:

Intended use of proceeds	**Original allocation**	**Revised allocation as at 27 February 2020**[3]	**Utilisation as at 31 December 2021**	**Remaining balance as at 31 December 2021**	**Expected timeline for full utilisation of the remaining proceeds**[4]
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
To acquire operating rights of an LPG domestic station[1]	20.5	20.5	0	20.5	By the end of 2023[1]
To strengthen our LPG logistics and storage capacity by constructing storage facilities[2]	21.7	21.7	0	21.7	By the end of 2023[2]
To complete construction, purchase land, equipment and machineries and installation for the new CNG mother station	27.7	14.5	14.5	0	Nil
To construct new refuelling stations, purchase and install their requisite equipment and machineries and perform maintenance of our existing refuelling stations	24.1	16.1	16.1	0	Nil
To increase our logistics capacity by purchasing additional vehicle fleets	14.4	14.4	0	14.4	By the end of 2023
To finance the acquisition[3]	–	21.1	21.1	0	Nil
General working capital	12.0	12.0	12.0	0	Nil
Total	120.3	120.3	63.7	56.6[5]	

Notes:

1. Due to the impact of the Pandemic on the global economy and business environment, the Group has not yet identified a suitable acquisition target. As the economic situation remains gloomy at present, the Group will identify suitable acquisition targets by adopting a prudent strategy. Therefore, the use of such proceeds is expected to be suspended until the end of 2023.

2. The construction of storage facilities are affected by the change of project progress and the Pandemic, and the Group will delay the use of net proceeds accordingly and delay the construction of the storage facility until the end of 2023.

3. The Group acquired 50% of the equity interests of Henan Blue Sky Sino Gas Technology Company Limited and fully utilised the redistributed net proceeds at the end of March 2020. For details, please refer to the announcement of the Company dated 27 February 2020.

4. The expected timeline for full utilisation of the remaining proceeds is made based on the best estimation of the Group taking into account, among others, the prevailing and future market conditions and business developments and need, and therefore is subject to change.

5. As at 31 December 2021, the Group expected that, except for those described in the notes above, there will be no change in the planned use and timing of the use of proceeds from the Listing, and the unutilized net proceeds will be deposited into interest-bearing bank accounts.

FOREIGN EXCHANGE EXPOSURE

As all of our operations are located in the PRC, all of the revenue from customers of the Group are derived from activities in the PRC.

The reporting currency of the Group is RMB. The Group has currency risk exposures arising from business operations and financial instruments that are denominated in a foreign currency, and such risk is primarily Hong Kong Dollar. In order to limit this foreign currency risk exposure, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position for the year ended 31 December 2021. Our finance department is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the general manager, financial controller and the Board, and monitoring the investments on a continuous basis.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2021, the Group held unlisted equity securities of approximately RMB16.4 million, which was a supplemental means to improve utilisation of our cash on hand.

As at 26 March 2021, the Group, through Guangdong Sino Gas Investment Company Limited (廣東中油潔能投資有限公司) ("**GD Investment**"), a wholly owned subsidiary, subscribed interests in the Zhuhai Hengqin Jingcheng Jucheng Venture Capital Fund (Limited Partnership) (珠海横琴境成聚成創業投資基金(有限合夥)) in the amount of RMB10.0 million.

Apart from the aforementioned disclosure, the Group had no definite future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

As at 9 April 2021, the Group, through GD Investment, a wholly owned subsidiary, subscribed interests in the Guangzhou Qiande Education Consulting Partnership (Limited Partnership) (廣州乾德教育諮詢合夥企業(有限合夥)) in the amount of RMB20.0 million. For details, please refer to the announcements of the Company dated 9 and 16 April 2021.

For the year ended 31 December 2021, apart from the aforementioned acquisition, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group has been claimed, as one of the co-defendants, to compensate for damages arising from debt disputes between the plaintiff and other third parties. The maximum exposure of the Group under the claims may amount to approximately RMB64,414,000 (the "**Claim**"). In 2020, the Group was awarded a judgement in favour of the Group and the Group was considered not liable for the Claim according to the judgement. As at the date of this announcement, the aforesaid judgement has been revoked by the appeal from the plaintiff and re-trial in respect of the Claim has been opened without further hearing. Based on legal advices, the Directors do not consider it probable that the subsidiary will be found liable to the Claim and accordingly, no provision has been made as at 31 December 2021.

PLEDGE OF ASSETS

Included in pledged and restricted deposits, RMB394,500,000 (2020:RMB115,500,000) was pledged as securities for the Group's bank loans as at 31 December 2021. Another pledged and restricted deposits of RMB7,550,000 as at 31 December 2020 was pledged as securities for the Group's foreign exchange forward contracts and matured during the year 2021.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's shares.

PRINCIPAL RISKS AND RISK CONTROL MECHANISM

The Group has implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, financial reporting and recording, treasury management, compliance with applicable laws and regulations on environmental protection, and operation safety. The Board oversees and manages the overall risks associated with our operations. We have established the audit committee of the Company (the "**Audit Committee**") to review and supervise the financial reporting process and internal control system of the Group. The management team of the Company is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner while the effectiveness of our risk management framework will be evaluated at least once a year, and periodic management meetings are held to update the progress of risk monitoring efforts by the Audit Committee and the Board. The Group monitors material risks and improves ability against risks by building standard norms and effective risk control mechanism.

Principal Risks

For the year ended 31 December 2021, the following principal risks of the Group were identified and classified as follows:

- The business of the Group is subject to the development of the PRC government policies and any future unfavourable policies may materially and adversely affect our business development and performance. We cannot predict future changes in laws and regulations or government policies, which may vary and are beyond the control of the Group;

- The Group is dependent on our major suppliers and any instability in or shortages of supply of LPG and LNG from our major suppliers could significantly and adversely affect our business;

- PetroChina is our ultimate major supplier for CNG in Henan Province and any instability or shortages of supply of natural gas to us from PetroChina could significantly and adversely affect our business;

- The gross profit margin and growth in profit may fluctuate in the future as our purchase price and selling price of our gas products (including LPG, CNG and LNG) are sensitive to factors beyond our control;

- Competition from alternative vehicle fuels could be intensified, particularly with technological advancement of and increasing governmental support for electric vehicles, which may reduce the demand for our gas refuelling business;

- The Group is exposed to credit risk of our customers. If the credit worthiness of our customers deteriorates or if a significant number of our customers fails to settle their trade and bill receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected; and

- The vagaries of the Pandemic had an adverse impact on our operating performance and financial position. If the outbreak of the Pandemic re-emerges or escalates or any similar public safety incidents that have a significant adverse impact on our business area happen, the relevant events may have a significant impact on our business and financial position.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Thursday, 16 June 2022 ("**2022 AGM**"). Notice of the 2022 AGM and all other relevant documents will be published and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are eligible to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Friday, 10 June 2022 to Thursday, 16 June 2022, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the 2022 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 9 June 2022 for registration.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board believes that good corporate governance standards are essential in maintaining a balanced composition of executive Directors and independent non-executive Directors (the "**INEDs**") for the Board to exercise independent judgment effectively and providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that the Company has complied with the code provisions of the CG Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2021, except for deviation from code provision A.2.1 as explained below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Prior to 8 January 2021, Mr. Ji Guang ("**Mr. Ji**") was the Chairman and Chief Executive Officer of the Company. To further enhance the corporate governance of the Group and comply with code provision A.2.1 of the CG Code, with effect from 8 January 2021, Mr. Ji had ceased to act as the Chief Executive Officer and only continued as an executive Director and the Chairman of the Company, while Ms. Ji Ling, the executive Director and Vice-Chairman, had been appointed as the Chief Executive Officer on the same day.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the "**Securities Dealing Code**") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code throughout the year ended 31 December 2021. The Company has also adopted the Securities Dealing Code as the written guidelines (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE

Pursuant to the requirements of the CG Code and the Listing Rules, the Company has established the Audit Committee comprising of three INEDs, namely Dr. Zheng Jian Peng (Chairman), Mr. Wang Zhonghua and Mr. Sheng Yuhong. The Audit Committee has reviewed with the management the accounting principles and practice adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2021. There were no disagreements from the Audit Committee or the external auditors on the accounting policies adopted by the Company.

SCOPE OF WORK OF MAZARS

The financial 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 December 2021 as set out in the preliminary announcement have been compared by the Group's auditor, Mazars CPA Limited ("**Mazars**") (appointed as the auditor on 17 December 2021), Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Mazars in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

SIGNIFICANT EVENT AFTER REPORTING PERIOD

There has been no significant event that affected the Group after 31 December 2021 and up to the date of this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinogasholdings.com). The 2021 annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in due course.

By order of the Board
Sino Gas Holdings Group Limited
Mr. Ji Guang
Chairman

Hong Kong, 30 March 2022

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Ji Guang *(Chairman)*
Ms. Ji Ling *(Vice-Chairman and Chief Executive Officer)*
Ms. Cui Meijian
Mr. Zhou Feng

Independent Non-executive Directors:
Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng