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

GLOBAL OFFERING

Sole Sponsor

Innovax Capital

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

Innovax Securities

Joint Bookrunner and Joint Lead Manager

VICTORY SECURITIES 勝利證券

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

中油潔能

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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	**:**	**54,000,000 Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	**:**	**5,400,000 Shares (subject to reallocation)**
Number of International Placing Shares	**:**	**48,600,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$3.4 per Offer Share and expected to be not less than HK$2.8 per Offer Share (payable in full on application in Hong Kong dollars and subject to refund, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1759**

Sole Sponsor

Innovax Capital

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VICTORY SECURITIES 勝利證券

Joint Lead Managers

脈搏資本 Pulsar Capital

中國金洋證券 CHINA GOLDJOY SECURITIES

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection — Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Prospective investors should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the matters discussed in the section headed "Risk factors" in this prospectus before making any investment decision in relation to our Company.

The Offer Price will not be more than HK$3.4 and is currently expected to be not less than HK$2.8. The Sole Global Coordinator (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.sinogasholdings.com** the notice of such change.

The final Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Wednesday, 19 December 2018 and, in any event, not later than Monday, 24 December 2018.

If, for any reason, the final Offer Price is not agreed by 5:00 p.m. on Monday, 24 December 2018 between the Sole Global Coordinator (on behalf of the Underwriters) and our Company, the Global Offering will not become unconditional and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside the U.S. in offshore transactions in reliance on Regulation S.

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Public Offer Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus. Should the Sole Global Coordinator (on behalf of the Public Offer Underwriters) terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement in accordance with its terms, the Global Offering will not become unconditional and will lapse.

14 December 2018

EXPECTED TIMETABLE[1]

If there is any change in the following expected timetable of the Public Offer, we will issue announcement in Hong Kong on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.sinogasholdings.com**.

Public Offer commences and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m., on Friday, 14 December 2018
Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk**[9]	11:30 a.m. on Wednesday, 19 December 2018
Application lists open[2]	11:45 a.m. on Wednesday, 19 December 2018
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instructions** to HKSCC[3]	12:00 noon on Wednesday, 19 December 2018
Latest time to complete payment of **HK eIPO White Form** applications effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 19 December 2018
Application lists close[2]	12:00 noon on Wednesday, 19 December 2018
Expected Price Determination Date[4] to be on or around	Wednesday, 19 December 2018
Announcement of the final Offer Price, the levels of indication of interest in the International Placing, the level of applications in the Public Offer and basis of allocation of the Public Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk**[5] and our Company's website at **www.sinogasholdings.com**[6] from	Thursday, 27 December 2018
Results of allocations in the Public Offer (with successful applicants' identification document numbers, or passport number or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for Public Offer Shares — 11. Publication of results" from	Thursday, 27 December 2018
Results of allocations in the Public Offer to be available at **www.tricor.com.hk/ipo/result** with a "search by ID Number/Business Registration Number" function from	Thursday, 27 December 2018

Despatch/collection of share certificates and/or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on[7]	Thursday, 27 December 2018
Despatch/collection of refund cheques or **HK eIPO White Form** e-Auto Refund payment instructions in respect of wholly successful (in the event that the final Offer Price is less than initial price per Public Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Public Offer on[7][8]	Thursday, 27 December 2018
Dealing in shares on the Main Board of the Stock Exchange to commence on	9:00 a.m. on Friday, 28 December 2018

Note:

(1) All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Public Offer, are set out in the section headed "Structure and conditions of the Global Offering" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 19 December 2018, the application lists will not open and close on that day. Please refer to the section headed "How to apply for Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus. If the application lists do not open and close on Wednesday, 19 December 2018, the dates mentioned in this section headed "Expected timetable" may be affected. A press announcement will be made by us in such event.

(3) Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Public Offer Shares — 6. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus.

(4) The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Wednesday, 19 December 2018 and, in any event, not later than 5:00 p.m. on Monday, 24 December 2018. If, for any reason, the final Offer Price is not agreed by 5:00 p.m. on Monday, 24 December 2018 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

(5) The announcement will be available for viewing on the "Main Board — Allotment of Results" page on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.sinogasholdings.com**.

(6) None of the websites or any of the information contained on those websites form part of this prospectus.

(7) Applicants who apply with **WHITE** Application Forms for 1,000,000 Public Offer Shares or more and have provided all required information may collect share certificates (if applicable) and/or refund cheques (if applicable) in person and may do so from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 27 December 2018, or any other date as notified by us as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who opt for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by sending their authorised representatives each bearing a letter of authorisation from his corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar, Tricor Investor Services Limited.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more may collect their refund cheques (if applicable), in person from the Hong Kong Branch Share Registrar but may not collect their share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Applicants who have applied through the **HK eIPO White Form** service by paying the application monies through a single bank account may have e-Auto Refund payment instructions (if any) despatched to their application payment bank account on Thursday, 27 December 2018. Application who have applied through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts may have refund cheque(s) sent to the address specified in their application instructions through **HK eIPO White Form** service provider, on Thursday, 27 December 2018, by ordinary post and at their own risk. Uncollected share certificates and refund cheques will be despatched by ordinary post to the addresses specified in the relevant Application Forms at the applicants' own risk. Further information is set out in the section headed "How to apply for Public Offer Shares" in this prospectus.

(8) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for Public Offer Shares" in this prospectus.

(9) You will not be permitted to submit your application to the **HK eIPO White Form Service Provider** through the designated website, **www.hkeipo.hk**, after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last date for submitting applications when the application lists close.

Share certificates are expected to be issued on Thursday, 27 December 2018 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Public Offer and the Public Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Public Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

We have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, any of the Underwriters, any of our or their respective directors or any other persons or parties involved in the Global Offering.

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This summary aims at giving you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary" in this prospectus.

BUSINESS OVERVIEW

We are an integrated LPG and natural gas supplier in the PRC with a complete industry chain with over 13 years of proven track record in the industry. According to the F&S Report, the typical industrial chain of the LPG and natural gas industry encompasses the upstream gas fuel supply, midstream gas fuel transportation and processing as well as the downstream gas fuel distribution and end-user consumption in industrial, residential and vehicular areas. Since we secured our CNG supply from PetroChina and processed our own CNG, established long term relationships with our LPG suppliers and are able to store our procured LPG in our leased and owned (through JM Xinjiang Gas, a Jointly Controlled Entity and in our Ganzhou Station) storage facilities, formed our own logistics fleet for transporting most of our gas products and engage in the Gas Retail Business and Gas Wholesale Business to industrial, residential and vehicular users, we consider ourselves being equipped with a complete industry chain and an integrated supplier since we have linked all major aspects of the industry chain within our business model. During the Track Record Period, we have primarily provided our LPG products in Guangdong Province and Jiangxi Province, our CNG products in Henan Province, and our LNG products in Guangdong Province, through our LPG, CNG and LNG vehicular refuelling stations, LPG domestic stations and CNG Mother Stations under the trade name of "中油潔能" and our logo "". As at the Latest Practicable Date, we, through our subsidiaries and Jointly Controlled Entities, operate: 1 LPG terminal, 2 LPG storage facilities, 6 LPG vehicular refuelling stations, 3 LPG domestic stations, 1 LNG vehicular refuelling station, 2 CNG Mother Stations and 12 CNG vehicular refuelling stations. Amongst which, 17 stations are our Self-owned Stations and 5 are Jointly-owned Stations. One CNG Mother Station is wholly-owned by us and one CNG Mother Station is jointly-owned.

Jointly Controlled Entities

Set out below is a summary on the Jointly Controlled Entities, being JM Xinjiang Gas and Henan Blue Sky, and the Jointly-owned Stations:

				Amount of net profit/loss attributable to our Group *(RMB'000)*			
No.	**Station**	**Nature**	**Location**	**For the year ended 31 December**			**For the six months ended 30 June**
				2015	**2016**	**2017**	**2018**
1	LPG Gujing station	LPG domestic station with sales function only	No. 3, Qiaolin Village, Zhuqiao Long, Gujing Town, Xinhui District, Jiangmen City	0.3	18.2	34.9	27.9
2	Xinjiang Meiqi station	LPG domestic station with refuelling capabilities and sales function	Niuguling, Guanchong Village, Gujing Town, Xinhui District, Jiangmen City	172.8	222.1	265.0	226.0
3	Yicheng station	CNG vehicular refuelling station	Southeast Side of the Intersection of Yicheng Avenue and Huaihe Avenue, Zhumadian City	(105.6)	(162.9)	(16.2)	249.2
4	Lianjiang station	CNG vehicular refuelling station	Linjiang Avenue, Zhumadian City	(145.6)	(290.0)	(12.7)	309.2
5	Xinyang station	CNG vehicular refuelling station	Liuye Village, Xinyang Industrial City, Xinyang City	(79.7)	(191.1)	(11.6)	53.0

We own 50% of the shareholding in each of the Jointly-owned Stations above. Our Group will report our proportionate share of the equity of the Jointly Controlled Entities in consolidated statements of financial position and such share of profit/losses of Jointly Controlled Entities is reflected in consolidated statements of profit or loss and other comprehensive income. For further details, please refer to note 2(e) of the Accountants' Report in Appendix I to this prospectus. As such, the amount of revenue as disclosed throughout this prospectus was generated from the operations of the Self-owned Stations only.

According to the F&S Report and based on 2017 statistics, we ranked third in the LPG vehicular refuelling market in Guangdong Province and ranked first in CNG vehicular refuelling market in Zhengzhou City, Henan Province in terms of the number of vehicular refuelling stations in Guangdong Province and Zhengzhou City, Henan Province, respectively, with a market share of approximately 17.6% and 25.0%. To further increase our market share, 1 LNG vehicular refuelling station, 1 CNG vehicular refuelling station, 1 L-CNG vehicular refuelling station and 1 CNG Mother Station were either under construction or undergoing ground levelling works as at the Latest Practicable Date. For details of our existing stations under operation, please refer to section headed "Business — Our products — Our Self-owned Operations and Jointly-owned Operations" in this prospectus.

According to the F&S Report, Guangdong Province ranked first in total LPG consumption and we ranked third with a market share of approximately 18.2% in 2017 amongst the LPG companies in Guangdong Province in terms of LPG sales volume in vehicular refuelling stations in 2017. The total LPG consumption in Guangdong Province achieved approximately 7,581.6 thousand tonnes in 2016, which far exceeds other areas in the PRC. In particular, the LPG consumption from vehicles and residential users represented approximately 3.6% and 49.6% of total LPG consumption in 2017 in Guangdong Province. In the coming years, LPG is still expected to keep its position in fuel gas structure and is expected to have more growth potential in the future in Guangdong Province. In terms of natural gas, Henan Province ranked eighth in total natural gas consumption in the PRC with the consumption of approximately 9.3 billion m^3 and we ranked second with a market share of approximately 30.2% in 2017 amongst the natural gas companies in Zhengzhou City, Henan Province, in terms of CNG sales volume in vehicular refuelling stations in 2017. CNG consumption from vehicles represented approximately 9.4% of total CNG consumption in 2017 in Zhengzhou City, Henan Province. According to the F&S Report, natural gas is likely to have a huge development potential in Henan Province.

Our customers are classified into retail customers and wholesale customers. Amongst which, retail customers are end-users of our products that we provide our refuelling services in vehicular refuelling stations such as public bus operators, taxi drivers and private vehicle drivers, or those that we provide our LPG products in form of LPG cylinders in domestic stations, such as residential, industrial and commercial end-users and other companies that require the use of fuel in their production or operation process. Our wholesale customers are mainly other fuel operators such as other local LPG and LNG fuel suppliers and local CNG operators. For details of our customers, please refer to the section headed "Business — Our customers" in this prospectus. In order to ensure a steady supply of quality gas, we have established long and steady business relationships with our major suppliers, being large scale state-owned petrochemical companies and domestic large scale LPG suppliers with terminal and gas storage facilities. We have entered into annual gas supply framework agreements or long term gas supply agreements with our suppliers. For details of our suppliers, please refer to the section headed "Business — Raw materials and our suppliers" in this prospectus.

Leveraging on our established presence in Guangdong Province, Henan Province and Jiangxi Province with a complete industry chain which includes the integrated supply and logistic chain of our Group, stable relationship with our suppliers and major customers, and our experienced and stable professional management team, we achieved stable growth in sales volume and earnings during the Track Record Period. For discussion of our financial results during the Track Record Period, please refer to the section headed "Financial information — Results of operations" in this prospectus.

According to the F&S Report, the industrial LPG consumption in Guangdong Province is expected to reach approximately 6,870.7 thousand tonnes in 2022, at a CAGR of approximately 13.2% from 2018 to 2022, outweighing residential as the largest LPG application scenario by taking up approximately 53.6% of the total LPG consumption volume in Guangdong Province in 2022. Meanwhile, there is also expected to be a steady growth in the residential sector in Guangdong Province with the LPG consumption of the residential sector to reach approximately 5,631.6 thousand tonnes in 2022 from 4,369.6 thousand tonnes in 2018, with a CAGR of approximately 6.5%.

To capture business opportunities from the sustainable growth of industrial and residential LPG market in Guangdong Province, we, through JM Xinjiang Gas, a Jointly Controlled Entity, operate two LPG domestic stations and supply LPG to other LPG fuel operators on wholesale basis.

Going forward, we intend to further penetrate into the LPG wholesale market in Guangdong Province despite its lower gross profit margin in order to achieve the following business objectives:

- benefit from the growth of LPG sales of our wholesale customers in the industrial and residential LPG market which are the future growth drivers of LPG consumption in Guangdong Province;
- build up our relationship and network with various domestic stations operators in Guangdong Province for our potential vertical expansion, reaching more end customers and further pave a solid foundation for our Group to further expand into LPG domestic stations market to directly serve end-users in the residential and industrial market; and
- further strengthen our bargaining power with our suppliers as a result of our further increased purchase volume such that we could continue to secure long-term cooperation with our suppliers at competitive terms going forward.

OUR INTELLECTUAL PROPERTY RIGHTS

We have 5 registered trademarks in the PRC, however, the trademarks are not registered under the category of gas refuelling business in which we operate. As advised by our PRC Legal Adviser, our trade name of “中油潔能” is protected in our Group and its subsidiaries’ place of incorporation and that within the said regions, our Group may exclude competitors from operating gas refuelling business under the trade name of “中油潔能”. However, if we expand into regions outside of our place of incorporation, and that there are existing competitors operating gas refuelling business under the trade name of “中油潔能”, we may be unable to rely on our trade name. The inability to continue the use of our trade name may result in the weakening of our brand image and loss of customers, which may materially and adversely affect our business, financial conditions and results of operations. For further details on our trademarks and trade name, the rejection of our Group’s application by the relevant government authorities to register “ Sinogas 中油潔能” and our logo “ ” as a trademark under the category for gas refuelling business, the likelihood of passing off infringement claims from other parties, and the potential impact on our Group’s business, please refer to the section headed “Business — Intellectual property rights” in this prospectus. For details that we may face passing off infringement claims, please refer to the section headed “Risk Factors — Our business depends significantly on the market recognition of our logo “ ” and the trade name of “中油潔能”. Our business could be materially and adversely affected if we are unable to protect our logo “ ”” and the trade name of “中油潔能”” in this prospectus.

OUR PRODUCTS AND PRICING

We offer three types of gas products, namely LPG, CNG and LNG. During the Track Record Period, we have primarily provided our LPG products in Guangdong Province and Jiangxi Province, our CNG products in Henan Province, and our LNG products in Guangdong Province. During the Track Record Period, sales of LPG contributed to approximately 66.8%, 78.6%, 81.8% and 81.7% of our revenue for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. In light of the government's overall promotion of clean energy consumption, such as CNG as a clean energy source, we strive to develop CNG refuelling stations business and recorded steady increase of sales volume of CNG in Henan Province from approximately 61.5 million m^3 in 2015 to approximately 62.2 million m^3 in 2016 and to approximately 63.3 million m^3 in 2017. We recorded a sales volume of CNG in Henan Province of approximately 29.2 million m^3 for the six months ended 30 June 2018. We also correspondingly recorded a significant amount of revenue from the sales of CNG in Henan Province, which amounted to approximately RMB217.4 million, RMB185.7 million, RMB194.0 million, and RMB91.9 million, representing approximately 32.8%, 21.1%, 17.7% and 16.5% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. The decline in the percentage of revenue contribution of the sales of CNG during the Track Record Period was primarily due to (i) the decrease in the average selling price of CNG; and (ii) the increase in the sales volume and average selling price of LPG. We only commenced and generated revenue from our LNG business in 2017 with a modest sales volume of approximately 604.0 tonnes, which contributed to approximately 0.2% of our revenue in 2017 and increased to approximately 1,742 tonnes which represented approximately 1.4% of our revenue for the six months ended 30 June 2018. We have also, during the Track Record Period, provided ancillary logistic services for the transport of LPG and CNG, which contributed to approximately RMB2.3 million, RMB2.6 million, RMB2.7 million and RMB2.3 million, which represents approximately 0.4%, 0.3%, 0.2% and 0.4% of our revenue respectively.

Some of the procurement prices of our gas products are regulated by local governments. According to the F&S Report, the purchase price of natural gas is affected by various factors such as price trend of crude oil, production cost of gas suppliers or manufacturers, gas transportation costs and level of government intervention. Please refer to the section headed ''Industry overview — The LPG industry in China — Price analysis'' and ''Industry overview — The natural gas industry in China — pricing system of natural gas in China'' for details. Save for our sales price of CNG for vehicular use in Zhengzhou City, Henan Province, which is recommended by a local association, our other products are usually based on market price on a cost plus basis during the Track Record Period. For details of our pricing, please refer to the section headed ''Business — Pricing'' in this prospectus.

OUR STATIONS

Set out below is a summary of our vehicular refuelling stations and domestic stations as at the Latest Practicable Date:

	Business activities	Location	Number of operating stations	Attributable interest of our Group	Number of stations under construction	Attributable interest of our Group	Target customers	Source of LPG/LNG/CNG
Vehicular Refuelling Stations								
1.	Operation of LPG vehicular refuelling stations	Guangzhou City, Guangdong Province	6	100%	—	—	Vehicular end-users, including taxi drivers and public bus operators	Independent LPG suppliers which import from overseas countries
2.	Operation of LNG vehicular refuelling stations	Guangzhou City, Guangdong Province	1	100%	1 *(Note 1)*	100%	Vehicular end-users, including taxi drivers, public bus operators and private vehicle drivers	Independent LNG suppliers which import from overseas countries
3.	Operation of CNG vehicular refuelling stations	Zhengzhou City, Henan Province	8	60% *(Note 2)*	—	—	Vehicular end-users, including taxi drivers, public bus operators, private cars	Independent upstream gas suppliers which supply CNG to our CNG Mother Stations for further gas processing, through the West to East Gas Transmission Tunnel *(Note 6)*
		Zhumadian City, Henan Province	2	50% *(Note 3 and 10)*	—	—		
		Xinyang City, Henan Province	1	50% *(Note 3 and 10)*	—	—		
		Xinzheng City, Henan Province *(Note 7)*	1	100%	1 *(Note 4)*	100%		
					1 *(Note 4)*	51% *(Note 5)*		
Domestic Stations								
4.	Operation of LPG domestic stations *(Note 8)*	Jiangmen City, Guangdong Province	2	50% *(Notes 9 and 10)*	—	—	Residential, industrial and commercial LPG end-users and suppliers *(Note 11)*	Independent LPG suppliers which source LPG domestically and import from overseas countries
		Ganzhou City, Jiangxi Province	1	100%	—	—		
	Total		22		3			

As at the Latest Practicable Date, we, (i) through Henan Blue Sky, a Jointly Controlled Entity, owned and operated a CNG Mother Station located in Zhumadian City; and (ii) through our wholly-owned subsidiary, owned and operated a CNG Mother Station located in Xinzheng City. In addition, a new CNG Mother Station owned by our wholly-owned subsidiary, located in Xinzheng City was under construction and is expected to commence trial operation in the second half of 2019.

Notes:

1. It is expected to commence trial operation in first quarter of 2019.

2. The remaining 38% and 2% equity interest of Zhengzhou Sino Gas, being the owner of these 8 CNG stations, was owned respectively by Zhengzhou Public Transportation, a connected person of our Company, and Zhengzhou Investment Holdings Company Limited (鄭州投資控股有限公司), an Independent Third Party.

3. The remaining 50% equity interest of Henan Blue Sky, being the owner of these 3 CNG stations, was owned by Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司). Henan Blue Sky is one of our Jointly Controlled Entities and is not our subsidiary.

4. These two stations relate to one L-CNG vehicular refuelling station and one CNG vehicular refuelling station located in Xinzheng City which were respectively under construction and undergoing ground levelling works and are expected to commence trial operation by the end of 2019.

5. The remaining 49% equity interest of Zhengzhou Fuel, being the owner of the new CNG vehicular refuelling station under construction, was owned by Zhengzhou Transport Investment Xinneng Industrial Company Limited (鄭州交投鑫能實業有限公司), a connected person of our Company.

6. In respect of our CNG vehicular refuelling station located in Xinyang City, besides procuring CNG from our CNG Mother Stations, we primarily procured CNG directly from other CNG suppliers as the location of the CNG vehicular refuelling station is relatively far from our CNG Mother Stations.

7. Xinzheng City is one of the county-level cities under the jurisdiction of Zhengzhou City, Henan Province.

8. Our LPG domestic stations are differentiated between those with processing capabilities to fill LPG into bottled forms with sales function and those purely with sales function. We have two domestic stations with such processing capabilities and sales function, being one in Jiangmen City and one in Ganzhou City.

9. The remaining 30% and 20% equity interest of JM Xinjiang Gas, being the owner of these 2 LPG domestic stations, was owned by Guangzhou Yinye Development Group Company Limited (廣州銀業發展集團有限公司) and Yu Fei (俞飞), respectively, both being Independent Third Parties. JM Xinjiang Gas is one of our Jointly Controlled Entities and is not our subsidiary.

10. Our logo “ ” and trade name “中油潔能” are used by all stations of our Group. In respect of our LPG domestic stations in Jiangmen City, the logo “ ” and trade name (新江煤氣) is also used.

11. We supply LPG in bottled forms, such as storage cylinders.

We hold the relevant licenses or approvals to operate the above stations and are responsible for managing the day to day operation. All of the stations are operated under trade name of “中油潔能” and our logo “ ” as at the Latest Practicable Date. The operation process involved in each type of stations are substantially the same, save for those relating to LPG domestic stations. For details of the location and type of stations and their operation process, please refer to the sections headed “Business — Our products — Our Self-owned Operations and Jointly-owned Operations” and “Business — Operation process” in this prospectus.

CNG Mother Stations

Throughout the Track Record Period, we operated (i) one CNG Mother Station in Zhumadian City, Henan Province, through a Jointly Controlled Entity; and (ii) one CNG Mother Station in Xinzheng City, Henan Province, through our wholly owned subsidiary. Through our CNG Mother Stations, we are in an advantageous position to continuously secure CNG from the West to East Gas Transmission Tunnel (西氣東輸管) and in turn supply CNG to our CNG vehicular refuelling stations and our wholesale customers after the same has been processed at our CNG Mother Stations. For details of our CNG Mother Stations, please refer to the section headed "Business — Our business model — Our CNG business model" in this prospectus.

OUR CUSTOMERS

Our customers are classified into retail customers and wholesale customers. Amongst which, retail customers are end-users of our products that we provide our refuelling services in vehicular refuelling stations such as public bus operators, taxi drivers and private vehicle drivers, or those that we provide our LPG products in form of LPG cylinders in domestic stations, such as residential, industrial and commercial end-users and other companies that require the use of fuel in their production or operation process. Our wholesale customers are mainly other fuel operators such as other local LPG and LNG fuel suppliers and local CNG operators. We generally do not enter into long term written agreements with our individual retail customers. However, we have entered into such agreements with some public transport companies and other companies and factories during the Track Record Period. For details of the agreements, please refer to the section headed "Business — Our customer" in this prospectus.

For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, our five largest customers in aggregate contributed to approximately 33.4%, 41.1%, 46.4% and 47.4%, of our total revenue of the respective years/period. Our largest customer contributed to approximately 17.7%, 14.4%, 16.7% and 17.9% of our total revenue during the year/period ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. During the Track Record Period, we have engaged in sales to Zhengzhou Public Transportation and GZ Jiahexing Development, being connected persons of our Group at the subsidiary level. For details of the continuing connected transaction with Zhengzhou Public Transportation and GZ Jiahexing Development, please refer to the sections headed "Connected transactions — Continuing connected transactions which are exempt from circular and the independent Shareholders' approval requirements ("Partially Exempt CCTs") — 1. Supply of CNG by our Group" and "Connected transactions — Continuing connected transactions which are exempt from circular and the independent Shareholders' approval requirements ("Partially Exempt CCTs") — 2. Wholesale of LPG by our Group" in this prospectus.

OUR RAW MATERIALS AND SUPPLIERS

LPG, CNG and LNG are the primary raw material for our business. We also require spare parts for the maintenance of our facilities. Procurement of LPG, CNG and LNG represented approximately 97.4%, 97.9%, 98.6% and 98.7% of our total cost of sales for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. We have entered into framework agreements with our suppliers with a term of usually one year during the Track Record Period in respect of our LPG and LNG procurement. In respect of CNG, we have entered into a legally binding long term natural gas supply agreement with PetroChina with a duration from August 2009 to December 2023 and long term agreements with Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司), one of our joint venture partners, to ensure our supply of CNG. For details of the framework agreements and long term natural gas supply agreements, please refer to the section headed ‘‘Business — Raw materials and our suppliers’’ in this prospectus.

During the Track Record Period, our largest supplier accounted for approximately 43.0%, 25.8%, 38.2% and 51.8%, of our total costs of sales for the years/period ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. Our five largest suppliers in aggregate accounted for approximately 81.0%, 80.8%, 76.4% and 85.7%, of our costs of sales during the same periods respectively. Despite the aforesaid figures during the Track Record Period suggest supplier concentration, our Directors are of the view that the supplier concentration would not impact our Group’s suitability for the Listing due to the fact that (i) the industry landscape of the dominance of upstream oil and natural gas companies which controlled majority of the supply for the operation of LPG and natural gas stations renders it common to procure raw materials from a few suppliers, (ii) we, through JM Xinjiang Gas, a Jointly Controlled Entity, have storage facilities and a terminal as well as additional leased storage facilities which allow us to have flexibility in the amount of inventory and our selection of suppliers for LPG and (iii) we have entered into a long-term supply agreement with PetroChina, our ultimate sole supplier of CNG in Henan Province.

COMPETITION

We generated most gross profit from Gas Retail Business which contributed approximately 93.7%, 98.4%, 94.8% and 95.5% of our total gross profit during the Track Record Period, respectively. Among the gross profit from Gas Retail Business, (i) approximately 52.8%, 68.6%, 63.9% and 62.1% of gross profit were contributed by the retail sales of LPG through our vehicular refuelling stations; and (ii) approximately 47.2%, 31.4%, 35.9% and 37.5% of gross profit were contributed by the retail sales of CNG through our vehicular refuelling stations.

According to the F&S Report, the total LPG consumption in Guangdong Province achieved approximately 7,581.6 thousand tonnes in 2016, which far exceeds other areas in the PRC. In particular, the LPG consumption from vehicles and residential users represented approximately 3.6% and 49.6% of total LPG consumption in 2017 in Guangdong Province. The operation of LPG vehicular refuelling stations in Guangdong Province is dominated by the local players with the top five market players all being regional independent operators and possessing approximately 98.7% of the market share in terms of LPG sales volume in vehicular refuelling stations in 2017. Amongst the LPG vehicular refuelling stations in Guangdong Province, the top five LPG companies took up approximately 97.1% of the overall market in terms of vehicular refuelling stations as at 2017. Our Group ranked third in the LPG vehicular refuelling market in Guangdong Province in terms of sales volume in vehicular refuelling stations and number of vehicular stations in 2017. In terms of LPG for residential use, according to the F&S Report, the residential LPG sector in Guangdong Province is quite fragmented with over 60–80 suppliers providing LPG to customers at 80–100 domestic stations. Also, it is also fragmented for the industrial LPG sector in Guangdong Province with over 100 suppliers providing LPG products to enterprise clients.

In respect of CNG vehicular refuelling stations in Zhengzhou City, Henan Province, the market is also dominated by regional independent operators and the top five natural gas companies possess approximately 75.6% of the market share in terms of CNG sales volume in vehicular refuelling stations in 2017. CNG consumption from vehicles represented approximately 9.4% of total CNG consumption in

2017 in Zhengzhou City, Henan Province. Amongst the CNG vehicular refuelling stations in Zhengzhou City, Henan Province, the top five natural gas companies took up approximately 72.2% of the overall market as at 2017. Our Group ranked second and first in the CNG vehicular refuelling market in Zhengzhou City, Henan Province, in terms of sales volume in vehicular refuelling stations and number of vehicular stations, respectively in 2017.

Our Directors believe that rich project experience, good relationship with local governments and upstream suppliers, and local brand recognition are crucial to the success of a regional LPG and natural gas supplier. Newcomers to the industry may not be able to obtain the requisite certification from the government, or to secure stable gas supply from upstream suppliers. In addition, as local vehicle gas end-users are more apt to patronise local well-established vehicular refuelling stations to ensure safe and high quality services, newly established gas vehicular refuelling station operators may face difficulties in attaining market share.

In the wake of environmental concerns, we expect to witness increasing demand for natural gas refuelling stations as the government continues to promote natural gas utilisation in the transportation. Although it is expected that electric vehicles will intensify the industry competition, it is expected that LPG and natural gas vehicles will not directly compete with electric vehicles in the near term. According to the F&S Report, the emergence of electric vehicles first serve the replacement plan of the vehicles that consume conventional fuel types such as gasoline and diesel. For instance, by the end of 2017, ownership of electric vehicles in Guangdong Province reached approximately 200 thousand units while the total ownership of civil vehicles in Guangdong Province was approximately 19 million units in the same year, indicating a very low proportion to the total vehicles and therefore substantial development potential for the electric vehicles. LPG is one of the core energy types for the vehicular sector in Guangdong Province, which could not be easily replaced within a short term and the government encourages the introducing of LPG-electric hybrid vehicles as well as natural gas vehicles into the market (such as the public transportation sector) to replace vehicles that consume conventional fuel types, which would help to keep a sustained upward trend for LPG and natural gas consumption in this sector. Likewise, the vehicular CNG sector in Henan Province would not be impacted by the electric vehicle sector for the next few years, according to the F&S Report.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contributed to our success to date and will continue to promote our expansion:

(i) we benefit from the opportunities arising from the sustainable development of the LPG and natural gas industry in the PRC as well as favourable policy support from the government;

(ii) we are an integrated LPG and natural gas supplier in the PRC with a complete industry chain where we ranked third in LPG vehicular refuelling market in Guangdong Province and second in CNG vehicular refuelling market in Zhengzhou City, Henan Province, in terms of sales volume in vehicular refuelling stations in 2017;

(iii) we have competitive cost advantage in LPG procurement resulting from our long-term business relationship with our major suppliers, our economies of scale and LPG storage capacity;

(iv) our entrenched business relationship with PetroChina for CNG procurement in Henan Province; and

(v) we are led by an experienced, stable and professional management team.

OUR BUSINESS STRATEGIES

We strive to further strengthen our position as an integrated LPG and natural gas supplier in Guangdong Province and Henan Province. To this end, we shall implement the following strategies:

- to capture business opportunities from the sustainable growth of LPG consumption by residential and commercial users in Guangdong Province;
- to further strengthen our LPG logistics and storage capacity in Guangdong Province;
- to pursue vertical integration opportunities in developing new CNG and L-CNG vehicular refuelling stations and CNG Mother Station to strengthen our market position and enhance our competitiveness in Henan Province;
- to complete construction of new stations and purchase the requisite equipment and machineries of new stations as well as to maintain our existing stations; and
- to further enhance our logistics services capacity by expanding our vehicles fleet.

OUR RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering, and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, China Full, PCG Employee BVI and PCG BVI will directly hold approximately 56.25%, 11.25% and 7.50% of the issued share capital of our Company. China Full is indirectly wholly owned by the UBS Trustees through UBS Nominees Limited, VISTA Co and Sino Gas BVI, and both VISTA Co and Sino Gas BVI are indirectly wholly owned by UBS Trustees in its capacity as trustee of the J&Y Family Trust. The J&Y Family Trust is a revocable discretionary family trust established by Mr. Ji as the founder, protector and one of the discretionary objects and UBS Trustees as the trustee. For further details of the J&Y Family Trust, please refer to the note set out in the table in the paragraph 3.1(a) under Appendix IV — "Statutory and general information" to this prospectus. Mr. Ji is also the sole shareholder of PCG Employee BVI and PCG BVI. Accordingly, Mr. Ji is or is deemed to be interested in a total of 75% of the total issued share capital of our Company. For the purpose of the Listing Rules, Mr. Ji, VISTA Co, Sino Gas BVI, China Full, PCG Employee BVI and PCG BVI are a group of our Controlling Shareholders of our Company as at the Latest Practicable Date. For details of our history and our major shareholders, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The tables below set forth summary of financial information of our Group for the periods indicated and should be read in conjunction with our financial information in Appendix I to this prospectus.

Highlight of consolidated statements of profit or loss and other comprehensive income

	Year ended 31 December						Six months ended 30 June			
	2015	Percentage of revenue	2016	Percentage of revenue	2017	Percentage of revenue	2017	Percentage of revenue	2018	Percentage of revenue
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000* (unaudited)	*(%)*	*RMB'000*	*(%)*
Revenue	662,428	100.0	878,373	100.0	1,095,339	100.0	505,591	100.0	557,168	100.0
— LPG	442,746	66.8	690,005	78.6	895,935	81.8	414,975	82.1	455,215	81.7
— CNG	217,358	32.8	185,719	21.1	193,980	17.7	89,323	17.7	91,926	16.5
— LNG and others	2,324	0.4	2,649	0.3	5,424	0.5	1,293	0.2	10,027	1.8
		Gross Profit Margin *(%)*		Gross Profit Margin *(%)*		Gross Profit Margin *(%)*		Gross Profit Margin *(%)*		Gross Profit Margin *(%)*
Gross Profit										
— LPG	62,887	14.2	152,183	22.1	139,857	15.6	72,222	17.4	61,561	13.5
— CNG	60,529	27.8	71,137	38.3	73,843	38.1	32,853	36.8	36,220	39.4
— LNG and others	1,702	73.2	1,745	65.9	1,959	36.1	790	61.1	1,975	19.7
Profit from operations	37,810		132,652		119,980		60,598		42,486	
Profit for the year/period	61,361		81,857		84,242		42,171		24,333	

Our revenue increased by approximately RMB51.6 million or 10.2% to approximately RMB557.2 million for the six months ended 30 June 2018 from approximately RMB505.6 million for the six months ended 30 June 2017. The increase was primarily due to (i) the increase in revenue from wholesale LPG primarily resulted from (a) our Group's continuing expansion in our Gas Wholesale Business to capture the growing consumption of LPG by residential and commercial users in Guangdong Province and (b) the increase in the average selling price of wholesale LPG from approximately RMB3,485 per tonne for the six months ended 30 June 2017 to RMB3,647 per tonne for the six months ended 30 June 2018 due to the increasing demand for petroleum products, thereby leading to an increase in commodity price of international crude oil and thus, an increase in the price of LPG; and (ii) the increase in revenue from retail and wholesale LNG of approximately RMB7.8 million, attributable to the commencement of operation our LNG vehicular refuelling station in July 2017.

Our revenue increased by approximately RMB216.9 million or 24.7% to RMB1,095.3 million for the year ended 31 December 2017 from RMB878.4 million for the year ended 31 December 2016. The increase was primarily due to (i) the increase in sales of retail and wholesale LPG due to our Group's business strategy to capture the growing consumption of LPG by residential and commercial users in Guangdong Province and the increase in average selling price of wholesale LPG due to increasing demand for petroleum products in 2017, thereby leading to an increase in the price of LPG and (ii) the increase in the sales of retail CNG due to the increased sales from some of our CNG refuelling stations and the commencement of our Xinzheng Daughter Station.

The increase in our revenue by approximately RMB216.0 million or 32.6% to RMB878.4 million for the year ended 31 December 2016 from RMB662.4 million for the year ended 31 December 2015 was primarily due to (i) the acquisition of the entire equity interests of HK Investment and GZ Zhongxin in September 2015, which in turn extended our Group's respective equity interests in GD Petrochemical and GZ New Energy from 50% to 100%, in which GD Petrochemical is principally engaged in the wholesale of LPG, and partially offset by (ii) the decrease in the average selling price of wholesale LPG from approximately RMB3,228 per tonne for the year ended 31 December 2015 to RMB2,666 per tonne for the year ended 31 December 2016 as a result of (i) the proportional increase in the supply of LPG was more than the increase in market demand for LPG and (ii) the decreasing commodity price of international crude oil thereby leading to a decrease in the market price of LPG.

Our profit after tax decreased by approximately RMB17.9 million or 42.4% to RMB24.3 million for the six months ended 30 June 2018 from RMB42.2 million for the six months ended 30 June 2017 primarily due to the impact of the non-recurring listing expenses of approximately RMB9.3 million and the decrease in our gross profit by approximately RMB6.1 million as a result of the rising procurement cost of LPG, which was caused by the commodity price trends of international crude oil.

Our profit after tax increased by approximately RMB2.3 million or 2.8% to RMB84.2 million for the year ended 31 December 2017 from RMB81.9 million for the year ended 31 December 2016 primarily due to the decrease in other operating expenses of approximately RMB3.0 million.

Our profit after tax increased by approximately RMB20.5 million or 33.4% to RMB81.9 million for the year ended 31 December 2016 from RMB61.4 million for the year ended 31 December 2015 primarily due to the increase in revenue of approximately RMB216.0 million as a result of the increase in sales of wholesale LPG because of the acquisition of the entire equity interests of HK Investment and GZ Zhongxin in September 2015 which extended our Group's respective equity interests in GD Petrochemical and GZ New Energy from 50% to 100%.

The following table sets forth the revenue, sales volume and average selling price of LPG, CNG and LNG for the respective periods indicated:

	For the years ended 31 December												For the six months ended 30 June							
	2015				2016				2017				2017				2018			
Types of sales	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Percentage of revenue (%)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Percentage of revenue (%)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Percentage of revenue (%)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000) (unaudited)	Percentage of revenue (%)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Percentage of revenue (%)	Sales volume(2)
Retail																				
LPG	6,271	318,958	48.1	50,859	5,877	296,054	33.7	50,377	5,971	330,898	30.2	55,421	6,084	155,881	30.8	25,620	5,951	152,548	27.4	25,632
CNG	3.6	197,789	29.9	54.9	3.0	180,024	20.5	60.0	3.1	192,318	17.6	62.7	3.0	88,808	17.6	29.2	3.2	90,737	16.3	28.8
LNG	—	—	—	—	—	—	—	—	4,475	2,429	0.2	543	—	—	—	—	4,908	1,708	0.3	348
Total		516,747	78.0			476,078	54.2			525,645	48.0			244,689	48.4			244,993	44.0	
Wholesale																				
LPG	3,228	123,788	18.7	38,352	2,666	393,951	44.9	147,776	3,582	565,037	51.6	157,762	3,485	259,094	51.2	74,346	3,647	302,667	54.3	82,988
CNG	3.0	19,569	2.9	6.6	2.6	5,695	0.6	2.2	2.7	1,662	0.2	0.6	2.2	515	0.1	0.2	3.0	1,189	0.2	0.4
LNG	—	—	—	—	—	—	—	—	4,462	273	0.0	61	—	—	—	—	4,340	6,050	1.1	1,394
Total		143,357	21.6			399,646	45.5			566,972	51.8			259,609	51.3			309,906	55.6	

Note:

1. Average selling price is calculated by the total revenue generated from the sales of each product during the respective period divided by the sales volume for each product during the respective period. Average selling price of LPG and LNG are in RMB per tonne and average selling price of CNG is in RMB per m^3.

2. Sales volume for LPG and LNG are measured in tonnes and sales volume of CNG is measured in million m^3.

Set forth below is a breakdown of our total revenue by geographical markets:

	For the years ended 31 December						For the six months ended 30 June			
	2015		2016		2017		2017		2018	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Guangdong Province	426,497	64.4	668,807	76.1	824,150	75.2	392,343	77.6	428,450	76.9
Henan Province	218,702	33.0	186,094	21.2	194,777	17.8	89,355	17.7	91,926	16.5
Jiangxi Province	17,229	2.6	23,472	2.7	76,412	7.0	23,893	4.7	36,792	6.6
Total	662,428	100	878,373	100	1,095,339	100	505,591	100	557,168	100

The table below sets forth the breakdown of our gross profits and gross profit margins by product mix for the respective periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2015		2016		2017		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Retail										
LPG	61,849	19.4	152,053	51.4	130,581	39.5	67,224	43.1	59,124	38.8
CNG	55,364	28.0	69,516	38.6	73,366	38.1	32,765	36.9	35,708	39.4
LNG	—	—	—	—	517	21.3	—	—	393	23.0
Sub-total	117,213	22.7	221,569	46.5	204,464	38.9	99,989	40.9	95,225	38.9
Wholesale										
LPG	1,038	0.8	130	0.1	9,276	1.6	4,998	1.9	2,437	0.8
CNG	5,165	26.4	1,621	28.5	477	28.7	88	17.1	512	43.1
LNG	—	—	—	—	9	3.3	—	—	244	4.0
Sub-total	6,203	4.3	1,751	0.4	9,762	1.7	5,086	2.0	3,193	1.0
Logistic services	1,702	73.2	1,745	65.9	1,433	52.6	790	61.1	1,338	59.0
Total	125,118	18.9	225,065	25.6	215,659	19.7	105,865	20.9	99,756	17.9

We generated most of gross profit from Gas Retail Business which contributed approximately 93.7%, 98.4%, 94.8% and 95.5% of our total gross profit during the Track Record Period, respectively. Among the gross profit from Gas Retail Business, (i) approximately 52.8%, 68.6%, 63.9% and 62.1% of gross profit were contributed by the retail sales of LPG through our vehicular refuelling stations; and (ii) approximately 47.2%, 31.4%, 35.9% and 37.5% of gross profit were contributed by the retail sales of CNG through our vehicular refuelling stations.

As our wholesale segment generally derives lower gross profit margin than our retail segment, the increase in the proportion of revenue attributable to our wholesale segment has generally reduced our Group's overall gross profit margin from approximately 25.6% for the year ended 31 December 2016 to approximately 19.7% for the year ended 31 December 2017 and further to approximately 17.9% for the six months ended 30 June 2018. Despite the increase in the portion of revenue attributed to our wholesale segment for the year ended 31 December 2016, our Group's overall gross profit margin increased as the proportional increase in gross profit margin for our retail segment was higher than the proportional decrease in the gross profit margin for our wholesale segment during that year.

The table below sets forth the breakdown of our gross profits and gross profit margins by geographical location for the respective periods indicated:

	Year ended 31 December						Six months ended			
	2015		2016		2017		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Guangdong Province	62,247	14.6	151,814	22.7	140,351	17.0	72,648	18.5	59,088	13.8
Henan Province	61,622	28.2	71,444	38.4	73,890	37.9	32,878	36.8	36,220	39.4
Jiangxi Province	1,249	7.3	1,807	7.7	1,418	1.9	339	1.4	4,448	12.1
	125,118	18.9	225,065	25.6	215,659	19.7	105,865	20.9	99,756	17.9

Highlight of consolidated statements of financial position

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	179,494	184,645	193,842	206,764
Current assets	269,046	365,681	396,753	384,921
Current liabilities	267,888	282,317	233,444	376,202
Net current assets	1,158	83,364	163,309	8,719
Net assets	180,652	268,009	357,151	215,483

We recorded net current assets of approximately RMB1.2 million as at 31 December 2015. Our net current assets position as at 31 December 2015 was mainly resulting from the (i) cash at bank and on hand of approximately RMB162.3 million and (ii) the trade and bills receivables of approximately RMB61.2 million. We recorded net current assets of approximately RMB83.4 million as at 31 December 2016 because of (i) the trade and bills receivables of approximately RMB81.3 million and (ii) cash at bank and on hand of approximately RMB220.7 million. Our net current assets position further increased to approximately RMB163.3 million as at 31 December 2017 because of (i) the trade and bills receivables of approximately RMB94.7 million and (ii) the amount due from related parties of approximately RMB79.1 million. Our net current asset significantly decreased by approximately RMB154.6 million or 94.7% from approximately RMB163.3 million as at 31 December 2017 to approximately RMB8.7 million as at 30 June 2018. Such decrease was mainly due to (i) increase in bank loans of approximately RMB56.0 million, (ii) increase in accrued expenses and other payables, which was primarily resulted from the payables for costs incurred in connection with the proposed initial listing of our Company's shares of approximately RMB3.9 million and distributions payable to China Full of approximately RMB99.4 million, (iii) decrease in amounts due from related parties of approximately RMB79.1 million and (iv) the decrease in trade and bills receivables of approximately RMB22.0 million, partially offset by the increase in cash at bank and on hand by approximately RMB95.9 million.

Highlight of consolidated cash flow statements

	Year ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Net cash generated from operating activities	50,601	63,858	111,735	78,294	26,010
Net cash (used in)/generated from investing activities	53,482	(30,022)	(19,418)	(4,067)	(24,908)
Net cash used in financing activities	(13,700)	(11,635)	(126,714)	(108,826)	69,058
Net increase/(decrease) in cash and cash equivalents	90,383	22,201	(34,397)	(34,599)	70,160
Cash and cash equivalents at beginning of year/period	64,439	154,822	177,023	177,023	142,626
Cash and cash equivalents at the end of year/period	154,822	177,023	142,626	142,424	212,786

Key financial ratios

	As at/For the year ended 31 December			As at/For the six months ended 30 June
	2015	**2016**	**2017**	**2018**
Current ratio[(1)]	1.0 time	1.3 times	1.7 times	1.0 time
Quick ratio[(2)]	1.0 time	1.3 times	1.7 times	1.0 time
Gearing ratio[(3)]	27.7%	70.9%	38.6%	90.0%
Net debt to equity ratio[(4)]	N/A	4.8%	N/A	N/A
Interest coverage[(5)]	17.1 times	31.4 times	21.8 times	N/A
Return on total assets[(6)]	13.7%	14.9%	14.3%	N/A
Return on equity[(7)]	36.1%	32.6%	25.3%	N/A
Gross profit margin[(8)]	18.9%	25.6%	19.7%	17.9%
Net profit margin[(9)]	9.3%	9.3%	7.7%	4.4%

Notes:

(1) Current ratio equals to total current assets divided by total current liabilities as at the end of each year/period.

(2) Quick ratio equals to total current assets less inventories divided by total current liabilities as at the end of each year/period.

(3) Gearing ratio equals to interest-bearing liabilities divided by total equity as at the end of each year/period.

(4) Net debt to equity ratio equals to net debt (all interest-bearing borrowings net of cash and cash equivalents) divided by total equity as at the end of each year.

(5) Interest coverage equals to profit before finance costs and income tax expense for the respective year divided by finance costs for the respective year.

(6) Return on total assets equals to profit and total comprehensive income for the respective year divided by total assets as at the end of each year multiplied by 100%.

(7) Return on equity equals to profit and total comprehensive income for the respective year divided by equity attributable to equity shareholders of our Company as at the end of each year multiplied by 100%.

(8) Gross profit margin is calculated based on gross profit of each year/period divided by revenue for the respective year/period multiplied by 100%.

(9) Net profit margin is calculated based on profit and total comprehensive income for the respective year/period divided by revenue of the respective year/period multiplied by 100%.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since 30 June 2018 and up to the Latest Practicable Date, the sales of LPG, CNG and LNG demonstrated a general increasing trend. For the ten months ended 31 October 2018, average selling price of retail LPG and CNG generally remained stable when compared to the average selling price for the year ended 31 December 2017, amounting to approximately RMB6,006 per tonne and RMB3.1 per m^3, respectively while the average selling price of retail LNG increased by approximately 11.0% when compared to the average selling price for the year ended 31 December 2017, amounting to approximately RMB4,969 per tonne. For the ten months ended 31 October 2018, average selling price of wholesale LPG, increased by approximately 9.7% when compared to the year ended 31 December 2017, and CNG and LNG decreased by approximately 7.4% and 6.4%, respectively when compared to the average selling price for the year ended 31 December 2017, amounting to approximately RMB3,928 per tonne, RMB2.5 per m^3 and RMB4,176 per tonne, respectively. For the ten months ended 31 October 2018, the sales volume of LPG amounted to approximately 179,119 tonnes, representing approximately 84.0% of the sales volume of LPG for the year ended 31 December 2017 while the sales volume of CNG amounted to approximately 53.8 million m^3, representing approximately 85.0% of the sales volume of CNG for the year ended 31 December 2017. The sales volume of LNG amounted to approximately 4,012 tonnes, representing approximately 664.2% of the sales volume of LNG for the year ended 31 December 2017. Our overall gross profit margin for the four months ended 31 October 2018 and the ten months ended 31 October 2018 amounted to approximately 13.2% and 16.0%, respectively.

For the four months ended 31 October 2018, our procurement price of LPG, CNG and LNG amounted to approximately RMB4,386 per tonne, RMB2.0 per m^3 and RMB4,023 per tonne, respectively. Our procurement price of LPG has witnessed a moderate increase subsequent to the Track Record Period and our Directors envisage that the increase is likely to continue due to the international prices of crude oil and in light of the U.S. China trade war only when the trade war affects the international crude oil price. Our Directors consider that (i) in respect of LPG, on a microscopic level, during the Track Record Period, although our Group has purchased LPG from domestic suppliers, the LPG was imported LPG and is primarily sourced from the Middle East such as Saudi Arabia. Therefore, our Directors believe that the impact of the U.S. China trade war to our Group is only on a macroscopic level, impacting the macroeconomic environment; and (ii) in respect of natural gas, during the Track Record Period, CNG made up the majority of our Group's sales of natural gas. Our Group procures CNG through the West to East Gas Transmission Tunnel (西氣東輸管道) and as far as our Directors are aware of, the segment of the CNG is from the pipelines stemming from Central Asia. As a result, our Group did not rely on imported U.S. natural gas during the Track Record Period. Given the low level of reliance on the United States as well as our Group for natural gas, our Directors believe that there is an insignificant impact on our Group's natural gas procurement price amidst the U.S. China trade war. However, our Directors consider that these are not within our Group's control and the effect is likely to be widespread amongst the industry and thus do not consider this being unique to our Group. Since we are required to be compatible with the retail prices in the market, the adjustments in our retail price usually lag behind the increase in our purchase cost, which will therefore result in a lower gross profit. The moderate increase in procurement price of LPG started to level off in October 2018. However, we were only able to adjust our retail price for LPG in later periods. In the event that the procurement price of LPG continues to increase in the future and we are unable to adjust our retail price in a timely manner, there will be an adverse change in the results. For details of the related risks involved, please refer to the section headed "Risk factors — Risks relating to our business and industry — Our 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" in this prospectus.

As far as our Directors are aware, save for the increase in LPG procurement price and the inability to timely adjust our retail price as mentioned above, there was no material adverse change in the market condition or regulatory conditions in our industry and environment in which we operate that materially and adversely affect our financial or operating position or prospects of our Group since 30 June 2018 and up to the date of this prospectus.

We currently expect that our financial results for the year ending 31 December 2018 will be negatively impacted by (i) the decrease in gross profit because of the aforementioned lag between increase in LPG procurement cost and retail price adjustment resulting in a decrease in gross profit margin to approximately 13.2% for the four months ended 31 October 2018; and (ii) the increase in operating expenses during the year, mainly due to the increase in (a) utilities expenses; (b) maintenance expenses; and (c) the non-recurring listing expenses to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income. For further details regarding our listing expenses, please refer to the section headed "Financial information — Listing expenses" in this prospectus. Our Directors confirm that save as aforesaid, there has been no material adverse change in our financial or trading position or prospects since 30 June 2018 being the date to which our latest audited financial information was prepared up to the date of this prospectus.

LISTING EXPENSES

Our estimated expenses in relation to the Listing primarily consist of legal and professional fees, the underwriting commissions together with the SFC transaction levy and the Stock Exchange trading fee. Based on the Offer Price of HK$3.1 per Offer Share, being the mid-point of the proposed Offer Price range, our total listing expenses are estimated to be approximately HK$33.1 million (equivalent to RMB29.3 million), of which approximately HK$11.9 million (equivalent to RMB10.5 million) is directly attributable to the issue of the Offer Shares and will be accounted for as a deduction from equity upon the Listing. The remaining amount of approximately HK$21.2 million (equivalent to RMB18.8 million) is chargeable to the consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2018. We emphasise that the amount of the listing expenses, which is non-recurring in nature, is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for the year ending 31 December 2018 is subject to adjustment based on audit and possible changes in variables and assumptions.

FUTURE PLANS AND USE OF PROCEEDS

The aggregate net proceeds of the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK$3.1 per Share, being the mid-point of the indicative range of the Offer Price of HK$2.8 to HK$3.4 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK$134.3 million. Our Directors intend to apply the net proceeds from the Global Offering as follows:

1. approximately 17.0%, or HK$22.8 million, of the net proceeds from the Global Offering will be used to acquire operational rights of a LPG domestic station;

2. approximately 18.0%, or HK$24.2 million, of the net proceeds from the Global Offering will be used to strengthen our LPG logistics and storage capacity by constructing storage facilities;

3. approximately 23.0%, or HK$30.9 million, of the net proceeds from the Global Offering will be used to complete construction, purchase land, equipment and machineries and their installation for the new CNG Mother Station;

4. approximately 20.0%, or HK$26.9 million, of the net proceeds from the Global Offering will be used for the construction of new stations, purchase and installation of their requisite equipment and machineries and maintenance of our existing stations;

5. approximately 12.0%, or HK$16.1 million, of the net proceeds from the Global Offering will be used to increase our logistics capacity by purchasing additional vehicle fleets; and

6. approximately 10.0%, or HK$13.4 million, of the net proceeds from the Global Offering will be used for our general working capital.

For further details of our future plans and use of proceeds, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

DISTRIBUTIONS/DIVIDENDS

During the first half of 2018, ZH Petrochemical, a subsidiary of our Group, declared distributions to China Full, the then equity holder of ZH Petrochemical, in the amount of RMB175.0 million, part of which was settled by netting off against amount due from shareholders and the remaining in the amount of approximately RMB99.4 million will be settled by cash prior to the Listing. Our Company currently does not have a dividend policy or any pre-determined dividend distribution ratio and may declare dividends by way of cash or by other means that our Directors consider appropriate. Our Directors shall decide and recommend the amount of dividends (or decide not to recommend any dividend) based on our earnings, cash flows, financial condition, capital requirements, future plans of our Group and any other conditions that our Directors deem relevant at such time. The foregoing, including our dividend distribution record, should not be viewed as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. There is no guarantee or representation or indication that our Directors must or will recommend and that our Group must or will pay dividends or declare and pay dividends at all.

SUMMARY OF MATERIAL RISK FACTORS

The major risks involved in our business operation are:

- Our business is subject to the development of PRC government policies and any future unfavourable policies may materially and adversely affect our business development and performance;
- Our business depends significantly on the market recognition of our logo “ ” and the trade name of “中油潔能”. Our business could be materially and adversely affected if we are unable to protect our logo “ ” and the trade name of “中油潔能”;
- We are 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 sole 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;
- Our 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;
- We had certain deficiencies in legal and statutory compliance in respect of construction approval by the relevant environmental regulatory authorities in the PRC during the Track Record Period;
- We have entered into a lease with an Independent Third Party for the parcel of land on which our Jinpanling Station operates. Our lease and the continuing use of the land is affected by the PRC government's plans to suspend paid services activities by the armed forces and armed police forces.

A detailed discussion of the aforesaid and other risk factors is set out in the section headed “Risk factors” in this prospectus. You should carefully consider the information contained therein before making any investment decision in relation to our Offer Shares.

LEGAL COMPLIANCE

During the Track Record Period, we did not fully comply with the applicable PRC laws and regulations in respect of failing to obtain approval for completion inspection of construction project for environment protection on time, failing to obtain approval of the construction project environmental impact report, failing to make sufficient contribution of social insurance and housing provident fund for our employees. For details regarding the non-compliance incidents, the remedial measures taken, the relevant risks and internal control measures adopted, please refer to the section headed “Risk factors” and the sections headed “Business — Legal proceedings and non-compliance matters” and “Business — Internal control measures to prevent reoccurrence of non-compliance incidents” in this prospectus.

GLOBAL OFFERING STATISTICS

	Based on the minimum Offer Price of HK$2.8 per Offer Share	Based on the maximum Offer Price of HK$3.4 per Offer Share
Market capitalization of the Shares	HK$604.8 million	HK$734.4 million
Unaudited pro forma adjusted net tangible assets of our Group per Share	HK$1.50	HK$1.64

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme.

(2) The market capitalisation is calculated based on 216,000,000 Shares expected to be in issue immediately following completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme).

(3) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to Appendix II to this prospectus and on the basis of a total of 216,000,000 Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme).

Unless the context otherwise requires, the following words and expressions shall have the following meanings in this prospectus.

"AIC"	Administration for Industry and Commerce, which are the local counterparts of the State Administration for Industry and Commerce
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of forms which is used in relation to the Public Offer
"Articles" or "Articles of Association"	the articles of association of our Company (as amended from time to time), a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"AVIC Group"	the group of companies comprising AVIC Joy and its subsidiaries from time to time
"AVIC Joy"	AVIC Joy Holdings (HK) Limited (幸福控股(香港)有限公司, formerly named China Environmental Investment Holdings Limited (中國環保投資股份有限公司) and Sino Gas Group Limited (中油潔能集團有限公司)), a company incorporated in Hong Kong on 29 April 1971 and is listed on the Main Board of the Stock Exchange (stock code: 260), and it is an Independent Third Party
"Best Creation"	Best Creation Group Holdings Limited (創隆集團控股有限公司), a company incorporated under the laws of Hong Kong on 8 June 2016 with limited liability and a directly wholly owned subsidiary of Silver Poplor as of the Latest Practicable Date and it is a connected person of our Company
"BMI Securities" or "Co-Manager"	BMI Securities Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities) regulated activities, being the Co-Manager to the Global Offering
"Board", "Board of Directors" or "our Board"	the board of Directors
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong or days on which a tropical cyclone warning no. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands

"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 161,990,000 new Shares to be made upon capitalisation of part of the amount standing to the credit of the share premium account of our Company arising from the issue of Offer Shares under the Global Offering as referred to in paragraph 1.3 under Appendix IV to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant(s)"	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
"CCASS Custodian Participant(s)"	person(s) admitted to participate in CCASS as custodian participant(s)
"CCASS Investor Participant(s)"	person(s) admitted to participate in CCASS as investor participant(s) who may be individual(s) or joint individuals or corporation(s)
"CCASS Operational Procedure"	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CG Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"China" or "PRC" or the "People's Republic of China"	the People's Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
"China Full"	China Full Limited (創意豐有限公司), a company incorporated under the laws of Hong Kong on 10 July 2009 with limited liability, which was indirectly controlled by Mr. Ji from September 2015, and indirectly wholly owned by Mr. Ji from 20 April 2018 and up to the establishment of the J&Y Family Trust, and is a Controlling Shareholder. Immediately after the establishment of the J&Y Family Trust on 7 November 2018, China Full has been indirectly wholly owned by VISTA Co and forms part of the trust asset of the J&Y Family Trust

"China Goldjoy Securities"	China Goldjoy Securities Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities, being one of the Joint Lead Managers to the Global Offering
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Law"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance" or "COWUMPO"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Sino Gas Holdings Group Limited (中油潔能控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 March 2018
"Connected Person(s)" or "connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in the context of our Company, collectively refers to Mr. Ji, VISTA Co, Sino Gas BVI, China Full, PCG Employee BVI and PCG BVI
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Deed of Indemnity"	the deed of indemnity dated 22 November 2018 and made by our Controlling Shareholders in favour of our Company, its subsidiaries and the Jointly Controlled Entities in respect of taxation and other indemnities referred to in paragraph 4.1 under Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition and other undertakings dated 22 November 2018 and made by our Controlling Shareholders in favour of our Company, which contains certain non-compete undertakings and other undertaking given in favour of our Company, further details of which are set out in the section headed "Relationship with our Controlling Shareholders" in this prospectus
"Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax

"Environmental Construction Regulations"	the Administrative Regulations on the Environmental Protection of Construction Projects (建設項目環境保護管理條例) of the PRC
"foreign currency(ies)"	currencies other than the functional currency of our Company
"F&S" or "Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an industry research consultant commissioned by us to prepare the F&S Report and an Independent Third Party
"F&S Report"	the industry research report prepared by Frost & Sullivan
"Ganzhou Gas"	Ganzhou Sino Gas LPG Company Limited (贛州中油潔能石油液化氣有限公司), a limited liability company established under the laws of PRC on 23 May 2008 and a 30%-owned subsidiary of our Company, and the remaining 29.5%, 29.5% and 11.0% was owned by Mr. Yang Gen (楊根), Ms. Jin Hangjun (金杭君) and Ms. Zeng Qiaohan (曾俏寒), respectively, as at the Latest Practicable Date. By virtue of them being holders of over 10% of the registered capital in each of Ganzhou Gas and JX Logistics, each of Mr. Yang, Ms. Jin and Ms. Zeng is a connected person of our Company at the subsidiary level. For the reason that our Group has the right to nominate majority of the directors and the general manager in Ganzhou Gas under its articles of association, Ganzhou Gas is considered as our subsidiary
"Gas Refuelling Business"	the distribution of LPG, CNG and/or LNG to vehicular end-users by operating vehicular refuelling stations, which forms the majority of our Gas Retail Business
"Gas Retail Business"	the distribution of LPG, CNG and/or LNG to vehicular, residential and commercial end-users by operating vehicular refuelling stations and domestic stations, which is the principal business of our Group
"Gas Wholesale Business"	the sales of LPG, CNG and LNG on a wholesale basis
"GD Investment"	Guangdong Sino Gas Investment Company Limited (廣東中油潔能投資有限公司, formerly named Guangzhou Sino Gas Investment Company Limited (廣州中油潔能投資有限公司)), a limited liability company established under the laws of PRC on 2 May 2013 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"GD New Energy"	Guangdong Sino Gas New Energy Company Limited (廣東中油潔能新能源有限公司), a limited liability company established under the laws of PRC on 3 March 2016 and a former member of our Group prior to its disposal by our Group in January 2018

"GDP"	gross domestic product
"GD Petrochemical"	Guangdong Sino Gas Petrochemical Company Limited (廣東中油潔能石化有限公司), a limited liability company established under the laws of PRC on 28 March 2014 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"Global Offering"	collectively, the Public Offer and the International Placing
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form Service Provider** designated by our Company
"Group", "our Group", "we" or "us"	our Company and our subsidiaries (and excluding (unless specified otherwise) the Jointly Controlled Entities) or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the entities which carried on the business of the present Group at the relevant time
"GZ Fuel Sales"	Guangzhou Sino Gas Fuel Sales Company Limited (廣州中油潔能燃氣銷售有限公司), a limited liability company established under the laws of PRC on 27 July 2018 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"GZ Jiahexing"	Guangzhou Sino Gas Jiahexing Petrochemical Company Limited (廣州中油潔能嘉和興石化有限公司), a limited liability company established under the laws of PRC on 26 May 2014 and a 51%-owned subsidiary of our Company, and the remaining 49% was owned by GZ Jiahexing Development as at the Latest Practicable Date
"GZ Jiahexing Development"	Guangzhou City Jiahexing Development Company Limited (廣州市嘉和興發展有限公司), a limited liability company established under the laws of PRC on 1 March 2001 and solely owned by Mr. Yao Zhiyi (姚志義), an Independent Third Party, as at the Latest Practicable Date. By virtue of it being the holder of over 10% of the registered capital in GZ Jiahexing, GZ Jiahexing Development is a connected person of our Company at the subsidiary level
"GZ Logistics"	Guangzhou Sino Gas Logistics Company Limited (廣州中油潔能物流有限公司), a limited liability company established under the laws of PRC on 23 January 2013 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"GZ Natural Gas"	Guangzhou Sino Gas Natural Gas Company Limited (廣州中油潔能天然氣有限公司), a limited liability company established under the laws of PRC on 7 April 2016 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date

"GZ New Energy"	Guangzhou Sino Gas New Energy Company Limited (廣州中油潔能新能源有限公司), a limited liability company established under the laws of PRC on 2 August 2013 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"GZ Sino Gas"	Guangzhou Sino Gas Fuel Chain Company Limited (廣州中油潔能燃氣連鎖有限公司, formerly named Guangzhou Gas Technology Company Limited (廣州潔能燃氣技術有限公司)), a limited liability company established under the laws of PRC on 19 April 2005 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"GZ Zhongxin"	Guangzhou Zhongxin Energy Company Limited (廣州中鑫能源有限公司), a limited liability company established under the laws of PRC on 13 May 2015 and a former wholly owned subsidiary of our Company prior to its disposal in June 2018
"Henan Blue Sky"	Henan Blue Sky Sino Gas Technology Company Limited (河南藍天中油潔能科技有限公司), a limited liability company established under the laws of PRC on 16 May 2007 and was owned in equal shares by HK Investment and Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司), an Independent Third Party, as at the Latest Practicable Date, and it is one of the Jointly Controlled Entities
"Henan Gas"	Henan Sino Gas Fuel Company Limited (河南中油潔能燃氣有限公司), a limited liability company established under the laws of PRC on 13 November 2013 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"Henan Transportation"	Henan Sino Gas Sales And Transportation Company Limited (河南中油潔能銷售運輸有限公司), a limited liability company established under the laws of PRC on 17 December 2010 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"Henan Yonghui"	Henan Sino Gas Yonghui Natural Gas Company Limited (河南中油潔能永輝天然氣有限公司), a limited liability company established under the laws of PRC on 23 September 2013 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"Hengqin Gas"	Zhuhai Hengqin Xinqu Sino Gas Fuel Company Limited (珠海橫琴新區中油潔能燃氣有限公司), a limited liability company established under the laws of PRC on 9 May 2012 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date

"**HK eIPO White Form**"	the application for Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk**
"**HK eIPO White Form Service Provider**"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website at **www.hkeipo.hk**
"HK Investment"	Sino Gas Investment Group Limited (中油投資集團有限公司), a company incorporated under the laws of Hong Kong on 24 March 2015 with limited liability and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"HK New Energy"	Sino Gas New Energy Investments Limited (中油新能源投資股份有限公司), a company incorporated under the laws of Hong Kong on 23 January 2014 with limited liability and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong", "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
"Hong Kong dollars", "HK dollars", "HK$", "HKD" or "cents"	Hong Kong dollars, the lawful currency of Hong Kong
"IASs"	International Accounting Standards
"IASB"	International Accounting Standards Board
"IFRSs"	International Financial Reporting Standards
"Independent Third Party(ies)"	any individual(s) or entity(ies) who, as far as our Directors are aware, is/are not connected person of our Company within the meaning ascribed to it in the Listing Rules
"INED(s)"	independent non-executive Director(s) of our Company

"International Placing"	the conditional placing of the International Placing Shares by the International Underwriters for and on behalf of our Company, to professional, institutional and other investors at the Offer Price, as further described in the section headed "Structure and conditions of the Global Offering" in this prospectus
"International Placing Shares"	the 48,600,000 new Shares initially being offered by our Company for subscription at the Offer Price under the International Placing together with, where relevant, any additional Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, but subject to reallocation, as further described in section headed "Structure and conditions of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Placing, who are expected to enter into the International Underwriting Agreement to underwrite the International Placing Shares
"International Underwriting Agreement"	the conditional underwriting agreement expected to be entered into on or about the Price Determination Date by, amongst other parties, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the International Underwriters in respect of the International Placing
"Issuing Mandate"	the general unconditional mandate granted to our Directors by our Shareholders in relation to the issue of new Shares, further information on which is set forth in paragraph 1.3 under Appendix IV to this prospectus
"J&Y Family Trust"	the J&Y Family Trust to be established where Mr. Ji is its founder and protector, and the discretionary objects include Mr. Ji himself, Mrs. Ji (the spouse of Mr. Ji and the mother of Ms. Ji) and Ms. Ji
"JM Xinjiang Gas"	Jiangmen Xinjiang Gas Company Limited (江門市新江煤氣有限公司), a limited liability company established under the laws of PRC on 1 December 1994 and was owned as to 50% by GD Investment, and 30% and 20% by Guangzhou Yinye Development Group Company Limited (廣州銀業發展集團有限公司) and Mr. Yu Fei (俞飛), both of which are Independent Third Parties, respectively, as at the Latest Practicable Date, and it is one of our Jointly Controlled Entities
"Joint Bookrunners"	Innovax Securities and Victory Securities
"Jointly Controlled Entity or Entities"	being JM Xinjiang Gas and/or Henan Blue Sky, to which our Group is interested in 50% of their respective equity interests

"Joint Lead Managers"	Innovax Securities, Victory Securities, Pulsar Capital and China Goldjoy Securities
"Jointly-owned Stations"	stations owned by the Jointly Controlled Entities
"JX Logistics"	Jiangxi Sino Gas Logistics Company Limited (江西中油潔能物流有限公司), a limited liability company established under the laws of PRC on 15 October 2008 and a 30%-owned subsidiary of our Company, and the remaining 29.5%, 29.5% and 11.0% was owned by Mr. Yang Gen, Ms. Jin Hangjun and Ms. Zeng Qiaohan, respectively, as at the Latest Practicable Date. For the reason that our Group has the right to nominate majority of the directors and the general manager in JX Logistics under its articles of association, JX Logistics is considered as our subsidiary
"Latest Practicable Date" or "LPD"	6 December 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing Committee"	the listing sub-committee of the Board of Directors of the Stock Exchange
"Listing Date"	the date, expected to be on or about Friday, 28 December 2018, on which our Shares are listed and from which dealings therein are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board" or "main board"	the Main Board of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company (as amended from time to time), a summary of which is set out in Appendix III to this prospectus
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD"	Ministry of Housing and Urban — Rural Development of PRC (中華人民共和國住房和城鄉建設部), formerly known as Ministry of Construction of the PRC
"Mother Stations" or "CNG Mother Stations"	our CNG mother stations that we operate or will operate through our subsidiaries or jointly controlled entities which process and supply CNG to our CNG refuelling stations and other wholesale customers

"Mr. Ji"	Mr. Ji Guang (姬光先生), one of our Controlling Shareholders and an executive Director, the Chairman of the Board and the chief executive officer of our Group, and the father of Ms. Ji
"Mr. Zhou"	Mr. Zhou Feng (周楓先生), an executive Director
"Mrs. Ji"	Ms. Yang Ling (楊玲女士), the spouse of Mr. Ji and the mother of Ms. Ji
"Ms. Ji"	Ms. Ji Ling (姬玲女士), an executive Director, the Vice-Chairman of the Board and a daughter of Mr. Ji
"NDRC"	National Development and Reform Commission of the PRC
"Nomination Committee"	the nomination committee of the Board
"Offer Price"	the final price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at not more than HK$3.4 per Offer Share and is expected to be not less than HK$2.8 per Offer Shares at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering
"Offer Share(s)"	the Public Offer Shares and the International Placing Shares together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 8,100,000 Shares at the Offer Price, representing approximately 15% of the number of Offer Shares initially available under the Global Offering at the Offer Price as further discussed in the section headed "Structure and conditions of the Global Offering" in this prospectus
"Perfect Wise"	Perfect Wise Asia Limited (致慧亞洲有限公司), a company incorporated under the laws of BVI on 18 April 2017 with limited liability, and it was a direct wholly owned subsidiary of our Company as at the Latest Practicable Date
"PCG BVI"	Petrochemical Gas Energy Limited (石化燃氣能源有限公司), a company incorporated under the laws of BVI on 9 April 2018 with limited liability, which was directly wholly owned by Mr. Ji as at the Latest Practicable Date, and is holding 10% of the total issued share capital of our Company as at the Latest Practicable Date, and is a Controlling Shareholder

"PCG Employee BVI"	Petrochemical Gas Energy Group Limited (石化燃氣能源集團有限公司), a company incorporated under the laws of BVI on 9 April 2018 with limited liability, which was directly wholly owned by Mr. Ji as at the Latest Practicable Date, and is holding 15% of the total issued share capital of our Company as at the Latest Practicable Date, and is a Controlling Shareholder, and it is contemplated that after Listing, the share capital in this company will be reorganised into two classes which carry such rights and restrictions as set out in the section headed "History, Reorganisation and development — Reorganisation — 5. Allotment and issue of Shares by our Company to PCG Employee BVI and PCG BVI" of this prospectus
"PetroChina"	PetroChina Company Limited (中國石油天然氣股份有限公司), a joint stock company incorporated in China with limited liability whose H shares are listed on the Stock Exchange (stock code: 857), and/or its subsidiaries, and an Independent Third Party and also one of our suppliers during the Track Record Period
"PRC GAAP"	the generally accepted accounting principles in the PRC
"PRC Legal Adviser"	Commerce & Finance Law Offices, legal advisers to our Company as to the laws of the PRC
"PRC Operating Subsidiaries"	collectively, GZ Sino Gas, GZ Logistics, Henan Transportation, Ganzhou Gas, GZ Natural Gas, GZ New Energy, GD Petrochemical, ZH Transportation, JX Logistics, Henan Gas, Zhengzhou Fuel, Henan Yonghui, GZ Jiahexing, Xinzheng Sino Gas and Zhengzhou Sino Gas
"Price Determination Agreement"	the agreement to be entered into among our Company and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date on which the Offer Price is expected to be determined by our Company and the Sole Global Coordinator (on behalf of the Underwriters) for the purposes of the Global Offering expected to be on or about Wednesday, 19 December 2018 but no later than Monday, 24 December 2018
"Public Offer"	the conditional offer of the Public Offer Shares by our Company for subscription to the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus

"Public Offer Shares"	the 5,400,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer, subject to reallocation, details of which are set out in section headed "Structure and conditions of the Global Offering" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer as listed in the section headed "Underwriting — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement dated 13 December 2018 relating to the Public Offer and entered into between, amongst other parties, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters, as further described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Public Offer Underwriting Agreement" in this prospectus
"Pulsar Capital"	Pulsar Capital Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being one of the Joint Lead Managers to the Global Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed "History, Reorganisation and development — Reorganisation" in this prospectus
"Remuneration Committee"	the remuneration committee of the Board
"Repurchase Mandate"	the general unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of our Shares, further information on which is set forth in paragraph 1.3 under Appendix IV to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"Sanlin Resources"	Sanlin Resources Limited (新聯資源有限公司), a company incorporated under the laws of BVI on 5 July 2005 with limited liability, which was wholly beneficially owned by Mr. Ji as at the Latest Practicable Date and it is a connected person of our Company

"SAT"	State Administration of Taxation of the PRC (國家稅務總局)
"Self-owned Stations"	stations owned by our Group other than those held by Jointly Controlled Entities
"SFC" or "Securities Futures Commission"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanxi Sino Gas"	Sino Gas (Shan Xi) Gas Company Limited (中油潔能(山西)燃氣有限公司), a limited liability company established under the laws of PRC on 12 October 2007 and a former wholly owned subsidiary of our Company prior to its disposal by our Group in June 2018
"Shanxi Xinneng"	Shanxi Xinneng CNG Company Limited (山西欣能壓縮天然氣有限公司), a limited liability company established under the laws of PRC on 2 February 2009 and a former non-wholly owned subsidiary of our Company prior to the disposal of Shanxi Sino Gas by our Group in June 2018
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 22 November 2018, further details of which are summarised in paragraph 3.5 under Appendix IV to this prospectus
"Shareholder(s)"	holder(s) of our Share(s)
"Silver Poplor"	The Silver Poplor Holdings Group Limited (銀白楊控股集團公司), a company incorporated under the laws of Hong Kong on 26 April 2017 with limited liability, which was wholly beneficially owned by Mr. Ji as of the Latest Practicable Date and it is a connected person of our Company
"Sino Gas BVI"	Sino Gas Holdings Group Limited (中油洁能控股集团有限公司), a company incorporated under the laws of BVI on 23 October 2014 with limited liability, which was indirectly wholly owned by Mr. Ji from 11 August 2016 and up to the establishment of the J&Y Family Trust, and is a Controlling Shareholder. Immediately after establishment of the J&Y Family Trust on 7 November 2018, Sino Gas BVI has been indirectly wholly owned by VISTA Co and forms part of the trust asset of the J&Y Family Trust

"Sino Gas Holding BVI"	Sino Gas Energy Group Limited (中油潔能能源集團有限公司), a company incorporated under the laws of BVI on 24 April 2018 with limited liability and a direct wholly owned subsidiary of our Company as at the Latest Practicable Date
"Sino Gas Holding HK"	Sino Gas Investments Holdings Group Limited (中油潔能投資控股集團有限公司), a company incorporated under the laws of Hong Kong on 17 May 2018 with limited liability and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"Sole Global Coordinator" or "Innovax Securities" or "Stabilising Manager"	Innovax Securities Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities, the Sole Global Coordinator, one of the Joint Bookrunners and one of the Joint Lead Managers in respect of the Global Offering
"Sole Sponsor" or "Innovax Capital"	Innovax Capital Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between China Full and the Sole Global Coordinator on or around the Price Determination Date, pursuant to which the Stabilising Manager, may borrow up to 8,100,000 Shares from China Full to cover any over-allocations under the International Placing
"Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, for the purpose of this prospectus, refers to the entities and/or persons disclosed in the section headed "Substantial Shareholders" in this prospectus or, where the context so requires, any one of them
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the financial years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018
"Underwriters"	collectively, the Public Offer Underwriters and the International Underwriters
"Underwriting Agreements"	collectively, the Public Offer Underwriting Agreement and the International Underwriting Agreement

"United States" or "U.S."	the United States of America
"Victory Securities"	Victory Securities Company Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities, being one of the Joint Bookrunners and Joint Lead Managers to the Global Offering
"US$" or "U.S. dollar(s)" or "USD"	United States dollars, the lawful currency of the United States
"VAT"	value-added tax
"VISTA Co"	Petrochemical Gas Group Limited (石化燃氣集團有限公司), a company incorporated under the laws of BVI on 25 May 2018 with limited liability, which was directly wholly owned by Mr. Ji from 25 May 2018 up to the date of establishment of the J&F Family Trust, and is a Controlling Shareholder. Immediately after the execution by Mr. Ji on 7 November 2018 of the deed which constitutes the J&Y Family Trust, its entire issued share capital has been indirectly held by UBS Trustees (BVI) Limited (through UBS Nominees Limited, its wholly-owned subsidiary) in its capacity as the trustees of the J&Y Family Trust
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name(s)
"Xinzheng Sino Gas"	Xinzheng Yonghui Natural Gas Company Limited (新鄭永輝天然氣有限公司), a limited liability company established under the laws of PRC on 1 February 2007 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
"YoY"	year-on-year or period-on-period (as the case may be)
"Zhengzhou City"	the capital of Henan Province, the PRC, which comprises a county, six districts and five county-level cities. Amongst the county-level cities, it includes Dengfeng City, Gongyi City, Xingyang City, Xinmi City and Xinzheng City

"Zhengzhou Fuel"	Zhengzhou Transport Investment Sino Gas Fuel Company Limited (鄭州交投中油潔能燃氣有限公司), a limited liability company established under the laws of PRC on 3 June 2015 and a 51%-owned subsidiary of our Company, and the remaining 49% was owned by Zhengzhou Transport Investment Xinneng Industrial Company Limited (鄭州交投鑫能實業有限公司) as at the Latest Practicable Date. By virtue of it being the holder of over 10% of the registered capital of Zhengzhou Fuel, Zhengzhou Transport Investment Xinneng Industrial Company Limited is a connected person of our Company at the subsidiary level
"Zhengzhou Public Transportation"	Zhengzhou City Public Transportation Head Company (鄭州市公共交通總公司), a state-owned enterprise established under the laws of PRC on 12 September 1990 and solely owned by Zhengzhou City Public Utilities Bureau (鄭州市公用事業局) as at the Latest Practicable Date. By virtue of being the holder of over 10% of the registered capital in Zhengzhou Sino Gas, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level
"Zhengzhou Sino Gas"	Zhengzhou Sino Gas Bus Fuel Company Limited (鄭州中油潔能巴士燃氣有限公司), a limited liability company established under the laws of PRC on 14 March 2005 and a 60%-owned subsidiary of our Company, and the remaining 38% and 2% was owned by Zhengzhou Public Transportation and Zhengzhou Investment Holdings Company Limited (鄭州投資控股有限公司), an Independent Third Party, respectively as at the Latest Practicable Date
"ZH Investment"	Sino Gas (Zhuhai) Investment Company Limited (中油潔能(珠海)投資有限公司), a limited liability company established under the laws of PRC on 5 February 2015 and a former subsidiary of our Company prior to its disposal by our Group in June 2018
"ZH Petrochemical"	Sino Gas (Zhuhai) Limited (中油潔能(珠海)石化有限公司), a limited liability company established under the laws of PRC on 14 September 2005 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"ZH Transportation"	Zhuhai Sino Gas Dangerous Goods Transportation Company Limited (珠海中油潔能危險品運輸有限公司), a limited liability company established under the laws of PRC on 14 December 2006 and an indirect wholly owned subsidiary of our Company as at the Latest Practicable Date
"%"	per cent

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assumes no allotment or issue of any Shares upon the exercise of any options which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option.

The English translation of the PRC entities, enterprises, nationals, facilities, regulations in Chinese or another language included in this prospectus is for identification purposes only. To the extent there is any inconsistency between the Chinese names of the PRC entities, enterprises, nationals, facilities, regulations and their English translations, the Chinese names shall prevail.

Unless expressly stated or otherwise required by the context, all data contained in this prospectus are as at the Latest Practicable Date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains explanations of certain terms and definitions used in this prospectus in connection with our Group and its business. The terms and their meanings may not correspond to standard industry meanings or usage of those terms.

"breakeven period"	breakeven period is calculated by the first month where the monthly income can make up for the monthly operating costs (excluding amortization) since commencement of operation of the station
"CNG"	compressed natural gas, a type of natural gas that is compressed to high density through imposing high-pressure to facilitate the ease and efficiency of transportation
"Gas Vehicle(s)"	includes natural gas (CNG and LNG) vehicles and LPG vehicles
"IC card"	pocket-sized card that has embedded integrated circuits, also known as smart card
"investment payback period"	investment payback period is calculated by the first time since the commencement of the operation of the station where the accumulated net cash inflows can make up for the total amount of initial investment of the station
"km"	kilometre(s)
"L-CNG"	liquefied-to-compressed natural gas, a type of natural gas that is converted to CNG form from LNG through vapourisation
"LNG"	liquefied natural gas, a type of natural gas that has been converted to liquid form through application of pressure and cooling for ease and efficiency of transportation
"LPG"	liquefied petroleum gas, a type of inflammable gas produced during natural gas processing and oil refining, which could be stored as liquid under pressure
"m^3"	standard or normal cubic metre(s), namely, the gas volume under the standard or normal conditions for temperature and pressure, which can be converted into tonnes
"MPa"	unit of pressure, mega pascal. 1 MPa=1,000,000 pa, is a measure of force per unit area
"New Energy Vehicle(s)" or "NEV"	includes pure electric vehicles, plug-in hybrid vehicles and fuel-cell vehicles
"sq.m."	square metre(s)

"tonne"	metric ton, which can be converted into m^3
"Urban Gate Station Price"	the non-residential urban gate station price of natural gas (天然氣城市門站價格) stipulated by the NDRC from time to time which normally comprises the ex-plant price (including wellhead costs, purification costs and other miscellaneous costs) and pipeline transmission fee

This prospectus contains certain statements that are ''forward-looking'' and uses forward-looking terminology such as ''anticipate'', ''believe'', ''expect'', ''may'', ''plan'', ''consider'', ''ought to'', ''should'', ''would'', ''shall'', ''will'' and the negative of these terms and other similar expressions, as they relate to us. Those statements include, among other things, the discussion about our growth strategy and the expectations of our future operations, liquidity and capital resources, which reflect our management's current view with respect to future events based on the beliefs of our management and assumptions made by and information currently available to our management, and are subject to certain risks, uncertainties and factors, including the risk factors described in the section headed ''Risk factors'' in this prospectus. Potential investors of the Offer Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that any or all of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could also be incorrect. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. In light of these, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company's plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in the section headed ''Risk factors'' in this prospectus. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

You should carefully consider the following information about risks, together with the other information contained in this prospectus, before you decide to buy our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business is subject to the development of PRC government policies and any future unfavourable policies may materially and adversely affect our business development and performance

Our Gas Retail Business and Gas Wholesale Business are influenced by PRC government policies. For example, the PRC government has been supporting the use of natural gas and had issued the Changing Fuels from Coal to Gas Policy (煤改氣政策) and the Notice on Opinion of Accelerating and Advancing the Utilization of Natural Gas (加快推進天然氣利用的意見). In light of these policies, our Group intends to increase the number of our vehicular refuelling stations and CNG Mother Stations. In addition, the retail price for some of our CNG products in Henan Province are affected by the suggested sales price recommended by the Zhengzhou Public Utilities Association (鄭州市公用業協會) whereas the purchase price takes into account of the reference Urban Gate Station Price as promulgated by the NDRC from time to time. As such, the pricing of our CNG products in Henan Province are usually based on the suggested sales price in Zhenghou City, and the market price in Xinyang City and Zhumadian City. Since the association which recommended the sales price has no pricing control authorities, there is no government imposed price ceilings even for our CNG products in Zhengzhou City, Henan Province. Our revenue, cost of sales and gross profit margin as well as our business plans are therefore affected by the changes in the PRC government policies and local policies. For details of our business plans of our products, please refer to the section headed "Business — Our business strategies" in this prospectus.

We are unable to predict future change in laws and regulations or government policies. Such laws and regulations and government policies are subject to change and are beyond the control of our Group. Any negative changes to the existing government support and policies in respect of natural gas may hamper our future plans to expand in the natural gas sector. Furthermore, any changes in laws and pricing regulations may have a material adverse impact on our business performance. Future change in laws and regulations may require us to make costly and time-consuming changes to our operations and our intended business plans, which could materially and adversely affect our business, results of operations and financial condition. For details, please refer to the section headed "Regulatory overview" in this prospectus.

Our business depends significantly on the market recognition of our logo “ ” and the trade name of “中油潔能”. Our business could be materially and adversely affected if we are unable to protect our logo “ ” and the trade name of “中油潔能”

Our Group has always been using “ Sinogas 中油潔能” (the “**Combination**”) which consists of our logo and trade name for our business operations. Although we were not successful in registering the Combination as a trademark, we are allowed to use the Combination. However, the Combination has no same legal protection and status as that of a registered trademark. Furthermore, the current use of our logo (i.e. for the gas refuelling business) does not share the same goods/service as the other registered trademarks and is not likely to infringe the other registered trademarks. However, if our competitors successfully register the logo as a registered trademark under the category for gas refuelling business, our Group’s use of the logo may constitute passing off infringement.

As at the Latest Practicable Date, our Group has five registered trademarks in the PRC. However, the trademarks are not registered under the category of gas refuelling business in which we operate. The Trademark Office of the State Administration for Industry and Commerce of the People’s Republic of China (the “**PRC Trademark Office**”) has denied the application to register “ Sinogas 中油潔能” under the category for gas refuelling business. Hence, we are unable to register “ Sinogas 中油潔能” as a trademark under the gas refuelling business. In addition, we have applied to the PRC Trademark Office to register our logo “ ” as a trademark under the category for gas refuelling business. However, the application has been denied. For details regarding the reasons for the denials and our PRC Legal Adviser’s views, please refer to the section headed “Business — Intellectual property rights” in this prospectus. Our Group has applied for a review of the PRC Trademark Office’s decision to deny our applications to register the logo “ ”. Yet, in the event that there are future changes in the PRC legal and regulatory regime, we cannot assure you that we will be able to register our logo as a trademark under the gas refuelling business ahead of our competitors. If our competitors successfully register our logo as a registered trademark under the category for gas refuelling business, we may be unable to rely on our logo and may even constitute passing off infringement, which may materially and adversely affect our business, results of operations and prospects.

We have registered and incorporated companies in Guangdong Province, Henan Province and Jiangxi Province and have operated our business under our logo “ ” and the trade name of “中油潔能”. As advised by our PRC Legal Adviser, our trade name of “中油潔能” is protected in our Group and its subsidiaries’ place of incorporation and that within the said regions, our Group may exclude competitors from operating gas refuelling business under the trade name of “中油潔能”. However, if we expand into regions outside of these places of incorporation, and that there are existing competitors operating gas refuelling business under the trade name of “中油潔能”, we may be unable to register our trade name which may materially and adversely affect our business, financial conditions and results of operations. We believe our success in the said regions are partly attributable to our customers’ recognition of our logo “ ” and trade name of “中油潔能” and that our continued success will depend largely on our ability to protect and enhance the value of our logo and trade name. Any deterioration in the reputation relating to our logo and trade name could have a material and adverse effect on our sales, profitability and implementation of growth strategy.

Further, we have also entered into an agreement with an Independent Third Party to sell our rights in Henan Nanhai and certain contractual rights in Henan Sino Gas Nanhai Energy Company Limited (河南中油潔能南海能源有限公司) (''**Henan Nanhai**'') according to which we have granted Henan Nanhai the right to use our logo '' '' and trade name ''中油潔能'' until April 2019. Any adverse incident on Henan Nanhai may also have material adverse impact on our reputation. For details regarding such disposal, please refer to ''History, Reorganisation and Development — Change of Group Structure During the Track Record Period — Disposals of Companies — Disposal of the rights to acquire 80% of the registered capital of Henan Nanhai'' in this prospectus.

We are 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

Among our five largest suppliers for the years ended 31 December 2015, 2016, 2017 and for the six months ended 30 June 2018, LPG and LNG suppliers accounted for approximately 59.0%, 71.1%, 69.0% and 78.5% of our total costs of sales respectively. According to the F&S Report, the supply of gas fuel in China is often in the hands of large state-owned enterprises and foreign gas source suppliers. To ensure a stable and sufficient supply of fuels, refuelling station operators have to establish procurement channels and maintain good business relationship with upstream suppliers.

As we do not produce our raw materials and rely on our suppliers to obtain gas, we typically enter into LPG and LNG supply framework agreements which typically do not last for more than a year with suppliers for gas supply. Nevertheless, we cannot guarantee that the suppliers will continue to renew such agreements or provide sufficient gas to us especially in time of unpredicted increase in demands for LPG and LNG. Any dispute between us and our major suppliers may also affect the supply relationship. Our suppliers may also occasionally encounter shortage of gas supply such as the occurrence of any adverse political and economic conditions in natural gas exporting countries, and may not be able to provide sufficient fuel to us pursuant to the gas supply framework agreements. If we fail to find a substitute for the supply of fuel in a timely manner or on commercially acceptable terms, our stations may not have sufficient products for sale, and our business, reputation and results of operations may be materially and adversely affected.

PetroChina is our ultimate sole 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

Natural gas is one of our main raw materials for our business operation. Since 2007 and up to the Latest Practicable Date, PetroChina has been our ultimate sole natural gas supplier in Henan Province. Our supply of CNG could be materially and adversely affected if there is an insufficient supply of natural gas from PetroChina. The price at which we purchase natural gas from PetroChina is affected by the NDRC, which we have limited control. For details of the pricing of CNG, please refer to the section headed ''Business — Pricing'' of this prospectus. Any dispute between us and PetroChina or any changes of terms under the natural gas supply agreement with PetroChina may affect our supply relationship with PetroChina, and result in the loss of business opportunities and stable supply of CNG.

Further, we may also face shortage of natural gas in the PRC as a whole due to reasons beyond our control, for example, disruption of natural gas supply of PetroChina or the occurrence of any adverse political and economic conditions in the PRC, resulting in the significant fluctuation of natural gas supply in the market. If we are not able to source sufficient amount of natural gas on commercially acceptable terms, or at all, our business, financial condition and results of operations would be materially and adversely affected.

Our 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

Natural gas and LPG are important raw material for our Gas Retail Business and Gas Wholesale Business and constitute a majority of our costs of sales. Our costs of sales and gross profit margin are directly affected by the fluctuations of the purchase price of natural gas and LPG, which are beyond our control. The purchase price of LPG is highly related to the price trend of crude oil which fluctuates as the demand for petroleum products changes. The purchase price of natural gas is determined with reference to the Urban Gate Station Price which is a reference price nationwide promulgated by the NRDC from time to time. According F&S, in future, the purchase price fluctuation of natural gas is estimated to align with the price trend of crude oil as it is an oil derivative product and an alternative fuel of refined oil products, such as gasoline and diesel.

The fluctuations in our gross profit margin are contributed by the changes in the purchase price and retail selling price at gas refuelling stations which are affected by a range of factors over which we have limited control.

Our selling price takes into consideration, amongst others, procurement cost, and competition with our competitors, and these are factors which are beyond our control. Market demand by end-customers, and competitive landscape of each refuelling station may also impact the retail selling price. In particular, when our competitors undercut the retail selling price, we may suffer from lower profit margin (if we aim at maintaining sales volume) or lower sales volume (if we aim at maintaining our profit margin). In addition, for our CNG products, the Zhengzhou Public Utilities Association provides a suggested sales price for the members of association which will limit our ability to adjust our sales price in the same proportion when the procurement cost of natural gas increases. As such, our ability to timely adjust our retail price will affect our gross profit and gross profit margin.

For each of the three years ended 31 December 2017 and the six months ended 30 June 2018, our gross profit margin was approximately 18.9%, 25.6%, 19.7% and 17.9%, respectively. The fluctuations in our gross profit margin are contributed by, amongst others, the changes in the procurement cost and average selling price which are affected by a range of factors aforementioned over which we have limited control.

If we are unable to pass on the impact of the increase in purchase prices of our gas products to our customers by adjusting our selling price in a timely manner or at all due to price competition with other refuelling station operators which manage to procure gas at lower costs, or if we misjudge the extent of adjustment of retail price at our refuelling stations, our gross profit, cash flow and results of operations will be materially and adversely affected. Please refer to the section headed "Business — Pricing" in this prospectus for details of our pricing strategy.

We may not be able to secure locations of our new vehicular refuelling stations, domestic stations and/or CNG Mother Stations on commercially acceptable terms, if at all, or at locations with favourable operation environment

The performance of each of our stations depends, to a significant extent, on the location of the station. For example, if the location of our stations is in close proximity to our competitors, our ability to adjust our retail prices without lowering our profit margin may be more limited. Also, if a station's accessibility is curtailed for reason such as change in town-planning and road construction which may adversely affect the traffic, our sales performance can also be materially and adversely affected. As such, our ability to secure suitable locations for our stations is crucial to our business development.

Currently, we select the construction sites for our refuelling stations and CNG Mother Stations based on several criteria. In relation to the sites for the vehicular refuelling stations, we generally require there to be no competing refuelling stations nearby our potential sites which have a good traffic flow. In relation to the sites of the CNG Mother Stations, we also require the potential site to be situated near to the West to East Gas Transmission Tunnel (西氣東輸管道) in order to connect our CNG Mother Stations to the pipelines. We cannot assure you that we will be able to identify sites which fulfill our selection criteria.

Going forward, we plan to acquire operational rights of a LPG domestic station and increase the number of CNG and L-CNG vehicular refuelling stations and CNG Mother Station. Nevertheless, we cannot assure you that we will be able to identify and enter into acquisition agreements on terms commercially acceptable to us, or at all. We also cannot assure you that the locations of the stations would be favourable to our operation at all times or at all. In the event that we encounter difficulties in securing suitable locations in regions that we plan to expand into, our growth prospects may be materially and adversely affected.

We did not pay sufficient social welfare contributions or housing provident fund contribution for our employees and may be subject to fines or penalties

PRC labour laws and regulations require us to provide for social insurance and housing provident fund payments for our employees. During the Track Record Period, we did not adequately pay relevant social insurance to our employees as required by PRC laws and regulations. According to our PRC Legal Adviser, under the relevant PRC laws and regulations, if an employer does not pay the full amount of social insurance premiums, the social insurance premium collection institution shall order it to make the payment or make up the difference within the stipulated period and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date on which the payment is overdue. If payment is not made within the stipulated period, the relevant administration department shall impose a fine from one to three times the amount of overdue payment. In addition, during the Track Record Period, we failed to make sufficient contribution of housing provident fund and social insurance funds for our employees. For further details, please refer to the section headed "Business — Legal proceedings and non-compliance matters" in this prospectus.

According to our PRC Legal Adviser, we may be ordered by the relevant authority to pay the outstanding social welfare contribution and housing provident fund contributions within a prescribed time limit. If we fail to do so within the given period, the relevant authorities may apply to a PRC court for an order to enforce the payment. We cannot assure you that we will not be subject to such an order, fines or penalties in the future.

We had certain deficiencies in legal and statutory compliance in respect of construction approval by the relevant environmental regulatory authorities in the PRC during the Track Record Period

As more particularly disclosed in the section headed "Business — Legal proceedings and non-compliance matters" in this prospectus, we had certain deficiencies in legal and statutory compliance in respect of construction approval by the relevant environmental regulatory authorities in the PRC during the Track Record Period, including: the failure to obtain approval for the completion inspection of construction project (環境保護竣工驗收) for 9 of our refuelling stations on time and the failure to obtain approval for the construction project environmental impact report (環境影響評價批覆) for 6 of our refuelling stations on time. Pursuant to the relevant laws and regulations, the possible legal consequences and liabilities include, amongst others, administrative penalties or punitive measures imposed on the relevant member of our Group.

Despite our best efforts in enhancing our internal control procedures as more fully described under section headed "Business — Legal proceedings and non-compliance matters" in this prospectus, there is no assurance that the non-compliance will never occur in the future due to inadvertent human error. If any non-compliance of similar or other nature occurs in the future, we may be subject to fines and/or other legal and operational consequences, which may adversely and materially affect our cash flow, reputation, business operations and financial position.

We require various licences and permits to commence, operate and expand our operation. Any failure to obtain or renew any or all of the licences and permits or any enforcement action taken against us for non-compliance incident which could involve suspension or termination of our licences or permits may materially and adversely affect our business and expansion plans

We are required to obtain and maintain various licences and permits in order to commence and continue our operation of our Gas Retail Business, Gas Wholesale Business and logistic services. The licences and permits necessary for our business operations are set out in the section headed "Business — Permits, licences and approvals" in this prospectus. Also, our operation facilities are subject to inspections by the regulatory authorities for compliance with the applicable PRC laws and regulations. Failure to pass these inspections, or the revocation of or failure to obtain or renew our licences and permits could lead to temporary suspension or close-down of some or all of our vehicular refuelling stations and domestic stations, which could disrupt our operations and may materially and adversely affect our business, financial condition, operating results and reputation.

As more particularly disclosed in the section headed "Business — Legal proceedings and non-compliance matters" in this prospectus, we had certain deficiencies in legal and statutory compliance in respect of construction approval by the relevant environmental regulatory authorities in the PRC during the Track Record Period, including: the failure to obtain approval for the completion inspection of construction project (環境保護竣工驗收) for 9 of our refuelling stations on time and the failure to obtain approval for the construction project environmental impact report (環境影響評價批覆) for 6 of our refuelling stations on time. Pursuant to the relevant laws and regulations, the possible legal consequences and liabilities include, amongst others, administrative penalties or punitive measures imposed on the relevant member of our Group.

If any of the government agencies takes enforcement action against us for these non-compliance incidents and our licences or permits is suspended or terminated, we may not be able to continue operation of the relevant stations, which may materially and adversely affect our business, operating results and reputation.

We are exposed to credit risk of our customers

As at 31 December 2015, 2016 and 2017 and 30 June 2018, our balance of trade receivables due from third parties was approximately RMB48.7 million, RMB65.5 million, RMB69.7 million and RMB58.3 million, respectively. As at 31 December 2015, 2016 and 2017 and 30 June 2018, our bills receivable amounted to approximately RMB8.6 million, RMB10.3 million, RMB15.2 million and RMB1.8 million, respectively. As at 31 December 2015, 2016 and 2017 and 30 June 2018, the average trade and bill receivables turnover days were approximately 36.1 days, 29.2 days, 28.9 days and 27.4 days, respectively.

During the Track Record Period, our average trade and bill receivables turnover days remained stable. Given that the amount of our trade and bill receivables was on an increasing trend during the Track Record Period, should the credit worthiness of our customers deteriorate or should a significant number of our customers fail 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. In addition, there may be a risk of delay in payment by our Group's customers from their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and bill receivables from the customers or that they will settle our trade and bill receivables in a timely manner. In the event the settlements from the customers are not made on a timely manner, the financial position, profitability and cash flow of our Group may be adversely affected.

Our available-for-sale investments may materially and adversely affect our financial condition and results of operations

During the Track Record Period, we invested in certain unlisted equity securities, amounting to nil, RMB10 million, RMB13.5 million and RMB13.7 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively.

As these investments lack an active market with quoted price of identical instruments, their fair value are measured using significant unobservable inputs and the fair value of such instruments may not be reliably measured. As at 30 June 2018, costs of the unlisted equity securities are used as approximations of their fair values, as the most recent available information is not sufficient to determine the fair value. For details of the accounting treatment, please refer to Note 16 of Appendix I to this prospectus. Thus, our Group is exposed to changes in fair value and valuation uncertainty which may materially and adversely affect our financial conditions and results of operations.

Our Group is exposed to liquidity risks as we generate a portion of our profits from our joint ventures and we also share loss with our joint ventures

During the Track Record Period, we had formed and maintained joint ventures with other parties such as JM Xinjiang Gas and Henan Blue Sky, each a Jointly Controlled Entity, and GD Petrochemical (prior to 25 September 2015, after which it has become our subsidiary) to conduct our business operations. For details on our Group's interests in joint ventures, please refer to Note 15 of the Accountants' Report in Appendix I to this prospectus. Our Group is therefore exposed to liquidity risks, including the risk that our investment in the joint ventures may not be readily converted to cash. We may also have difficulties in realizing our investments if our joint venture partner has economic or business interests or goals inconsistent with ours which may hinder such realization. We cannot predict, in the event of loss, the length of time required for the joint venture to change into profit making entities.

During the Track Record Period, we had recorded both share of profit and losses from the joint ventures. For the year ended 31 December 2015, we recorded share of profit of approximately RMB37.8 million. For the years ended 31 December 2016, 2017, and the six months ended 30 June 2018, we recorded share of losses of approximately RMB15.4 million, RMB0.9 million, and RMB1.4 million, respectively. For details of the reasons for the fluctuations in the share of profit, please refer to the section headed "Financial information — Results of operations — Share of profits/(losses) of joint ventures" in this prospectus. If the performance of our joint ventures deteriorates, our financial conditions and results of operations may be materially and adversely affected. We may be required to allocate higher portion of cash flows from operations to fund for our share of the loss and hence reduce our cash flow from operations to fund our expansion plans which also require our internal financing. In the event that our Group is in need of cash for various purposes such as our expansion plans, failure to manage liquidity risks could have a material impact on our Group's cash flows, earnings and financial position and reduce the funds available to our Group as working capital, capital expenditure, acquisitions, dividends and other general corporate purposes.

Competition from alternative vehicle fuels could be intensified, particularly with technological advancement of and increasing governmental support for electric vehicles, and may reduce the demand for our Gas Refuelling Business

Gasoline and electricity are the main alternatives for natural gas as vehicle fuels in China. Vehicle fuels end-users will consider factors such as cost, availability, reliability, convenience, environmental impacts and safety when choosing the energy source to use for their vehicles. Other forms of energy source could become more favourable in case of technological advancement and governmental support.

Technological advancement of electric vehicles is on the rise in recent years. For example, as battery technology such as the invention of rechargeable lithium-ion battery and the recent research on wireless charging of moving vehicles emerge, the maximum driving range of current models of electric cars in the PRC can reach 200 km to 400 km and the express charging time could be as short as 1 to 2 hours. Investment in researches on electric car also enables better designs of electric vehicles. Higher driving range and shorter charging time, coupled with better design have led to increasing popularity of electric vehicles, which poses significant threats to our Gas Refuelling Business.

In addition to technological advancement, New Energy Vehicles, in particular, electric vehicles, also benefited from the support of a series of governmental policies, such as the Developing Plan of Energy Saving and New Energy Automotive Industry (2012–2020) issued by the State Council (《國務院關於印發節能與新能源汽車產業發展規劃(2012–2020年)的通知》) and the Developing Guidelines of Electric Vehicle Charging Infrastructure (2015–2020) (《電動汽車充電基礎設施發展指南 (2015–2020年)》). Support of governmental policies not only promoted technological advancements, but also contributed to expansion of recharging stations network. The PRC government also promoted New

Energy Vehicles by means of government subsidies and tax exemption on both national and provincial levels. Based on The Plan for Medium and Long Term Development of Automobile Industry (《汽車產業中長期發展規劃》) issued by Ministry of Industry and Information Technology (工業和信息化部), the NDRC and Ministry of Science and Technology (科技部), it is expected that annual new sales of New Energy Vehicles shall reach approximately 2.0 million in 2020. In view of the aforesaid, we cannot assure you that the government's supportive policies on natural gas vehicles will continue to be implemented. If the PRC government favours the promotion of electric vehicles over gas vehicles for any reason, the growth of the demand for gas vehicles and our vehicular refuelling stations will slow down or even reverse, which will materially and adversely affect our operating results.

Apart from competition with New Energy Vehicles, we also face competition from gasoline fuelled vehicles if the price of gasoline falls significantly or if there is any major and significant technological advancement in other alternative fuel in terms of cost-efficiency, or if the increase in number of refuelling or recharging facilities improves accessibilities to such alternative fuel, the advantages of LPG and natural gas as vehicle gas could be outweighed and our customers may shift to use gasoline fuelled vehicles as a result. The demand for our Gas Refuelling Business will then be weakened, which could materially and adversely undermine our business, financial condition and operating results.

Our business and operating results depend heavily on the economic and social conditions and prosperity of Guangdong and Henan Provinces and its vicinity as most of our gas refuelling stations are located in Guangdong and Henan Provinces

We are an established integrated LPG and natural gas supplier with complete industry chain in Guangdong and Henan Provinces, the PRC. Approximately 97.4%, 97.3%, 93.0% and 93.4% of our total revenue were attributable to sales in Guangdong and Henan Provinces for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. As at the Latest Practicable Date, save for one LPG domestic station located in Jiangxi Province, all of our stations were situated in Guangdong and Henan Provinces. To further consolidate our market share in Guangdong and Henan Provinces, we expect that our future business will continue to concentrate in Guangdong and Henan Provinces. Our business operation is therefore subject to economic and social developments in Guangdong and Henan Provinces as well as any change in town-planning or road-network which may affect the access or convenience for vehicles to come to our stations. In particular, the level of governmental support and promotion for Henan Province has been one of the key factors for the continuous growth in the users of natural gas vehicles and the consequential increase in sales of natural gas as vehicle gas fuel. As such, if the Henan Province government ceases to support and promote the usage of vehicle natural gas, our customer base may not expand in the future, and our major existing customers may discontinue the usage of natural gas as an alternative vehicle fuel, which may materially and adversely affect our sales performance. In addition, in the event of increasing competition from alternative fuel, such as electricity, as a result of promotion of such fuel by the relevant authorities in Guangdong or Henan Province, we may have to lower our selling price and our profit margin may experience downward adjustment as a consequence. In case of significant economic downturn or unfavourable changes in the economic environment or natural disaster, economic activity in Guangdong or Henan Province may be materially and adversely affected. This may in turn affect the demand for our product, resulting in deteriorated financial performance of our Group. There is no assurance that we will be able to maintain our historical revenue or profit levels in times of unfavourable and uncertain economic or social conditions in Guangdong or Henan Province. Our historical financial performance shall not be relied upon as an indication of our future financial performance.

We have entered into a lease with an Independent Third Party for the parcel of land on which our Jinpanling Station operates. Our lease and the continuing use of the land is affected by the PRC government's plans to suspend paid services activities by the armed forces and armed police forces

During the Track Record Period, we have entered into a lease of 15 years with an Independent Third Party in relation to the parcel of land on which our Jinpanling Station operates. Our Jinpanling Station accounted for approximately 17.2%, 17.2%, 15.2%, and 14.7% of the total retail revenue generated from our stations for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. As advised by our PRC Legal Adviser, the land use right is owned by the China People's Liberation Army Guangdong Military Region Logistics Department (the "**Guangdong Military Region Logistics Department**") and the Independent Third Party is only a lessee of the premises. According to the Circular on the Armed Forces and the Armed Police Force's Complete Suspension of Paid Service Activities (《關於軍隊和武警部隊全面停止有償服務活動的通知》) (the "**Circular**") issued by the Central Military Commission of the Communist Party of China on 27 March 2016, the complete suspension of paid service activities by the armed forces and armed police forces has officially commenced. Pursuant to the Circular, the Central Military Commission plans to gradually suspend all paid service activities by the armed forces and armed police forces in three years via several phases.

According to an interview conducted with the Guangdong Military Region Logistics Department, they have not yet received any instructions to stop paid services activities in relation to the vehicular refuelling industry and that they will act in accordance with any future instructions from senior authorities. As advised by our PRC Legal Adviser, the lease we entered into with the Independent Third Party is valid and legally binding. However, in the event that the Guangdong Military Region Logistics Department receives further instructions to terminate the lease on which our Jinpanling Station operates, we may not be able to continue operating our vehicular refuelling business in Jinpanling Station, which may materially and adversely affect our business, financial conditions, results of operations and prospects.

Given our relatively small business scale in the PRC as compared with the Big Oil Giants, we are particularly vulnerable to risks arising from PRC government's price control regime and increasing marketisation of fuel retail price may result in intensified price competition, which would have a disproportionate adverse impact on our operation.

According to the PRC Pricing Law, the PRC government is implementing and gradually optimising the pricing mechanisms mainly formed by the market under macroeconomic control policies. The competent departments of price and other departments concerned of people's governments of autonomous regions and municipalities directly under the central government shall determine the government-guided prices and government-set prices for implementation in their respective areas in pursuance of the pricing authority and specific applicable scope provided for in Local Pricing Catalogues. The PRC government has issued Several Opinions of the Communist Party of China Central Committee and the State Council on Advancing the Pricing Mechanism Reform (《中共中央國務院關於推進價格機制改革的若干意見》) in October 2015 to accelerate the marketisation of the energy prices and speed up the release of natural gas sources and sales prices. Guangdong Province and Henan Province have successively relaxed their price control and allow operators to adjust their sales price to a certain extent.

Although there is a trend of marketisation of the fuel prices allowing fuel operators to adjust their sales price, the local government may still impose pricing regulations including price ceiling on fuel prices. Therefore, our pricing at downstream refuelling stations may be subject to the local government's future adjustments and provisions, although as at the Latest Practicable Date, there are no price ceilings over the selling price of our Group's products. If changes in prevailing market conditions or regulatory policies affect our purchase price or limit our flexibility in adjusting our selling price, we may not be able to pass on the impact of the price adjustments to our customers in a timely manner, and our revenue, cash flows and results of operations will be materially and adversely affected.

In view of the trend of marketisation of retail price of fuels in the PRC, market players are allowed to compete against each other by price competition to a larger extent. According to F&S, the market players with smaller scale of business are more vulnerable due to its inability to pass on increased purchase price to the end customers and the possibility of being driven out of business by more sizable operators which undercut (if so doing) price and profit margin in an attempt to increase market shares. There is no guarantee that any of the upstream oil and natural gas companies which controlled majority of the vehicle natural gas supply for the operation of natural gas refuelling stations, collectively, CNPC, Sinopec Corporation and China National Offshore Oil Corporation (the "**Big Oil Giants**") or other sizeable industry players will not enter into or expand in the Guangdong or Henan gas refuelling station market, establish sizable gas refuelling station network and/or implement price-cut policy. As a relatively small-size gas refuelling station operator in the PRC, our ability to bargain for lower purchase price and our resilience to lowered profit margin and gross profit in case of vicious price competition cannot be compared with that of more sizeable competitors. As such, if one or all of the sizeable industry players take initiative in developing or expanding the gas refuelling station market in Guangdong or Henan Province, we may face intense competition and may not be able to maintain our sales revenue and profit margin at the existing level, and our financial results will be significantly and adversely affected. In other words, as a small size market player, any unfavourable government policy on price control would have a disproportionately adverse impact on us.

Failure to hire and retain sufficient management executives, technicians and other qualified personnel could materially and adversely affect our business and prospects

The continued service of our senior management has led to the sustainable growth of our business. The industry experience, expertise and contributions of our executive Directors and other members of our senior management are important assets to our operation. Sufficient number of experienced and competent executives is required to implement our growth plans. If we lose a number of our key management members and are unable to recruit and retain personnel with equivalent qualifications, the growth of our business could be materially and adversely affected.

In respect of our day-to-day operations, we rely primarily on our operations and maintenance team for regular inspections, routine maintenance and repairs regarding our vehicular refuelling stations. Our operations also rely on computer information and communications technology and related systems to operate properly. If we fail to retain our in-house operations and maintenance team to provide technical support, inspection, maintenance or repair work for our key equipment and systems in a timely manner or at all, our vehicular refuelling station operations could be interrupted, possibly without warning. The occurrence of any of these events could materially and adversely affect our business, financial condition and results of operations.

As such, our business, financial performance and prospects depend on our ability to employ, train and retain highly skilled personnel, including managerial and other technical professionals. We cannot assure you that we will be able to maintain an adequate experienced labour force, and staff costs may increase as a result of a shortage in supply of qualified personnel. If we fail to attract and retain personnel with suitable managerial, technical or marketing expertise or if we fail to maintain an adequate experienced labour force, it may materially and adversely affect our business operations and may hinder our future growth and expansion.

Our Group's business may be affected by seasonality

Our Group's business is subject to seasonality. During the Track Record Period, our Group recorded relatively lower sales volume in the first and fourth quarter of each year. Our Group believes that it is mainly due to the fact that a majority of our customers, public transportation operators, have temporarily ceased their operations during the Chinese New Year holidays as well as the fewer use of air conditioning in their vehicles in the colder months. Therefore, any comparison of our operating results between interim and annual results may not be meaningful. Our results of operations are likely to be affected by seasonality in the future. For a discussion of our seasonality, please refer to the section headed "Business — Seasonality" in this prospectus.

Our assets and operations are subject to hazards customary to the gas refuelling industry, and we may not have adequate insurance to cover all these hazards

Our stations and the facilities therein are our main assets and they are subject to risks and hazards, including equipment failures, natural disasters, environmental hazards and industrial accidents involved in the operation of our business. Similar risks and hazards also apply to the transportation of gas fuel. If there is any severe damage to and/or destruction of our property, plant and equipment, our operation at the relevant station may be suspended and bring about significant and adverse impact on our operation. Safety or environment related incidents may result in significant personal injury or death and/or damage to the environment and we may be subject to governmental investigations, which may give rise to administrative action imposed on our subsidiaries or our management personnel. Damages suffered by third parties may lead to us facing civil liabilities or fines. We may be required to make indemnification payments in accordance with applicable laws.

We have entered into insurance policies to cover certain other risks associated with our businesses. While we believe this insurance coverage is commensurate with our business nature and risk profile, we cannot assure you that our insurance policies will insure us fully against all risks and losses that may arise. In addition, our insurance policies are subject to annual review by our insurers, and we may not be able to renew these policies on similar or otherwise acceptable terms, if at all. If we were to incur a serious uninsured loss or a loss that significantly exceeded the limits of our insurance policies, our business, financial condition or results of operations would be materially and adversely affected.

There is no assurance that we will pay distributions/dividends in the future

During the first half of 2018, ZH Petrochemical, a subsidiary of our Group declared RMB175.0 million as distributions to China Full, the then equity holder of ZH Petrochemical, part of which were settled by netting off against the amount due from shareholders, and the remaining portion of approximately RMB99.4 million will be settled by cash prior to the Listing. Distributions/dividends declared in the past are not indicative of our future dividend policy. The declaration, payment and amount of any future dividends are subject to the discretion of our Board depending on our earnings, financial condition, cash requirements and the provisions governing the declaration and distribution as contained in the Articles of Association, applicable laws and other relevant factors. Please refer to the section headed "Financial information — Distributions/Dividends" in this prospectus for details. We cannot assure investors when or whether we will pay dividends in the future.

Our business requires significant start-up capital expenditures, and any significant increase in the cost of developing our stations may materially and adversely affect our business, financial performance and prospects

As at the Latest Practicable Date, our Group was in the process of constructing 1 LNG vehicular refuelling station, 1 CNG vehicular refuelling station, 1 L-CNG vehicular refuelling station and 1 CNG Mother Station and we may construct additional stations if and where we come across appropriate opportunities. Large capital investments are required to establish the necessary infrastructure and operation. The capital investment required to develop and construct varies based on the cost of fixed assets, such as the cost of construction. The price of such construction may increase if market demand for such construction is greater than the available supply. Other factors affecting the amount of capital expenditures include, among others, labour costs and finance expenses. A significant increase in the costs of developing and constructing our gas refuelling stations could materially and adversely affect our business, financial condition and results of operations.

Historically, our development has been financed by us through funds generated from our operations and/or bank loans. We cannot assure you that, at the time of developing our new vehicular refuelling stations and CNG Mother Station(s), we will be able to secure financing from the abovementioned sources on commercially viable terms to fund required capital expenditures. If we fail to obtain adequate financing, our ability to expand our business may be hindered and the prospects of our future operations may be materially and adversely affected. Further, if we end up relying on external funding to fulfill capital needs, we may be exposed to interest rate risk resulting from fluctuations in interest rates on our debt, and changes in interest rates affect our finance expenses and, ultimately, our results of operations.

We may not be able to execute our business strategy successfully or manage our growth effectively because we may experience difficulty in locating suitable acquisition targets, and future acquisitions may be expensive and may ultimately fail

We strive to further strengthen our position as an integrated LPG and natural gas supplier with complete industry chain in the Guangdong and Henan Provinces. To this end, we plan to (i) expand our LPG domestic stations, CNG and L-CNG vehicular refuelling stations network, (ii) increase our LPG logistics through acquiring berth(s) and storage capacity, (iii) purchase land, equipments and machineries for our new CNG Mother Station, (iv) construct new stations, purchase and install of their requisite equipment and machineries and maintenance of our existing stations, and (v) increase our logistics services capacity. For details, please refer to the section headed "Business — Our business strategies" in this prospectus.

Unexpected difficulties such as unforeseen costs, delays in negotiating relevant agreements with counterparties and problems in dealing with local regulatory and governmental authorities over which we have limited control may be encountered. Other larger-scale operators may also compete with us for the acquisitions targets. As such, there may be delays in negotiating the relevant agreements with counterparties and we may not be able to enter into the agreements on favourable terms, or at all. Any failure or delay of our expansion projects could materially and adversely affect our prospects and financial position.

Moreover, future acquisitions may be expensive and may ultimately fail. Any potential acquisitions for the purpose of business growth may result in material transaction expenses, or increased interest, amortisation, depreciation and operating expenses, which could materially and adversely affect our operating results and financial position. Acquisitions may require integration and management of new businesses and could divert management resources otherwise available for ongoing development of our business. Although we would consider potential investment opportunities or potential acquisition targets, we have not, as at the Latest Practicable Date, identified any definitive investment or acquisition targets nor had we entered into any definitive agreements with respect to any acquisitions or strategic investments. We may be unable to identify suitable acquisition candidates or consummate any future acquisitions. Further, any acquisitions may expose us to unanticipated business uncertainties or legal liabilities relating to those acquired businesses and the sellers of the acquired business may not indemnify us for such risks. Future acquisitions may also cause us to issue securities that will dilute our Shareholders. Any of these events could materially and adversely affect our business, financial condition or results of operations.

As such, we cannot assure you that we will be able to execute our business plan successfully within the expected timetable or at all, or that we will be able to manage our growth effectively due to the above factors. In the event any of the aforesaid risks relating to our growth strategies materialises, our business, prospects, financial condition and results of operations could be materially and adversely affected.

Any significant decrease in our profitability in the future would have a material adverse effect on our ability to recover our deferred income tax assets, which could have a material adverse effect on our results of operations

As at 31 December 2015, 2016, 2017 and 30 June 2018, our Group recorded deferred tax assets of approximately RMB6.6 million, RMB7.9 million, RMB5.1 million and RMB5.0 million, respectively. Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised. In determining the amount of deferred tax assets to be recognised, significant judgement is required relating to the timing and level of future taxable profits, after taking into account future tax planning strategies. Therefore, the recognition of deferred tax assets involves significant judgment and estimates of our management on the timing and level of future taxable profits. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed, and the carrying amount of deferred income tax assets may be reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be utilised. Accordingly, if our profitability in the future is significantly lower than our management's estimates when our deferred income tax assets were recognized, our ability to recover such deferred income tax assets would be materially and adversely affected, which could have a material adverse effect on our results of operations.

RISKS RELATING TO THE PRC

The PRC's economic, political and social conditions, as well as regulatory policies, will significantly affect financial markets in China, as well as our liquidity, access to capital and ability to operate our business

All of our vehicular refuelling stations, domestic stations and CNG Mother Stations are located in the PRC, and we derive most of our revenue from our operations therein. Accordingly, our results of operations, financial condition and prospects are subject to economic, political and legal developments in China. China's economy differs from the economies of developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 30 years, growth has been uneven across different regions and economic sectors. The local government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may negatively affect us. For example, our financial condition and results of operations may be materially and adversely affected by government control over capital investments or changes in tax regulations applicable to us. If the business environment in China deteriorates, our business in China may also be materially and adversely affected.

Any future changes in safety laws or enforcement policies could materially and adversely affect our business, results of operations and financial condition

Our operations are regulated by various safety laws or enforcement policies. Future changes in safety laws or enforcement policies are unpredictable and the ultimate cost of compliance with such laws and regulations are inestimable. The requirements of existing safety laws and enforcement policies have generally become stricter in recent years, and it is likely to have a continued trend. The regulatory environment in which we operate is subject to frequent changes and has become more heavily regulated in recent years. New or revised legislation or regulations or changes in the interpretation or enforcement of existing laws and regulations may materially and adversely affect our business. We could be required by new regulations to acquire costly equipment, refit existing facilities or to incur other significant expenses.

The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect us

Whilst the PRC economy has grown significantly in the past two decades, it has been facing slowdown in growth. A number of factors have contributed to this slowdown, including the appreciation of the RMB, which has adversely affected China's exports, and the PRC government's austerity measures and monetary policies aimed at preventing overheating of the PRC's economy and controlling China's high level of inflation. The slowdown has been further exacerbated by the challenging global economic conditions in the financial and credit markets, which in recent years have resulted in extreme volatility and dislocation in the global capital and credit markets.

It is uncertain how long the challenging global economic conditions in the financial services and credit markets will continue, and the extent of the adverse effect on the global economy and the PRC economy in particular. The slowdown of the PRC economy could lead to a decrease in business and construction activities nationwide, which could reduce demand for gas consumption and could materially and adversely affect our business, financial condition and results of operations.

Under the EIT Law, we may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavourable tax consequences to us and our non-PRC shareholders

The EIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered PRC tax resident enterprises and will generally be subject to the uniform 25% PRC enterprise income tax rate on their global income. Under the implementation rules to the EIT Law, a de facto management body is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and other assets of an enterprise. In addition, the Circular Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), or Circular 82, issued by the SAT on 22 April 2009 regarding the standards used to classify certain Chinese-controlled enterprises established outside of China as resident enterprises clarified that dividends and other income paid by such resident enterprises will be considered to be PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when recognised by non-PRC enterprise shareholders. Circular 82 also subjects such resident enterprises to various reporting requirements with the PRC tax authorities. Circular 82 further details that certain Chinese-controlled enterprises will be classified as resident enterprises if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management; (ii) financial and personnel decision-making bodies; (iii) major assets, accounting books, the company seal, and minutes of board meetings and shareholders' meetings; and (iv) half or more of the senior management or directors having voting rights. Although the determining criteria set forth in Circular 82 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by foreign individuals or foreign enterprises like us. Also, currently there are no detailed rules or precedents governing the procedures and specific criteria for determining de facto management bodies which are applicable to our Cayman Islands holding company or our overseas subsidiary. Therefore, we do not currently consider our Cayman Islands holding company or our overseas subsidiary to be a PRC resident enterprise. If the PRC tax authorities determine that our Cayman Islands holding company is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow.

First, our Cayman Islands holding company or our overseas subsidiary will be subject to the uniform 25% enterprise income tax rate as to our global income as well as PRC enterprise income tax reporting obligations.

Second, although under the EIT Law and its implementing rules dividends paid to us from our PRC subsidiaries would qualify as tax-exempted income (at a rate of 5%), we cannot assure you that such dividends will not be subject to a 10% withholding tax, as the PRC foreign exchange control and tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes.

Finally, dividends payable by us to our investors and gain on the sale of our Shares may become subject to PRC withholding tax. It is possible that future guidance issued with respect to the new resident enterprise classification could result in a situation in which a withholding tax of 10% for our non-PRC enterprise investors or a potential withholding tax of 20% for non-PRC individual investors is imposed on dividends we pay to them and with respect to gains derived by such investors from transferring our shares. In addition to the uncertainty regarding how the new resident enterprise classification could apply, it is also possible that the rules may change in the future, possibly with retroactive effect. If we are required under the EIT law to withhold PRC income tax on our dividends payable to our foreign shareholders, or if you are required to pay PRC income tax on the transfer of our shares under the circumstances mentioned above, the value of your investment in our Shares may be materially and adversely affected. It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas. By comparison, there is no taxation on such income in the Cayman Islands.

Uncertainties with respect to the PRC legal system could materially and adversely affect us

Our operations are governed by PRC laws and regulations in China. We and all of our operating subsidiaries are organised under PRC laws. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade has been promulgated by the PRC.

However, many of these laws and regulations, particularly with respect to clean energy projects, are relatively new and evolving, are subject to different interpretations and may be inconsistently implemented and enforced. In addition, only limited volumes of published court decisions may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. The legal remedies and protections available to you which can materially and adversely affect the value of your investment can be affected by these uncertainties relating to the interpretation, implementation and enforcement of the PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions.

Fluctuation of Renminbi could materially and adversely affect our financial condition and results of operations

We collect substantially all of our revenue in RMB, some of which will need to be converted into foreign currencies to pay dividends to our Shareholders. The value of the RMB fluctuates and is subject to changes in China's political and economic conditions.

It is possible that PRC authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. In the event of significant change in the exchange rates of Hong Kong dollars and U.S. dollars against RMB, our ability to pay dividends in foreign currencies may be materially and adversely affected. Accordingly, our financial condition and results of operations could also be materially and adversely affected. In addition, any dividends in respect of our Shares will be declared in RMB and paid in Hong Kong dollars. Accordingly, holders of Shares in countries other than the PRC are subject to risks arising from adverse movements in the value of the RMB against the Hong Kong dollar, which may reduce any dividends paid in respect of our Shares.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payment on our Shares

The RMB generally cannot be freely converted into any foreign currencies. Conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. Under a certain exchange rate, we may not have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions conducted by us, including the payment of dividends, do not require advance approval from the SAFE. However, we are required to present documentary evidence of such transactions and conduct transactions at designated foreign exchange banks in China that have licences to carry out foreign exchange business. However, the SAFE must approve in advance any foreign exchange transactions conducted by us.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to Shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our capital expenditures, business, operating results and financial condition may be materially and adversely affected.

It may be difficult to enforce any judgments obtained from non-PRC courts against our Company or our Directors or senior management officers residing in the PRC

It may not be possible for investors to serve process upon us or those persons in the PRC, or to enforce against us or them in the PRC, any judgments obtained from non-PRC courts. In addition, judgments of a court of any other jurisdiction related to any matter not subject to a binding arbitration provision may be difficult or impossible to enforce.

Payment of dividends is subject to restrictions under PRC law

Under PRC law, dividends may be paid only out of distributable profit. Distributable profit are our net profit as determined under PRC GAAP or IFRSs, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including periods in which we are profitable. Any distributable profit not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profit under PRC GAAP is different from the calculation under IFRSs in certain respects, our operating subsidiaries may not have distributable profit as determined under PRC GAAP, even if they have profit for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our operating subsidiaries to pay us dividends could negatively impact our cash flow and our ability to make dividend distributions to our Shareholders, including periods in which we are profitable.

RISKS RELATING TO THE GLOBAL OFFERING

The interests of our Controlling Shareholders may differ from those of our other Shareholders

Immediately following the Capitalisation Issue and the Global Offering and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, our Controlling Shareholders will own 75% of the Shares. Our Controlling Shareholders will therefore have significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other shareholders. While our Controlling Shareholders have entered into the Deed of Non-competition with our Company, we cannot guarantee that our Controlling Shareholders will not breach the terms in the Deed of Non-competition. Although our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to our Shareholders for approval, including mergers, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions, they have no obligation to consider our interests or the interests of our other Shareholders.

There has not been any prior public market for our Shares and an active trading market may not develop

Prior to the Global Offering, there was no public market for our Shares. The initial offer price range for our Shares was the result of negotiations between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters), and the market price for our Shares following the Global Offering may differ significantly from the Offer Price. We have applied to list and trade our Shares on the Stock Exchange. However, the Global Offering does not guarantee that an active and liquid public trading market for our Shares will develop. Furthermore, the price and trading volumes of our Shares may be volatile. Factors such as fluctuations in our results of operations, general market conditions or other developments affecting us or our industry may affect the volume and price at which our Shares will be traded.

Future sales of substantial amounts of our Shares in the public market may materially and adversely affect the prevailing market price of our Shares

Except for the Shares issued in the Capitalisation Issue and the Global Offering, our Company has agreed with the Sole Global Coordinator, the Sole Sponsor and the Underwriters not to, among others, sell or issue any of our Shares or securities convertible into or exchangeable for our Shares during the period beginning from the date of this prospectus and continuing through the date which is six months from the Listing Date, except with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Underwriters). Further, our Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to 12 months after the Listing Date. The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, in their sole and discretion, waive or terminate these restrictions. For details of the restrictions that may apply to the future sales of our Shares, please refer to the section headed "Underwriting" in this prospectus. After these restrictions lapse, the market price of our Shares may decline as a result of sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of the new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

Investors may experience difficulties in enforcing their shareholders' rights as the laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Memorandum, the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minorities is set out in the section headed "Summary of the constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

You may experience immediate dilution and may experience further dilution if we issue additional Shares in the future

In the future, our capabilities and business may be expanded by our Group through acquisition, joint venture and strategic partnership with parties who can add value to our Group's business. Additional equity funding after the Global Offering may be required by our Group and the equity interests of our Shareholders will be diluted should our Company issue new Shares to finance future acquisitions, joint ventures and strategic partnerships and alliances. In addition, offering and issuing additional Shares in the future may be considered by our Group to the extent that our ordinary Shares are issued upon the exercise of Share options which may be granted in the future. In this regard, if we issue additional Shares in the future at a price which is lower than the net tangible book value per Share, you may experience further dilution in the net tangible asset book value per Share.

RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS

There can be no guarantee as to the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate

Our Group has derived certain facts and other statistics in this prospectus relating to the LPG and natural gas industry and the global economy from various government publications and organisations that it believes to be reliable. While our Group believes that such facts and statistics are appropriate sources for such information, and our Directors have taken reasonable care in the reproduction of the information and have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading, they have not been prepared or independently verified by our Group, the Sole Sponsor or any member of our Group's or their respective affiliates or advisers. Therefore, our Group makes no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC or available from other sources. Such facts and other statistics include the facts and statistics contained in this section, and the sections headed "Summary", "Industry overview" and "Business" in this prospectus. Due to possibly flawed or ineffective sampling or discrepancies between published information and market practices or other reasons, such facts and statistics may be inaccurate or may not be comparable to official statistics and you should not place undue reliance on them. Accordingly, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering

There could be press articles, media coverage and/or research analyst reports regarding us and the Global Offering, which could include certain financial information, financial projections, industry comparisons, and/or other information about us and the Global Offering that do not appear in this prospectus. We do not accept any responsibility for any such press articles, media coverage or research analyst report or the accuracy or completeness or reliability of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. We have not authorised the disclosure of any such information in the press, media or research analyst report. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it and accordingly, you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since the core business, major assets and operations of our Group are primarily located in PRC, all of our executive Directors are currently and will, in the foreseeable future, continue to be ordinarily resident in PRC after the Listing.

We have applied to the Stock Exchange for and the Stock Exchange has granted a waiver from strict compliance with the management presence requirements under Rule 8.12 of the Listing Rules.

In order to ensure that regular communication is effectively maintained between the Stock Exchange and our Company, we will put in place the following measures:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorised representatives, namely Ms. Ji Ling (our executive Director and the Vice-Chairman of the Board) and Ms. Cheng Mei Chun (the company secretary), to act as our principal channel of communication with the Stock Exchange. Ms. Cheng Mei Chun is ordinarily resident in Hong Kong. Each of the authorised representatives shall be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange, and will also be accessible by telephone, facsimile and electronic means. Our Company will inform the Stock Exchange promptly in respect of any change in our authorised representatives or the contact details of any of them;

(b) each of the authorised representatives has means to contact all Directors promptly at all times as and when the Stock Exchange wishes to contact them for any matters. Each of them is authorised to communicate on behalf of our Company with the Stock Exchange; each of our Directors, authorised representatives and the company secretary has provided his mobile and office contact phone numbers, fax number and email address (if those contact details are available) to the Stock Exchange, should the Stock Exchange find it necessary to contact any of them;

(c) those Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or are entitled to apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant officers of the Stock Exchange within a reasonable period of time when required;

(d) each Director has confirmed that, in the event that he or she expects to travel or be out of office, he or she will provide the phone number of the place of his or her accommodation or other means of communications to our authorised representatives;

(e) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Innovax Capital to act as our compliance adviser for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after the Listing Date. The compliance adviser will act as an additional channel of communication with the Stock Exchange; and

(f) our Company will maintain a principal place of business in Hong Kong.

WAIVER FROM STRICT COMPLIANCE WITH CHAPTER 14A OF THE LISTING RULES

Our Group has entered into certain transactions which would constitute continuing connected transactions which are exempt from circular and the independent shareholders' approval requirements under Chapter 14A the Listing Rules after the Listing. Further particulars about such transactions together with the application for a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules are set out in "Connected transactions" in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the COWUMPO, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

THE OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published in connection with the Global Offering which comprises the Public Offer and the International Placing. The Public Offer comprises the offer of 5,400,000 new Shares by our Company initially for subscription at the Offer Price while the International Placing comprises the offer of 48,600,000 new Shares by our Company initially for subscription at the Offer Price.

The Global Offering is sponsored by the Sole Sponsor and managed by the Sole Global Coordinator. Details of the structure and conditions of the Global Offering are set out in the section headed "Structure and conditions of the Global Offering" in this prospectus.

The Public Offer is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement. The International Placing is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. Please refer to the section headed "Underwriting" in this prospectus for further details of the underwriting arrangements.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit any public offer of the Offer Shares or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws, rules and regulations of such jurisdiction pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. As far as the Global Offering is concerned, no person is authorised in connection with the Global Offering to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein shall not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters, any of their respective directors or any other parties involved in the Global Offering.

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his/her/its acquisition of the Offer Shares as confirmed, that he/she/it is aware of the restrictions on the offer and sale of the Offer Shares described in this prospectus and that he/she/it is not acquiring, and has not been offered any Offer Shares, in circumstances which contravene any such restrictions.

Prospective investors should consult their professional advisers and take advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective investors should inform themselves as to the relevant regulatory requirements of investing in the Offer Shares and any applicable exchange control regulations in the jurisdictions of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this prospectus.

None of our Company or any of our subsidiaries is presently listed on any stock exchange on which any part of the equity or debt securities of our Company or any of our subsidiaries is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought.

THE SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares in issue and to be allotted and issued on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day (as defined in the Listing Rules) after any trading day. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Prospective investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Prospective investors of the Offer Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in, the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Manager, the Underwriters, their respective directors, agents or advisers or any other persons involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, holding, purchase, disposal of or dealing in, the Shares or exercising their rights thereunder.

SHARE REGISTRARS AND STAMP DUTY

All Shares to be allotted, issued and transferred pursuant to the Global Offering will be registered on the register of members of our Company in Hong Kong maintained by the Hong Kong Branch Share Registrar. The principal register of members of our Company in the Cayman Islands is maintained by Conyers Trust Company (Cayman) Limited. Only Shares registered on the register of members of our Company in Hong Kong may be traded on the Stock Exchange.

Dealings in the Shares registered on the register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of RMB amounts into HKD.

Unless we indicate otherwise or for transactions that have occurred at historical exchange rates, the translation of foreign currencies into HKD in this prospectus was made at the following rates:

RMB1.0 = HK$1.13

Such conversions shall not be construed as representations that amount of such currencies were or may have been converted into HKD and vice versa at such rates or any other exchange rates or at all.

LANGUAGE

The English translations of the names of PRC nationals, entities, departments, facilities, certificates, titles, laws, rules, regulations, licences and permits in this prospectus are not official names for, and do not form any official part of, such nationals, entities, departments, facilities, certificates, titles, laws, rules, regulations, licences and permits.

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this English prospectus shall prevail.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as total in certain tables may not be an arithmetic aggregation of the figures preceding them.

DIRECTORS AND SENIOR MANAGEMENT

Name	Residential Address	Nationality
Executive Directors		
Mr. Ji Guang (姬光先生)	Room 3103, Block A1 Caifu Shi Ji Plaza 13 Haian Road, Tianhe District Guangzhou, the PRC	Chinese
Ms. Ji Ling (姬玲女士)	Room 1303, Block T1 Qingfeng North Street Kaixuan New World Plaza Guangzhou, the PRC	Chinese
Ms. Cui Meijian (崔美堅女士)	Room 3303, Building No. 3 Hanlinhuayuan, 7 Minglun Street Huangbu District Guangzhou, the PRC	Chinese
Mr. Zhou Feng (周楓先生)	Room 203, Block 16 Lai Court, Country Garden Guangzhou, the PRC	Chinese
Independent non-executive Directors		
Mr. Sheng Yuhong (盛宇宏先生)	Room 2303, 11 Fujindong Yuexiu District Guangzhou, the PRC	Chinese
Mr. Wang Zhonghua (王忠華先生)	Room 11C, Block 19 Weilan Haian Road Nanshan District Shenzhen, the PRC	Chinese
Dr. Zheng Jian Peng (鄭健鵬博士)	Room C, 18/F, Block 2 Ultima, 23 Fat Kwong Street Ho Man Tin, Kowloon Hong Kong	Chinese
Senior Management		
Ms. Li Yuping (李玉萍女士)	Room 603 2 Huagang East Street Tianhe District Guangzhou, the PRC	Chinese

Name	Residential Address	Nationality
Mr. Li Pei (李霈先生)	Room 02E, Block 7 Haiyue Phase 3 Shenzhen, the PRC	Chinese
Mr. Li Zhen (李振先生)	Room 7-1103, Zhonghao Huijingwan 59 Xiangsheng Street Zhengdong New District Zhengzhou, the PRC	Chinese
Mr. Zhou Weidong (周偉東先生)	Room 604, Block A3 Century Oasis Garden 2, Tianyuan Road Tianhe District Guangzhou, the PRC	Chinese

For detailed information on our Directors and senior management, please refer to the section headed "Directors and senior management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Innovax Capital Limited** Room 2002, 20/F, Chinachem Century Tower 178 Gloucester Road Wan Chai Hong Kong
Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager	**Innovax Securities Limited** Unit A–C, 20/F, Neich Tower 128 Gloucester Road Wan Chai Hong Kong
Joint Bookrunner and Joint Lead Manager	**Victory Securities Company Limited** Room 1101–3, 11/F., Yardley Commercial Building 3 Connaught Road West Sheung Wan Hong Kong
Joint Lead Manager	**Pulsar Capital Limited** Unit 318, 3/F, Shui On Centre 6–8 Harbour Road Wanchai Hong Kong
	China Goldjoy Securities Limited Unit 1703–06 Infinitus Plaza 199 Des Voeux Road Central Hong Kong
Co-Manager	**BMI Securities Limited** Suites 909–916 Shui On Centre 6–8 Harbour Road Wan Chai Hong Kong
Legal advisers to our Company	*As to Hong Kong law* **Chiu & Partners** 40/F, Jardine House 1 Connaught Place Central Hong Kong

	As to PRC law **Commerce & Finance Law Offices** 6/F, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing, 100022, the PRC
	As to Cayman Islands law **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-111 Cayman Islands
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **P. C. Woo & Co.** 12th Floor, Prince's Building 10 Chater Road Central Hong Kong
	As to the PRC law **Dentons Law Offices, LLP (Guangzhou)** 14th/15th Unit 07–12 Floor, CTF Finance Centre 6 Zhujiang East Road Zhujiang New Town Guangzhou 510623 China
Reporting accountants and auditors	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Receiving bank	**Bank of Communications Co., Ltd. Hong Kong Branch** 20 Pedder Street Central Hong Kong

Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** 1014–1018, Tower B, Greenland Hui Center 500 Yunjin Road Xinhui District Shanghai, 200232, China
Internal control consultant	**Baker Tilly Hong Kong Risk Assurance Limited** 2nd Floor, 625 King's Road North Point Hong Kong
Compliance adviser	**Innovax Capital Limited** Room 2002, 20/F, Chinachem Century Tower 178 Gloucester Road Wan Chai Hong Kong

Registered office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Suite 4018, 40th Floor, Jardine House 1 Connaught Place Central, Hong Kong
Headquarters in the PRC	Room 3103, Block A1 Caifu Shi Ji Plaza 13 Haian Road, Tianhe District Guangzhou, the PRC
Company's website address	**www.sinogasholdings.com** *(information contained in this website does not form part of this prospectus)*
Company secretary	Ms. Cheng Mei Chun (鄭美珍女士) *ACS, ACIS* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Ms. Ji Ling (姬玲女士) Room 1303, Block T1 Qingfeng North Street Kaixuan New World Plaza Guangzhou, the PRC Ms. Cheng Mei Chun (鄭美珍女士) Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Audit Committee	Dr. Zheng Jian Peng (鄭健鵬博士) *(Chairman)* Mr. Wang Zhonghua (王忠華先生) Mr. Sheng Yuhong (盛宇宏先生)
Remuneration Committee	Mr. Wang Zhonghua (王忠華先生) *(Chairman)* Dr. Zheng Jian Peng (鄭健鵬博士) Mr. Sheng Yuhong (盛宇宏先生)
Nomination Committee	Mr. Sheng Yuhong (盛宇宏先生) *(Chairman)* Dr. Zheng Jian Peng (鄭健鵬博士) Mr. Wang Zhonghua (王忠華先生)

Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	**Industrial and Commercial Bank of China Co., Ltd. Guangzhou Liuhua Branch** No. 237 Zhanqian Road Yuexiu District Guangzhou, the PRC **Bank of China Zhuhai Branch** No. 1148 Yuehai East Road, Gongbei Xiangzhou District Zhuhai, the PRC **China Construction Bank Co., Ltd. Zhuhai Xiangzhou Branch** No. 1042 Fenghuang South Road Xiangzhou District Zhuhai, the PRC

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sponsor or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering (which for the purpose of this paragraph, excludes Frost & Sullivan) nor is any representation given as to its accuracy or completeness. The information and statistics contained in this section may not be consistent with other information and statistics compiled within or outside of China.

SOURCE OF INFORMATION

We have commissioned F&S, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the LPG and natural gas industry in China. The report prepared by F&S for us is referred to in the prospectus as the F&S Report. A total fee of RMB450,000 was paid to F&S for the preparation of the report, which we believe reflects market rates for reports of this type.

F&S is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

RESEARCH METHODOLOGY

The F&S Report was undertaken through both primary and secondary research obtained from various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain leading industry participants across the industry value chain and conducting interviews with relevant parties to obtain objective and factual data and prospective predictions. Secondary research involved reviewing information integration of data and publication from publicly available sources, including official data and announcements from government agencies, and company reports, independent research reports and data based on F&S's own data base.

Basis and assumptions

In compiling and preparing the F&S Report, F&S has adopted the following assumptions: (i) the social, economic and political environment in China is likely to remain stable in the forecast period; and (ii) industry key drivers are likely to drive the growth of the LPG and natural gas industry in China in the forecast period.

Reliability of information in the F&S report

On these bases, our Directors are satisfied that the forecasts and industry data in this section are not misleading. Our Directors confirm that, after making reasonable enquiries, there is no material adverse change in the market information since the issue date of the abovementioned sources which may qualify, contradict or have adverse impact on the information in this section.

MACRO ENVIRONMENT IN CHINA

According to the National Population and Development Planning (2016–2030) (國家人口發展規劃(2016–2030年)), the Chinese population is expected to keep an increasing tendency. Under the National Plan for Promoting Healthy Urbanization (全國促進城鎮化健康發展規劃) launched in 2013, a new-style urbanization is expected to promote the urban-rural coordination and reasonable distribution. Accordingly, China's urbanization rate is likely to increase gradually from 2018 to 2022, reaching approximately 63.1% by 2022, according to the F&S Report.

	Population (in million)										
	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
China	1,354.0	1,360.7	1,367.8	1,374.6	1,382.7	1,390.1	1,398	1,404.6	1,411.5	1,417.8	1,423.6
Guangdong	105.9	106.4	107.2	108.5	110.0	111.7	112.6	113.4	114.1	114.7	115.2
Henan	94.1	94.1	94.4	94.8	95.3	95.6	96.0	96.5	97.1	97.6	98.1

	Urbanization Rate										
	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
China	52.6%	53.7%	54.8%	56.1%	57.4%	58.5%	59.6%	60.6%	61.5%	62.3%	63.1%
Guangdong	67.4%	67.8%	68.0%	68.7%	69.2%	69.9%	70.6%	71.5%	72.3%	73.0%	73.6%
Henan	42.4%	43.8%	45.2%	46.9%	48.5%	50.2%	51.8%	53.4%	55.0%	56.6%	58.1%

Source: F&S Report

The urbanization rate of Guangdong is expected to keep the gradual growth and reach approximately 73.6% in 2022 which is higher than the overall urbanization rate of China, according to the F&S Report. Henan has always been a province with one of the largest populations in China. In the next five years, with social aging and two-child policy, the population of Henan is expected to increase to approximately 98.1 million in 2022, at a CAGR of approximately 0.5%, according to the F&S Report. The urbanization rate of Henan is expected to reach approximately 58.1% by 2022, according to the F&S Report.

OVERVIEW OF LPG AND NATURAL GAS AND LPG INDUSTRY IN CHINA

Definition and classification

Currently, coal still represents China's largest fuel consumption. Such energy structure has induced heavy pollution problems and is highly unsustainable. Entering a new era of low carbon economy, China is determined to transform its fuel consumption structure to be more environmental-friendly and thus has greatly elevated its consumption on LPG and natural gas. CNG and LNG are two primary types of commonly available natural gas fuels.

Comparison of gas fuels in the vehicular sector

	Gasoline/Diesel	LPG	CNG	LNG	Electricity
Main Ingredients	• Alkane	• Propane and Butane	• Methane	• Methane	• Storage Battery
Environmental Impact	• Exhaust emission and cause air pollution	• Releases CO_2	• Few pollutants	• Few pollutants	• Few pollutants
Facilities Convenience	• Completed developed • Widespread availability	• Highly developed • Growth slows down	• Relatively highly developed • Decent availability	• Relatively less developed than CNG refuelling station • Decent availability	• Developing stage • Less availability

Source: F&S Report

Industry chain

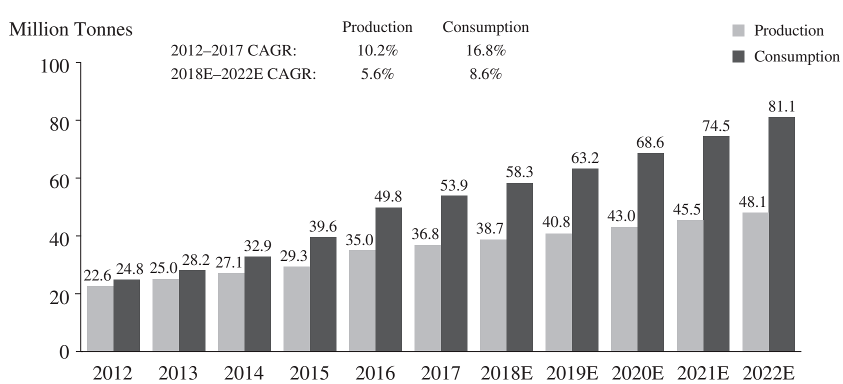
The industrial chain of LPG and natural gas industry consists of three segments, including the upstream gas fuel supply, midstream gas fuel transportation and processing as well as the downstream gas fuel distribution and end-user consumption in areas such as industrial, residential and vehicular. Natural gas suppliers and oil refiners are upstream suppliers for the LPG and natural gas industry. After being through the transportation and storage, LPG and natural gas is distributed to gas refuelling and domestic stations which then offer different services to downstream users. Industrial users use LPG and natural gas to generate energy for their production activities, and residential users mainly use LPG and natural gas for their daily activities. Also, China's LPG and natural gas refuelling stations are still at the growth stage with enormous potential. Driven by the booming volume of natural gas vehicles and residential consumption of LPG in China, the demand for LPG and natural gas keeps increasing in the future years.

THE LPG INDUSTRY IN CHINA

LPG, with its high calorific value and flexible supply, is widely applied for residential use, vehicular use and industrial production. Thus the past few years have witnessed a rapid growth in the consumption of LPG in China. The consumption volume has increased from approximately 24.8 million tonnes in 2012 to approximately 53.9 million tonnes in 2017, at a CAGR of approximately 16.8%. As industrial structure changes and the national economy grows rapidly, and driven by the implement of energy structure reform, the demand for LPG is expected to go up but the growth rate will slow down as the absolute number goes up. As for the LPG of each area, Guangdong ranked the 1st in the total LPG consumption. The total LPG consumption in Guangdong achieved 7,581.6 thousand tonnes in 2016, which far exceeds that in other areas. Henan ranked the 6th with 1,443.4 thousand tonnes, slightly lower than Hubei which was at the 5th place. In the coming years, LPG is still expected to keep its position in the fuel gas structure and LPG is expected to have more growth potential in the future.

The drivers of the LPG demand in the PRC mainly arise from the sustained LPG demand in the industrial sector and the residential sector. According to the F&S Report, LPG consumption in the PRC industrial sector experienced the fastest growth amongst all application sectors and reached approximately 23.7 million tonnes in 2017, accounting for approximately 43.9% amongst the total LPG consumption this year. The industrial LPG consumption grew at a CAGR of approximately 21.0% from 2012 to 2017 and is expected to reach approximately 40.3 million tonnes in 2022, at a CAGR of approximately 11.2% from 2018 to 2022, outweighing residential as the largest LPG application scenario by taking up approximately 49.7% of the total LPG consumption volume in the PRC in 2022. In addition to the industrial usage as fuel, increasing volume of LPG is gradually being used as chemical raw material to produce propene (a very important chemical material to produce polypropylene, propylene oxide, etc.) through dehydrogenation. According to the F&S Report, the demand of propene in the PRC experienced steady growth over the past few years and reaches 28.5 million tonnes, at a CAGR of 9.5% from 2012 and is expected to amount to 43.0 million tonnes by 2022, at a CAGR of 8.6% from 2017 to 2022. Hence, the rising LPG consumption in the industrial sector drives the overall LPG demand in China. Meanwhile, the steady growth in the residential sector also helps to drive the overall LPG demand in China. According to the F&S Report, the LPG consumption in the residential sector reached approximately 27.4 million tonnes, at a CAGR of 16.7% from 2012 and is expected to reach approximately 38.5 million tonnes in 2022, a CAGR of 6.8% from 2018 to 2022.

Production and consumption volume of LPG (China), 2012–2022E

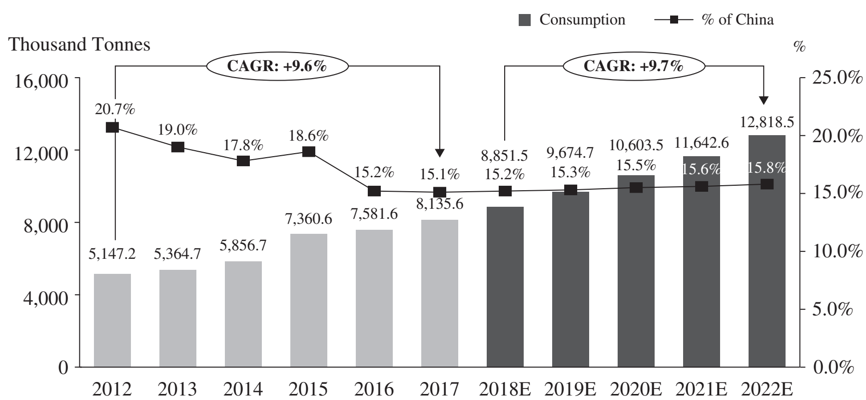


Source: F&S Report

The LPG industry in Guangdong

LPG has gradually become one of the main sources in Guangdong's energy consumption. In line with the rapid growth of consumption volume of LPG in China, Guangdong has witnessed a fast increase in its LPG consumption for the past few years. The number has grown from approximately 5,147.2 thousand tonnes in 2012 to approximately 8,135.6 thousand tonnes in 2017, representing a CAGR of approximately 9.6%. With the further optimization of the energy structure, the consumption of LPG in Guangdong is expected to keep growing. It is expected to reach approximately 12,818.5 thousand tonnes in 2022. As the growth rate of the consumption volume in China gradually transforms to modest, the proportion of Guangdong LPG consumption in the total consumption in China is thus expected to experience a steady growth and reach approximately 15.8% until 2022, according to the F&S Report.

Guangdong LPG consumption, 2012–2022E



Source: F&S Report

Downstream market analysis in Guangdong

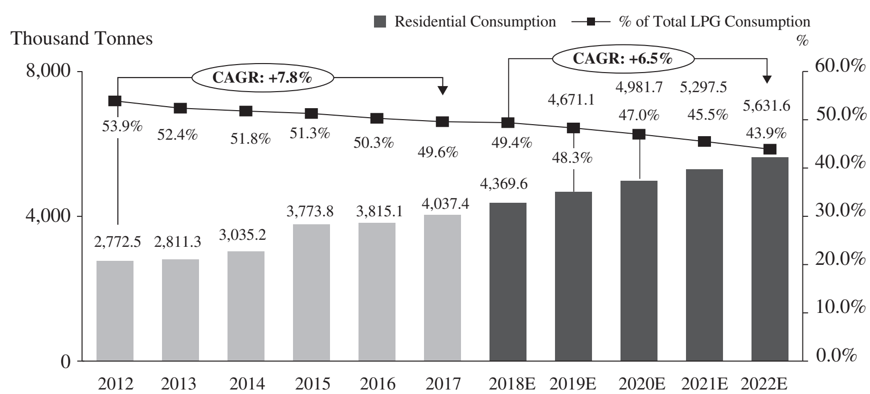
Guangdong's LPG supply greatly relies on the overseas market, such as middle east countries and Australia. Imported LPGs are shipped to specialized storage facilities, where LPG can be unloaded, conserved and distributed. Subsequently, LPG will be filled into the tanker from the storage and then transport to LPG vehicular refuelling stations using specialized vehicles or LPG railway line. Also, LPG could be transmitted using pipelines to domestic stations and fill the LPG into steel cylinders for distribution purposes.

Residential use

Guangdong Province has witnessed a steady rise in its residential consumption volume of LPG. In 2012, the residential consumption of LPG in Guangdong was 2,772.5 thousand tonnes and gradually increased to 4,037.4 thousand tonnes in 2017, demonstrating a CAGR of 7.8%. In the future, the residential LPG consumption is expected to rise further, reaching 5,631.6 thousand tonnes in 2022, representing a CAGR of 6.5%, according to the F&S Report. According to the F&S Report, the proportion of residential use in Guangdong is expected to be 43.9% in 2022.

In order to validate the LPG demand in residential sector of Guangdong, Frost & Sullivan conducted a survey which covers 3,000 households and 1,100 restaurants in major cities of Guangdong Province (Guangzhou, Shenzhen, Dongguan, etc.) and the results showed that 45% of the households uses LPG as their daily fuel (cooking, etc.) and their annual LPG consumption increased by 5%-15% over the past three years. Also, 70% of the interviewed restaurants are using LPG as fuel for cooking in their operation and they expect to use more in the future with their business growth. According to the F&S Report, the catering industry in Guangdong reached a market size of approximately RMB368.0 billion in 2017, at a CAGR of 7.5% from 2012 and is expected to reach approximately RMB500.0 billion in 2022 at a CAGR of 6.3% from 2018. Hence, the increasing volume in the household LPG consumption and catering industry would drive the LPG demand in the residential sector of Guangdong.

Residential Consumption Volume of LPG (Guangdong), 2012–2022E



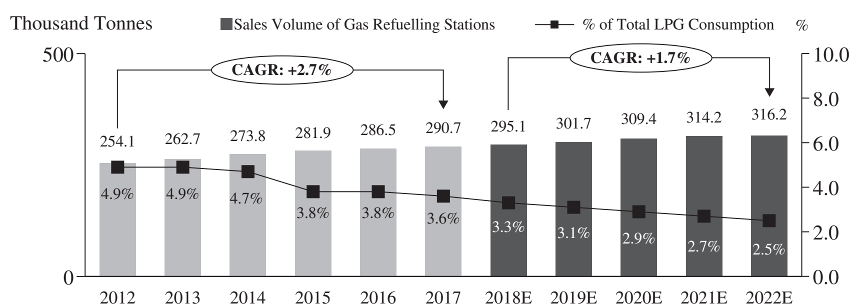
Source: F&S Report

Vehicular use

The number of LPG vehicles in China was approximately 221,300 in 2012. Many cities such as Shanghai are gradually substituting LPG vehicles with other types of environmental-friendly vehicles. As this tendency continues, the number for LPG vehicles is expected to change from approximately 137,100 in 2018 to approximately 103,900 in 2022, according to the F&S Report, given its way to other clean energy vehicles such as CNG, LNG and electric vehicles. Guangdong is expected to have an electric vehicle ownership to 400,000 by 2020. Given the decreasing demand for LPG vehicles, the sales volume for LPG diminishes in its market size in China. However, as the region of the deepest LPG penetration in China, Guangdong has relied on LPG as one of the core energy types for decades and LPG has been applied in various industries in Guangdong such as transportation, residential and industrial sectors with well-established infrastructure and related facilities, which makes it very difficult to switch to other energy types within a short term. Hence, the sales volume of LPG in Guangdong gas refuelling stations increased from approximately 254.1 thousand tonnes in 2012 to approximately 290.7 thousand tonnes in 2017, representing a CAGR of approximately 2.7%. With the development of its substitutes, LPG sales volume in Guangdong is estimated to slow down, and increased from approximately 295.1 thousand tonnes in 2018 to approximately 316.2 thousand tonnes in 2022, demonstrating a CAGR of approximately 1.7%, according to the F&S Report.

Guangdong Province is the largest and pioneering region in terms of LPG business. According to the F&S Report, Guangdong Province respectively accounted for approximately 15% of the total LPG consumption volume and approximately 30% of the total LPG import volume in China in 2017. The leading LPG importers in Guangdong help to drive the LPG penetration within many application aspects including vehicular, industrial as well as residential sectors. For the vehicular sector, notwithstanding the pure LPG vehicle ownership experienced slight decrease over the past few years, especially for public transportation vehicles as the provincial government is trying to promote a more environmentally friendly transportation mechanism, there are new LPG-electric hybrid vehicles being introduced into Guangdong and also other regions of China, which, to some extent, offset the decrease of pure LPG vehicles. According to the F&S Report, the ownership of pure LPG vehicles in Guangdong from 2015 to 2017 was respectively 16,300, 15,800 and 14,400 and is expected to reach 12,000 in 2022 while the ownership of LPG-electric hybrid vehicles for the period are 1,500, 1,800 and 2,000 and is expected to reach 4,000 in 2022. LPG-electric hybrid vehicles normally use electricity for starts or low-speed travelling (normally below 20km/h) but mainly consume LPG in the operation. Hence, Frost & Sullivan is of the view that the LPG consumption in Guangdong Province would generate sustained growth over the next few years but with lower CAGR from 2018 to 2022 as compared with the period from 2012 to 2017.

Market Size by Sales Volume of LPG in Gas Refuelling Stations (Guangdong), 2012–2022E



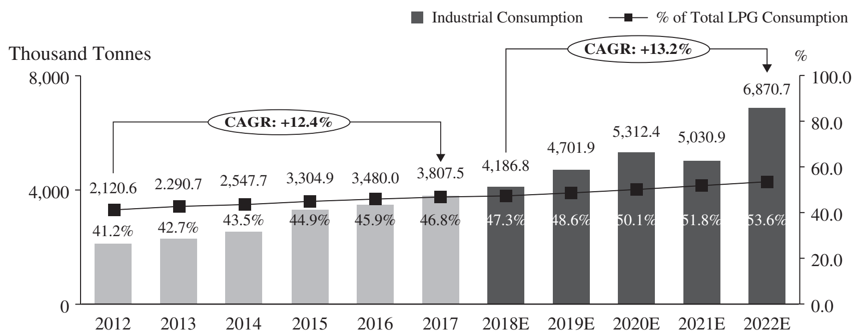
Source: F&S Report

Industrial use

The industrial consumption volume of LPG in Guangdong increased rapidly in the past few years. It reached approximately 3,807.5 thousand tonnes in 2017, demonstrating a CAGR of approximately 12.4% from 2012 to 2017. The proportion of industrial LPG consumption is expected to slow down in coming years, but the industrial consumption volume of LPG is expected to increase from approximately 4,186.8 thousand tonnes in 2018 to approximately 6,870.7 thousand tonnes in 2022, illustrating a CAGR of approximately 13.2%, according to the F&S Report.

In order to validate the LPG demand in industrial sector of Guangdong, Frost & Sullivan conducted 86 in-depth interviews with professionals and experts from industry authorities and associations including Guangdong Federation of Industry & Commerce, Guangdong Province Federation of Industry Association, Guangdong Manufacturing Association and Guangzhou Petroleum Gas Industry Association and the results indicated that the industrial sector takes up 45%–50% of the total LPG consumption in Guangdong Province with steadily increasing proportion over the next few years. In addition to the LPG used as fuel for industrial clients, an increasing amount of LPG is also used as raw material to produce propene. Hence, Frost & Sullivan is of the view that the LPG usage in residential and industrial sectors in Guangdong would generate sustained growth over the next few years.

Industrial Consumption Volume of LPG (Guangdong), 2012–2022E



Source: F&S Report

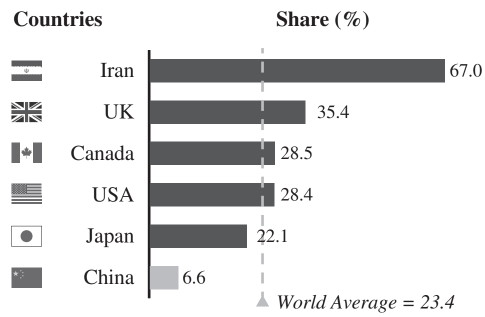
Price analysis

The Development and Reform Commission will issue a guide price and strengthen the monitoring and analysis of the market price and supply of LPG in order to avoid pricing monopoly, low price dumping and inflated gas prices. The LPG purchase price, which is determined according to the market price on a cost plus basis, decreased from approximately RMB6.4 thousand/tonne in 2013 to approximately RMB3.1 thousand/tonne in 2016, mainly due to the decrease of global oil prices. The purchase price of LPG in China then increased to approximately RMB4.4 thousand/tonne at the end of 2017. The purchase price of LPG experienced an increase mainly due to the increasing demand for petroleum products, which pushed up the cost of crude oil and thus affected the price of LPG.

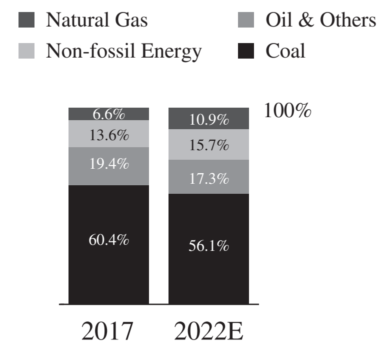
THE NATURAL GAS INDUSTRY IN CHINA

According to 2018 BP Statistical Review of World Energy, for 2017, natural gas only accounted for approximately 6.6% of China's total primary energy consumption, which is far lower than the world average of 23.4%. The relatively low natural gas consumption also shows a huge potential for further development of China's natural gas industry. Coal still plays a vital role in China's primary energy consumption currently. In 2016, the consumption of fossil energy accounted for approximately 86.4% of total primary energy consumption, with coal taking up approximately 60.4%.

Natural Gas Share of Total Primary Energy Consumption, 2017



Structure of the Primary Energy Consumption (China), 2017 and 2022E



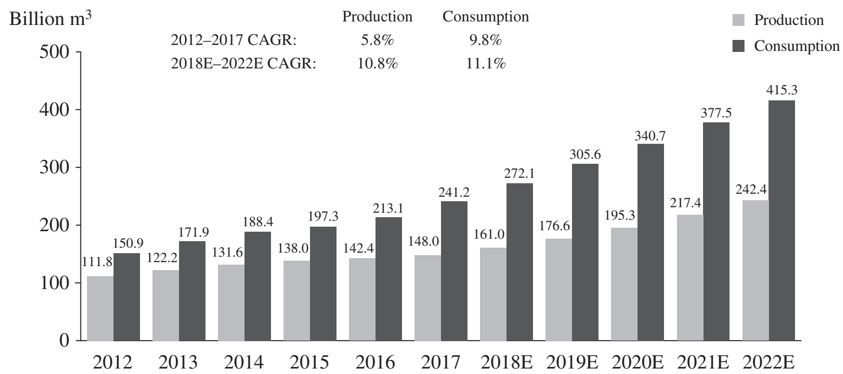
Note: Fossil energy refers to oil, gas, coal, etc. Non-fossil energy refers to nuclear energy, hydro electric and other renewable energy.

Source: F&S Report

According to the National Plan on Climate Change (2014–2020) (國家應對氣候變化規劃(2014–2020年)), by 2020, China aims for lowering carbon dioxide emissions per unit of GDP by 40% to 45% from the 2005 level. Under the call of energy structure optimization and green energy consumption by Chinese government, the share of clean energy consumption like natural gas and non-fossil energy consumption in total primary energy consumption is expected to be further increased in the future. According to the forecast of the Action Plan on Energy Development Strategy (2014–2020) issued by State Council, by 2020, the share of clean energy consumption like natural gas and non-fossil energy consumption in China is expected to increase, reaching 10 and 15%, respectively. According to 13th Five-year Plan for Energy Development (能源發展「十三五」規劃) issued by State Council in December 2016, the share of coal consumption should be reduced to below 58.0% by 2020. Above energy planning policies are expected to accelerate the development of China's natural gas industry and gradually optimize the structure of the primary energy consumption to more clean energy consumption.

In response to the energy structure reform, China's production and consumption volume of natural gas kept growing for the past few years. Due to the energy consumption structure in China's urbanization process, as well as the background of increasingly strict environmental regulations, the demand for natural gas to replace coal as heat and power supply is increasing. The production and consumption volume of natural gas has increased from approximately 111.8 billion m^3 and 150.9 billion m^3 in 2012 to approximately 148.0 billion m^3 and 241.2 billion m^3 in 2017, representing a CAGR of approximately 5.8% and 9.8% respectively. The consumption volume of natural gas is forecasted to reach approximately 415.3 billion m^3 in 2022, at a CAGR of approximately 11.1% since 2018, according to the F&S Report. As one of the greatest energy consumption provinces, Guangdong reached a 16.8 billion m^3 in natural gas consumption, slightly lower than that of Sichuan and Jiangsu and ranked the 3rd in 30 areas of China. Regarding the total natural gas consumption of provinces, Henan ranked 8th in the total 30 areas with the consumption of 9.3 billion m^3. The consumption volume of natural gas in both Guangdong and Henan are much higher than the average level of China at about 6.9 billion m^3. Under this circumstance, Guangdong and Henan are likely to have huge potential in their natural gas development.

Production and consumption volume of natural gas (China), 2012–2022E



Note: The consumption volume of natural gas for 2017 is an estimated number.

Source: F&S Report

Natural gas vehicles ("**NGV**") are featured by less pollution and higher calorific value, making it more economical than traditional energy vehicles. China's ownership of NGV is growing as one of the fastest in the world. The total number of NGV in China has increased from approximately 2.2 million in 2012 to approximately 6.8 million in 2017, representing a CAGR of approximately 25.7%. With continual government efforts to promote new energy vehicles and low carbon economy, it is estimated that the number will increase to approximately 11.9 million by 2022, at a CAGR of approximately 11.7% from 2018 to 2022, according to the F&S Report.

The total number of CNG/LNG gas refuelling stations was approximately 8,840 in 2017, which has more than doubled in merely 5 years compared with approximately 3,630 in 2012. To match the rapid growth in natural gas vehicles, the number of CNG/LNG gas refuelling stations is expected to increase and eventually form a systemic network. Following this prospect, it is estimated that a total number of approximately 15,190 stations nationwide will be in place, at a CAGR of approximately 11.7% by 2022, according to the F&S Report.

The CNG market in Henan

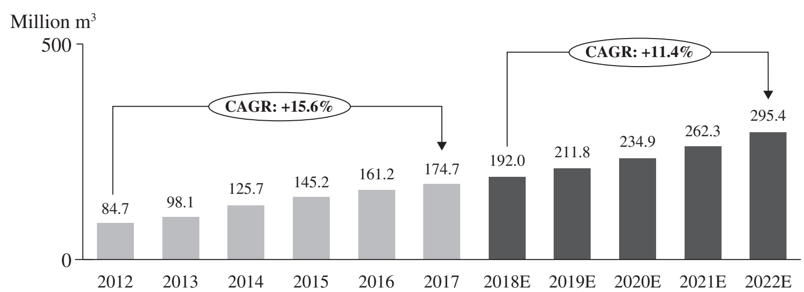
CNG is the most widely used natural gas fuel of vehicle in China due to its lower production and storage cost. CNG holds a large market size by sales volume in gas refuelling stations, and it increased rapidly from approximately 20.2 billion m^3 in 2012 to approximately 53.9 billion m^3 in 2017, representing a CAGR of approximately 21.7%. Propelled by favourable government policies such as Changing Fuels from Coal to Gas Policy (煤改氣政策) and the Notice on Opinion of Accelerating and Advancing the Utilization of Natural Gas (加快推進天然氣利用的意見), the demand for CNG can expect further expansion with more infrastructure construction. It is expected to be approximately 60.0 billion m^3 in 2018 and reach approximately 90.0 billion m^3 in 2022, at a CAGR of approximately 10.7%, according to the F&S Report.

Also, the number of natural gas vehicles (including CNG and LNG) in Henan is expected to reach 170,000 in 2022, increasing from 115,000 in 2017 and with an expected electric vehicle ownership of 350,000 units by 2022, according to the F&S Report.

In Zhengzhou, the sales volume of CNG in gas refuelling stations increased from approximately 84.7 million m^3 in 2012 to approximately 174.7 million m^3 in 2017, at a CAGR of approximately 15.6%. With the increasing development of CNG vehicles, the sales volume of CNG is expected to increase further from approximately 192.0 million m^3 in 2018 to approximately 295.4 million m^3, representing a CAGR of approximately 11.4%, according to the F&S Report.

Also, CNG consumption from vehicles represented approximately 9.4% of total CNG consumption as at 2017 in Zhengzhou City, according to the F&S Report.

Market size by sales volume of CNG in gas refuelling stations (Zhengzhou), 2012–2022E



Source: F&S Report

Downstream market analysis

Natural gas becomes increasingly popular in residential, industrial and vehicular sectors. In places that are not covered by natural gas pipelines, natural gas is usually transported in forms of CNG and LNG in order to reduce transportation costs. CNG are primarily used in taxis, inner-city buses and private cars, which is more efficient and less polluted than traditional energy vehicles. LNG, due to its higher efficiency in transforming from liquid to gas, is mainly applied to intra-city buses, long-distance transportation vehicles and heavy trucks, which demand higher gas consumption.

Pricing system of natural gases in China

The price of natural gas has been strictly regulated by the authorities in the past. As the central government is working to reduce the intervention in natural gas prices, the pricing method of natural gas is going to be more market-oriented. With the Opinions about Promoting Pricing Mechanism Reform (關於推進價格機制改革的若干意見) issued in November of 2015, the price of natural gas in China market will depend more on the demand and supply. In China, the benchmark urban gate station price for natural gas is determined by the National Development and Reform Commission (NDRC), with various pricing mechanism among different provinces and cities. The prevailing benchmark urban gate station price (VAT inclusive) ranges from approximately RMB1.05/m^3 (Xinjiang Province) to approximately RMB2.08/m^3 (Shanghai City and Guangzhou Province), which is carried out since September 2017.

The Urban Gate Station Price scheme promulgated by the NDRC aims at setting purchase reference prices for natural gas nationwide and promote a more market-oriented natural gas supplying mechanism but there are no direct impact on the CNG prices in regional markets.

The purchase price of vehicle natural gas of each province is closely related to the adjustment of the urban gate station price stipulated by the NDRC since 2013 which regulates the maximum purchase price charged by upstream gas suppliers. According to the pricing guidelines issued by the NDRC, the Urban Gate Station Price in Henan Province was adjusted five times from 2013 to 2017. The urban gate station price in Henan Province decreased from approximately RMB2.71/m^3 in February 2015 to approximately RMB1.91/m^3 in September 2017 by around 29.5% alongside the decrease in crude oil price and has remained at approximately RMB1.91/m^3 since September 2017. In the future, the purchase price fluctuation of natural gas is estimated to align with the price trend of crude oil as it is an oil derivative product and an alternative fuel of refined oil products, such as gasoline and diesel.

Standard Non-residential Urban Gate Station Price in Henan Province, 2013–2017

Date	**Urban Gate Station Price (RMB/m^3)**
2013 June	2.71*Note*
2014 August	2.91*Note*
2015 February	2.71
2015 November	2.01
2017 September	1.91

Note: Before the converging of stock gas and incremental gas in 2015, the Urban Gate Station Price in 2013 and 2014 presented are the average price of stock gas and incremental gas.

Source: F&S Report

The purchase price of CNG/LNG from gas manufacturers is affected by a series of factors in China, such as the production cost of manufacturers, gas transportation cost, the price of other fuel such as oil and also domestic natural gas demand and supply. Besides, the authority has set a reference gate price for CNG which it can be adjusted downwards without limit and can be adjusted upwards of up to 20%, while the LNG price is based on market price. During the period from 2013 to 2017, the purchase price of LNG has decreased from approximately RMB4.7 thousand/tonne in 2013 to approximately RMB3.5 thousand/tonnes in 2017. In contrast, the purchase price of CNG has increased from approximately RMB2.4/m^3 in 2013 to approximately RMB3.0/m^3 in 2014 and then decreased to approximately RMB2.2/m^3 in 2016 and has witnessed a slight increase in 2017, reached approximately RMB2.4/m^3 that year. The decrease in purchase price of CNG/LNG is mainly due to the (i) the decrease in commodity price of crude oil and the lowering of the benchmark ex-plant price, and (ii) the price reform of natural gas conducted by the Chinese government during the past several years such as setting equal prices of the 'existing part' and 'increasing part' non-residential natural gas. Accordingly, the decrease in purchase price of CNG/LNG is expected to also reduce the retail price of vehicle-use natural gas. In 2017, the purchase price of both CNG and LNG showed an increase trend compared with its price in the end of 2016 because of the increasing import price of natural gas and the decline of the upstream supply.

According to the F&S Report, the average purchase prices of LPG, LNG and CNG in China from 2013 to 2017 are set forth in the table as below:

		2013	2014	2015	2016	2017
LPG	RMB per tonne	6,400	6,100	4,000	3,100	4,400
LNG	RMB per tonne	4,700	4,800	4,000	2,900	3,500
CNG	RMB per m^3	2.4	3	2.7	2.2	2.4

Also, according to the F&S Report, the average LPG and LNG selling prices in Guangdong and the average CNG selling prices in Henan are set forth in the table as below:

		2013	2014	2015	2016	2017
LPG (Guangdong)	RMB per tonne	6,900	6,700	6,100	5,700	5,900
LNG (Guangdong)	RMB per tonne	6,300	6,500	5,700	4,100	4,400
CNG (Henan)	RMB per m^3	3.1	3.7	3.5	2.9	3.0

Note:

1. The purchase price of CNG is the average domestic ex-factory price in China. The purchase price of LNG is the average price of import price and domestic ex-factory price of LNG in China. The data before 2013 is not available.

2. The average purchase prices in Guangdong and Henan are not obtainable due to data availability as the gas traders in different regions (or even the same region) might have different sources for their procurement (export, domestic sources, etc.), which makes difficult to calculate an average. Also, the average LPG and LNG selling price in Henan and average CNG selling price in Guangdong cannot be obtained due to data availability.

3. According the F&S Report, the purchase prices and selling prices of LPG, LNG and CNG cannot be forecasted as they might be influenced by the unpredictable global economic situations and oil prices, etc.

Entry barriers

— *Qualification requirement*

The LPG and natural gas industry maintains a high qualification barrier for those who would like to enter the market. According to the Regulations on the Administration of Town Gas (城鎮燃氣管理條例), companies operating in gas fuel business activities should possess gas fuel source and gas fuel facilities that conform to national standards and establish comprehensive safety management systems. To improve company operation, management personnel and other employees who are responsible for daily operation and maintenance have to attend specialized training sessions and acquire professional qualifications. The LPG and natural gas industry is highly regulated and new entrants are expected to encounter interactions with multiple public authorities for project approval, location selection for gas fuel stations and safety test conduction. It can be difficult for new entrants to acquire construction or operation permits due to the lack of technical and operational experience and expertise. Besides, local vehicle gas end-users are more apt to those local well-established refuelling stations as those stations can usually provide safe and quality-guaranteed service. Hence, strict qualification and government regulations present high barriers for potential entry.

— *Capital intensive*

The LPG and natural gas industry is relatively capital intensive. Firstly, large capital investments are necessary to establish operation, such as infrastructure formation and maintenance of gas fuel stations. Moreover, it would take a relatively long period for new entrants to recover their investment, since they need time to build up networks of facilities covering procurement, transportation and storage.

— *Technology advancement*

Gas fuel is highly combustible and explosive, the transportation of which demands rigid and comprehensive safety management system and well-trained management teams. Technologies applied to gas fuel service are complicated and with strict standards in aspects regarding gas storage, transportation, condensation and etc. Mature security technology and operation technology are guarantees for gas companies to run their gas business in a stable, efficient, safe and environmental-friendly way. For those new entrants who want to enter the market, they need to equip themselves with solid technology systems and outstanding facilities in the process of gas transportation and storage since natural gas and LPG can be dangerous if technologies and facilities are not qualified.

— *Source supply barrier*

According to the Gas Utilization Policy (天然氣利用政策) issued by the National Development and Reform Commission of China in 2012, all projects related to natural gas should determine gas source and sign purchase contracts at the beginning. The supply of gas fuel in China is often in the hands of large state-owned enterprises and foreign gas source suppliers. For new entrants, it is crucial to establish and maintain a solid and long-term relationship with upstream suppliers to ensure the stable and reliable gas supply for the operation and development of gas refuelling stations. However, due to the lack of proven track record, business reputation and industry experiences, it is relatively difficult for new entrants to establish solid business relationship in a short time, which would add to the uncertainty and risk of the gas fuel source supply for future operation.

Development trends

— *Increasing downstream market demand*

To cope with climate change, China has been committed to increasing its natural gas consumption to over 10% of the total primary energy consumption in 2020, according to the 13th Five-Year plan for natural gas development (天然氣發展「十三五」規劃). The utilization of LPG and natural gas in residential, industrial and vehicular sectors are thus expected to increase due to energy structural shifts. The vehicular sector is vital for China in implementing its low carbon strategy and the application of LPG and natural gas is huge. For logistics, government has encouraged the use of LNG heavy trucks in ferries, mining sites and other highly polluted regions. Also, LPG and natural gas are increasingly used in public transportation tools, as more and more vehicles are switching from pure oil burning to gas burning. In the industrial sector, due to the energy structural shift, coal will be gradually replaced as the main power source. The replacement of current consumption of coal will create huge potential market for LPG and natural gas companies. Factories that used to rely on coal will be gradually taking up LPG as their main energy source, so as to adopt a cleaner and more efficient energy source. The residential sector will also witness a rise of LPG utilization. Due to the huge population of China and the increasing awareness of environmental protection, the residential consumption of energy is sure to shift to a cleaner and more sustainable way. Thus, the downstream demand brings the LPG and natural gas industry great potential in development.

— *Supportive government regulation*

The government has made great efforts on supporting the development of LPG and natural gas industry. In recent years, Chinese government has attached great importance to environmental protection and the Changing Fuels from Coal to Gas Policy (煤改氣政策) involves shifting china's energy structure from a coal-burning base to a gas-burning base. Besides, according to Medium-long Term National Gas & Oil Pipeline Network Development Plan (中長期油氣管網規劃), China will expand its natural gas pipeline, which will bring the usage of natural gas to small-size cities and rural places. Notice on Opinion of Accelerating and Advancing the Utilization of Natural Gas (加快推進天然氣利用的意見) also emphasizes the plan in the building of natural gas infrastructure. The Notice pointed out that the government will speed up the building of multiple formats of gas station (such LNG gas station, oil and gas station and CNG/LNG dual station) around highways, logistic centers and tourist sites. Qualified private-owned gas station and ship-based LNG filling stations are also supported by the government. Due to these police and government support, it will boost the overall demand for the LPG and natural gas industry.

— *Value chain integration*

According to China's General Administration of Customs, China's LPG and natural gas supply highly depends on the international market. In 2017, the import volume of natural gas was 95.5 billion m^3, demonstrating a CAGR of 18.6% from 2012 to 2017. For LPG, the import volume increased significantly from 3,333.2 thousand tonnes in 2012 to 18,449.0 thousand tonnes in 2017, at a CAGR of 40.8%. Thus, cooperation with diversified international gas fuel suppliers can promote market stability. China has established natural gas cooperation with nations in northwest (Central Asia Gas Pipeline), southwest (China-Myanmar oil and gas pipeline) and northeast (China-Russia natural gas pipeline). International cooperation could not only compensate the insufficient residential natural gas fuel supply but also lower the residential gas price by directly trading with upstream suppliers which would reduce the intermediate process in the transaction. Besides, as the overall gas fuel coverage proceeds, companies could have closer relationships with downstream clients through the application of diversified models such as internet plus. It helps companies to conduct industrial chain control and also save the time and effort for clients when purchasing gas fuels, which will have a positive effect on further development of the industry.

Development challenges

— *Demanding operation process*

Natural gas is a kind of combustible gas usually transported by pipelines, which are buried underground and stretched long distances. Natural gas is normally compressed in the pipelines for transportation purposes and to avoid accidents, the quality of pipelines and the construction progress are of great importance to ensure the stability. Same for storage and transportation of LPG, it is generally transported by being stored in steel cylinders, which is a pressure vessel and must be tested or scrapped at the end of its use life. Once a cylinder is used for an extended period, it will cause potential safety hazards. Moreover, since the temperature and the pressurized gas amount vary in terms of different operating workers, these workers need to be trained uniformly to ensure the standardized operation procedures and safety of the process. Besides, the gas retail business and gas wholesale business also require management team with rich project experience to formulate expansion plan because the business performance of refuelling station is related to the location, traffic flow and local usage rate of LPG, CNG and LPG vehicles and to monitor the market so as to formulate appropriate pricing. Only management team with great experience could fulfill that.

— *Fluctuating gas fuel sources*

China's supply of gas fuels is often in hands of large state-owned enterprises and foreign gas source suppliers. It relies heavily on the imports from the international market and this ratio is expected to increase in the future. From the demand side, as the government keeps encouraging the usage of natural gas instead of coal due to environmental concerns, the demand for gas fuels is predicted to grow continuously. However, it usually takes a long period of time for a company to build up its natural gas operation, including exploration, refinery, transportation and sales distribution system. Hence, due to the long cycle of operation and difficulties in extraction, the production of natural gas or LPG may not be able to witness a significant growth and reach self-sufficiency in a short term, and it will still largely depend on imports. The prices of LPG and natural gas are highly correlated with the international crude oil price, whose fluctuation is highly uncertain. Hence, the market players with smaller scale of business are more vulnerable due to its inability to pass on increased purchase price to the end customers and the possibility of being driven out of business by more sizable operators. Hence, the fluctuation of oil prices may bring heavy burdens to the prices of residential LPG and natural gas which could squeeze the margins of market participants in the industry.

— *Development of substitutes*

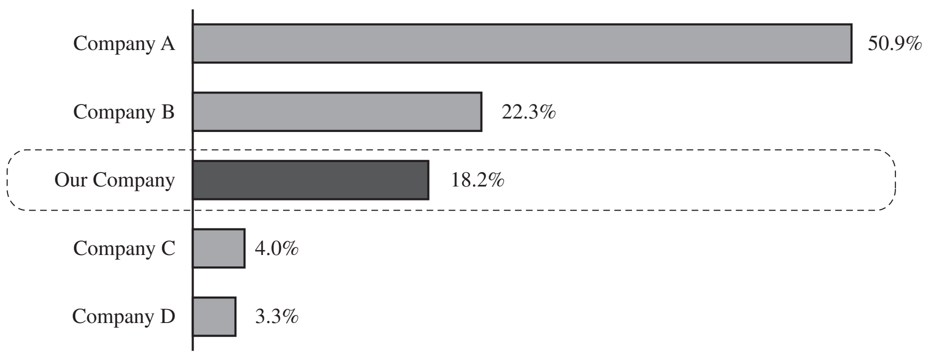
Although China lacks natural gas resource, it is rich in resources such as shale gas, the reserve of which ranks the highest in the world. China's high dependence on imported gas fuels may pose a threat to the national energy security and development, which may become an incentive for the Chinese government to switch to other gas fuel resources that are abundant in its residential reserve. Given the fact that the Chinese government has recently decreased the resource tax imposed on shale gas, the development of other gas fuels including shale gas, flammable ice and tight gas many outperform LPG and natural gas. Also, electric vehicles also intensify the industry competition by offering low carbon emission and noise level which become one of the most competitive substitutes for LPG and natural gas.

COMPETITIVE LANDSCAPE ANALYSIS

Top five LPG companies in Guangdong in terms of sales volume of gas refuelling stations and station numbers

In 2017, the market size by sales volume of LPG in Guangdong gas refuelling stations was approximately 290.7 thousand tonnes, with the top five LPG companies taking up approximately 98.7% of the overall market. Company A accounted for the largest share, approximately 50.9%, followed by Company B with approximately 22.3%. Our Company owned approximately 18.2% and ranked the 3rd. Company C and Company D made up approximately 4.0% and 3.3%, ranking the 4th and 5th respectively.

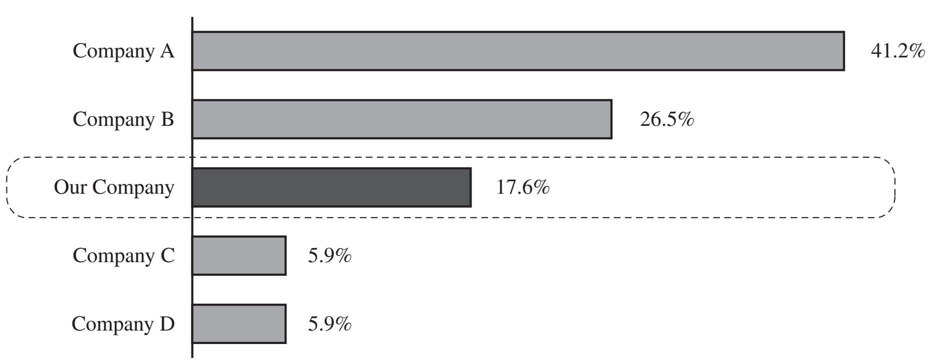
Top 5 Guangdong LPG companies in terms of sales volume of gas refuelling stations, 2017



Source: F&S Report

In 2017, there were 34 LPG gas refuelling stations in Guangdong, with the top five LPG companies taking up approximately 97.1% of the overall market. Company A accounted for approximately 41.2%, followed by Company B with approximately 26.5%. Our Company accounted for approximately 17.6% and ranked the 3rd. Company C and Company D made up approximately 5.9% and 5.9%, ranking the 4th and 5th respectively.

Top 5 Guangdong LPG companies in terms of number of gas refuelling stations, 2017



Source: F&S Report

Competitive Landscape Analysis of non-vehicular LPG sector in Guangdong

Apart from the LPG vehicular market mentioned above, LPG in Guangdong is also supplied to the residential and industrial sectors. According to the F&S Report, the residential LPG sector in Guangdong is quite fragmented with over 60–80 suppliers providing LPG to customers at 80–100 domestic stations. Also, it fragmented for the industrial LPG sector in Guangdong with over 100 suppliers providing LPG products to enterprise clients.

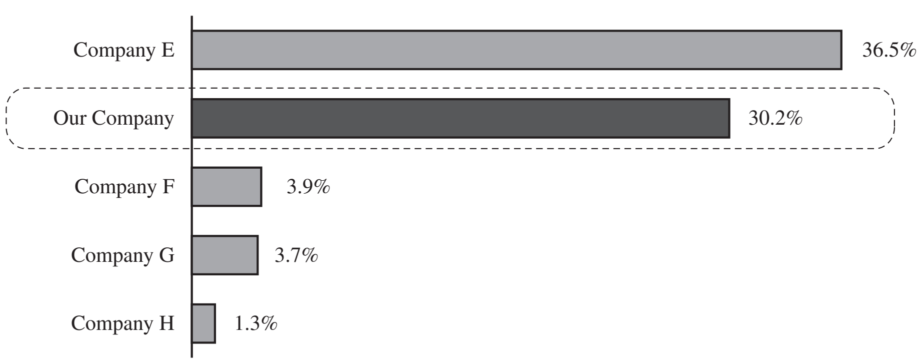
Competitive Landscape Analysis of vehicular CNG sector in Henan

According to the F&S Report, there are over 50 companies in the vehicular CNG industry of Henan and our Group ranks the fourth largest player in terms of vehicular CNG sales volume in this region. In 2017, the total CNG sales volume of the vehicular sector in Henan reached approximately 700 million m^3 and top five players accounted for an aggregate market share of approximately 48.3%. The largest player was a Chinese oil and gas enterprise based in Beijing, China and is listed in Hong Kong and also trades in Shanghai and New York accounting for approximately 12.9% of the market share, followed by a Hong Kong listed company which specializes in oil and gas business, then by a local company based in Zhengzhou which primarily engages in the sale of natural gas, followed by our Group, with a market share of 11.4%, 10.4% and 8.6% in 2017 respectively.

Top five natural gas companies in Zhengzhou in terms of sales volume of gas refuelling stations and station numbers

In 2017, the market size by sales volume of CNG gas refuelling stations in Zhengzhou was approximately 174.7 million m^3, with the top five CNG companies taking up approximately 75.6% of the overall market. Company E accounted for the largest share, approximately 36.5%, followed by Our Company with approximately 30.2%. Company F owned approximately 3.9% and ranked the 3rd. Company G and Company H made up approximately 3.7% and 1.3%, ranking the 4th and 5th respectively. Also, in 2017, the number of CNG gas refuelling stations in Zhengzhou was 36 while our Company has 9 CNG gas refuelling stations, ranking the first in Zhengzhou.

Top 5 Zhengzhou CNG companies in terms of sales volume of gas refuelling stations, 2017



Source: F&S Report

According to the F&S Report, the background information of the major players aforesaid is as below:

Companies	Listed or not	Business Description
Company A	No	The company's main business included fuel oil sales, gas fuel car modification equipment and accessories sales, battery charging services for electric vehicles, etc.
Company B	No	The company focuses on gas fuel operation and mainly engaged in the business of LPG, natural gas and new energy. Also, its main business included auto parts wholesale, gas cylinder inspection service, automotive fixed pressure vessel installation, gas storage, and automobile repair and maintenance.
Company C	No	The company started with the operation of LPG and entered the clean energy field of national strategic development such as LNG. It covers the entire industrial chain of international procurement, warehousing, processing, production, logistics and sales. It completed the integration of upstream resources through the construction of large-scale LPG terminals and storage bases, and at the same time built a complete distribution channel to quickly occupy the terminal market.
Company D	No	The company is held by a public company and its major business included sales of refined oil, non-oil products, LPG, natural gas, etc.
Company E	Yes	The company is a public company and a leading gas utilities group in China, which is principally engaged in downstream city gas distribution business including piped natural gas distribution, natural gas filling stations operation and sales of gas appliances.
Company F	Yes	The company is a comprehensive enterprise group that takes the gas industry as the main body and integrates gas, investment, home ownership, petrochemical, agriculture and mining.
Company G	Yes	The company is a major state-owned enterprise and a comprehensive international energy company with oil and gas business, engineering technology services, petroleum engineering construction, petroleum equipment manufacturing, financial services, new energy development, etc.
Company H	No	The company focuses on the development and application of CNG, construction and operation of CNG mother station and automobile refuelling substation. It also provides high-quality natural gas supply to residents, industrial and commercial enterprises, bus companies and taxi companies.

This section sets forth a summary of the most significant laws and regulations that affect our business in China. Information contained in this section should not be construed as a comprehensive summary of laws and regulations applicable to us.

FOREIGN INVESTMENT REGULATIONS

Guidance Catalogue of Industries for Foreign Investment

According to the Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) (Order No. 346 of the State Council) (the "**Foreign Investment Orientation Provision**"), which were promulgated by the State Council of the People's Republic of China (the "**State Council**") on 11 February 2002 and came into effect on 1 April 2002, projects with foreign investment are divided into four categories, namely, encouraged, permitted, restricted and prohibited. The encouraged, restricted and prohibited projects with foreign investment are listed in the Catalogue of Industries for Guiding Foreign Investment (2017 version) (外商投資產業指導目錄(2017年修訂)) (the "**Catalogue**"), which was jointly amended by the National Development and Reform Commission ("**NDRC**") and Ministry of Commerce ("**MOFCOM**") on 28 June 2017 and came into effect on 28 July 2017 and the Special Management Measures for Foreign Investment Access (Negative List) (2018 version) (外商投資准入特別管理措施(負面清單)) (the "**Negative List**") which came into effect on 28 July 2018. According to the Catalogue and the Negative List, the wholesale, retail and transportation of gas and gasoline industry is a permitted industry.

Wholly Foreign-owned Enterprises Law

According to the Law of the PRC on Wholly Foreign-Owned Enterprises (中華人民共和國外資企業法), which was promulgated by the Standing Committee of the National People's Congress (the "**NPC**") and then amended in 31 October 2000 and 3 September 2016 respectively, the approval items regarding to the establishment and change of a wholly foreign-owned enterprise, which are provided by Article 6, Article 10 and Article 20, shall be subjected to the record-filing administrative measures as long as the wholly foreign-owned enterprise does not involve the implementation of special access management measures prescribed by the state.

According to the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (外商投資企業設立及變更備案管理暫行辦法) (the "**Record-filing Interim Administrative Measures**"), which was promulgated by the MOFCOM, and amended on 30 July 2017 and 29 June 2018, and became effective on 30 June 2018, the modifications of foreign-invested enterprises which fall into the record-filing scope, the designated representatives or entrusted agents shall fill in online and submit an Application for Record-filing of the Change of Foreign-invested Enterprises (外商投資企業變更備案申請表) and the relevant documents through the comprehensive administration system within 30 days upon the occurrence of the modifications to initiate the record-filing procedures.

INDUSTRY REGULATIONS

Regulation on the Administration of Urban Gas

Regulation on the Administration of Urban Gas (城鎮燃氣管理條例) was promulgated by the State Council on 19 November 2010, effective as from 1 March 2011 and amended on 6 February 2016. This Regulation aims to strengthen the administration of urban gas, guarantee gas supply, prevent and reduce gas safety accidents, safeguard the life and property safety of citizens and the public safety, protect the legitimate rights and interests of gas operators and gas users and promote the healthy development of gas industry.

Gas development planning

Regulation on the Administration of Urban Gas shall mainly apply to urban gas development planning and emergency guarantee, gas operation and service, gas using, gas facilities protection, prevention and handling of gas safety accidents and relevant administrative activities and mainly includes gas development planning, gas operation and service, protection of gas facilities and prevention and handling of gas safety accidents.

Gas operation service

Pursuant to the Regulation on the Administration of Urban Gas, the state implements a license system for gas operation and prohibits individuals from engaging in piped natural gas operation. Gas operators shall meet the following requirements:

1. conforming to the requirements of gas development and planning;

2. having natural gas sources and gas facilities that are in accordance with national regulations and standards;

3. owning fixed operation places, sound safety management systems and operating plans;

4. having well trained and qualified management personnel, safety operational management personnel, operating, fixing and emergency repairing personnel; and

5. other requirements as provided in relevant laws and regulations.

Enterprises meeting provisions of the Regulation on the Administration of Urban Gas will be granted with gas operation license certificate by the gas management departments under the local people's government above the county level.

Gas using

Gas users shall, in compliance with gas safety regulations, use qualified gas burners and gas cylinders, promptly replace gas burners, connecting pipes, and other regulated gas usage equipment which the state has eliminated by official order or has reached the end of their service life, and pay gas fees as per the specified schedule.

Protection of gas facilities

To carry out alteration in municipal gas facilities, gas operators shall prepare and submit alteration plans for the approval of the gas management department under local people's government at or above the county level.

Prevention and handling of gas safety accidents

Gas operators shall formulate emergency plans for gas safety accidents, assign emergency staff, provide necessary emergency facilities and equipment, organize regular drilling, establish sound gas safety evaluation and risk management system and take responsive measures to avoid possible gas safety accidents.

Regulations of the PRC on Road Transport

On 30 April 2004, the State Council promulgated the Regulation of the PRC on Road Transport (中華人民共和國道路運輸條例), which became effective as from 1 July 2004 and was amended in 2012 and 2016 respectively. This Regulation aims to maintain the market order of road transportation, ensure the safety in road transportation, protect the legitimate rights and interests of all parties involved in road transportation and promote the healthy development of road transportation. And on 11 April 2016, the Ministry of Transport promulgated the Administrative Provisions on Road Transportation of Dangerous Goods (道路危險貨物運輸管理規定), which became effective as from 1 July 2013 and was amended in 2016. This Regulation aims to formalize the order on the market for road transportation of dangerous goods, safeguard the safety of the lives and property of people, protect the environment and maintain the legitimate rights and interests of parties concerned on the road transportation of dangerous goods.

Pursuant to the Regulation of the PRC on Road Transport and the Administrative Provisions on Road Transportation of Dangerous Goods, any individuals or institutions that engage in the operation of road transportation as well as the businesses related to road transportation shall abide by these regulations.

Pursuant to these regulations, the state implements a license system for road transportation operation, which issues the road transportation operation license for the applicants, as well as the vehicle operation licenses for the vehicles that are used for road transportation. Any individuals and institutions that apply for the operation of freight transportation involving in dangerous cargos shall meet the following requirements:

1. have 5 or more vehicles and equipment that are qualified and specially used for the transportation of dangerous cargos;

2. engage the drivers, managerial personnel for loading and unloading goods and transportation escorts who have passed the examinations held by the local road transportation administrative organ on the district municipality level and have acquired the qualification for post license;

3. the special vehicles for the transportation of dangerous cargos shall be equipped with necessary telecommunications tools; and

4. establish improved administrative systems for safe operations.

Special Equipment Safety Law

On 29 June 2013, Standing Committee of the NPC promulgated Special Equipment Safety Law of the PRC ("**The Special Equipment Safety Law**") (中華人民共和國特種設備安全法), which became effective as from 1 January 2014. The Special Equipment Safety Law aims to strength safety-related work of special equipment, prevent accidents caused by special equipment, guarantee personal safety and the safety of property and promote the development of economy and society.

Pursuant to The Special Equipment Safety Law, the state applies a licensing system to the production of special equipment based on the principle of classified supervision and administration. Entities producing special equipment may engage in production activities after complying with the following conditions and being licensed by departments in charge of the supervision and administration of special equipment safety:

1. employing professional technicians applicable for production;

2. equipped with equipment, facilities and working places applicable for production; and

3. having sound systems covering quality assurance, safety administration and work post responsibility.

For any entity engaging in production of special equipment without license and violating provisions hereof, it shall be ordered to stop the production, have the illegally manufactured special equipment confiscated and shall be imposed with a fine of not less than RMB100,000 but not more than RMB500,000; the illegal income shall be confiscated, if any; installation, reform, maintenance already implemented shall be restored or re-installed, re-reformed or re-maintained by a licensed entity within a time limit.

Regulations on the Safety Supervision of Special Equipment

Regulations on the Safety Supervision of Special Equipment (特種設備安全監察條例) was promulgated by the State Council on 11 March 2003, effective as from 1 June 2003 and amended on 24 January 2009. The Regulations aim to strengthen the safety supervision of special equipment, prevent and reduce special equipment accidents, safeguard the life and property safety of citizens and the public safety, and promote the economic development.

Regulations on the Safety Supervision of Special Equipment shall mainly refer to the boilers, pressure vessels (including gas cylinders, hereinafter the same), pressure pipelines, elevators, cranes, passenger cableways, large entertainment facilities and in-plant (in-factory) special motor vehicles that involve the safety of life and that have relatively high risks.

Pursuant to the Regulations on the Safety Supervision of Special Equipment, the entities manufacturing, installing and reforming boilers, pressure vessels, elevators, cranes, passenger cableways, large entertainment facilities, as well as the safety attachments and safety protection settings thereof, the entities manufacturing the pipes, pipe fittings, valves, flanges, compensators and safety protection settings used in pressure pipelines (hereinafter referred to as pressure pipeline components), etc., and the entities manufacturing and reforming special in-plant (in-factory) motor vehicles may undertake the corresponding activities only after they are licensed by the department of special equipment safety supervision and administration under the State Council.

Provisions on the Safety Supervision over Gas Cylinders

On 24 April 2003, the General Administration of Quality Supervision, Inspection and Quarantine promulgated the Provisions on the Safety Supervision over Gas Cylinders (氣瓶安全監察規定), which became effective as from 1 June 2003 and was amended on 25 August 2015. The Provisions aim to enhance the safety supervision of gas cylinders, ensure safe use of gas cylinders and protect the safety of the people's life and properties.

Pursuant to the Provisions on the Safety Supervision over Gas Cylinders, the entities filling gas cylinders shall apply to the special equipment safety supervision and inspection authority at provincial level in writing. Qualifiers will be granted the License for Filling Gas Cylinders by the quality supervision authority at provincial level. Those having no License for Filling Gas Cylinders shall not engage in filling gas cylinders.

The effective term of the License for Filling Gas Cylinders is four years. Prior to the expiration, the entities filling gas cylinders shall apply to the original approval authority for the renewal of the License for Filling Gas Cylinders. Those that do not make application according to provisions or are not permitted for renewal of the License for Filling Gas Cylinders shall not continue to engage in filling gas cylinders upon the expiry.

LAWS AND REGULATIONS ON PRICE

General Laws and Regulations On Price

On 29 December 1997, the Standing Committee of the NPC promulgated Pricing Law of the PRC (中華人民共和國價格法), which was effective as from 1 May 1998. According to which the government is implementing and gradually optimizing the pricing mechanisms mainly formed by the market under macroeconomic control policies. Most merchandise and services adopt the market price.

Pursuant to Pricing Law of the PRC, the competent departments of price and other departments concerned under the State Council shall determine the government-guided prices and government-set prices in pursuance of the pricing authority and the specific applicable scope provided for in the Central Pricing Catalogue, among which the government-guided prices and government-set prices of essential commodities and services shall be submitted to the State Council for approval in accordance with the provisions.

The competent departments of price and other departments concerned of people's governments of autonomous regions and municipalities directly under the central government shall determine the government-guided prices and government-set prices for implementation in their respective areas in pursuance of the pricing authority and specific applicable scope provided for in Local Pricing Catalogues.

Municipal and county people's governments may, in accordance with the authorization of people's governments of the provinces, autonomous regions and municipalities directly under the central government and in pursuance of the pricing authority and specific applicable scope provided for in Local Pricing Catalogues, determine the government-guided prices and government-set prices for implementation in their respective areas.

Price For Natural Gas

According to the Circular on Adjusting the Price of Natural Gas in Stock Used for Non-residential Purpose (Fa Gai Jia Ge [2014] No. 1835) (國家發展改革委關於調整非居民用存量天然氣價格的通知(發改價格[2014]1835號), which was promulgated by the NDRC on 10 August 2014, the highest gate station prices of natural gas used for non-residential purpose increased by RMB400 per 1,000 m^3, and the price in Henan Province was RMB2,670 per 1,000 m^3 and RMB3,150 per 1,000 m^3 for natural gas in stock and incremental natural gas respectively. The Circular came into force from 1 September 2014.

According to the Circular on Straightening the Price of Natural Gas Used for Non-residential Purpose (Fa Gai Jia Ge [2015] No. 351) (國家發展改革委關於理順非居民用天然氣價格的通知(發改價格[2015]351號), which was promulgated by the NDRC on 26 February 2015, the highest gate station prices of natural gas in stock and incremental natural gas became the same, and the price in Henan Province was RMB2,710 per 1,000 m^3. The Circular came into force from 1 April 2015.

On 12 October 2015, the Communist Party of China ("**CPC**") Central Committee and the State Council promulgated Several Opinions of the CPC Central Committee and the State Council on Advancing the Pricing Mechanism Reform ("中共中央國務院關於推進價格機制改革的若干意見") (Zhong Fa [2015] No. 28) ("Several Opinions on Advancing the Pricing Mechanism Reform"), effective as from the date of promulgation. According to the Several Opinions on Advancing the Pricing Mechanism Reform, the price reform of natural gas should be accelerated, the price for commodities with competitive conditions should be deregulated, and the role of the market should be given full play to determine the price. Several Opinions on Advancing the Pricing Mechanism Reform also sets out the principle of accelerating the market-oriented price reform for energy, and the source and the sale price of natural gas should be deregulated as soon as possible.

According to the Circular on Reducing the Gate Station Prices[(1)] of Natural Gas Used for Non-residential Purpose and Further Accelerating the Market-oriented Price Reform (Fa Gai Jia Ge [2015] No.2688) (關於降低非居民用天然氣門站價格並進一步推進價格市場化改革的通知(發改價格[2015]2688號)), which was promulgated by the NDRC on 18 November 2015, the ceiling city station gate price for non-residential users shall be reduced by RMB0.7/m^3. In addition, the existing pricing mechanism of natural gas shall be reformed by introducing benchmark city station gate prices of non-residential natural gas, which would replace the ceiling city station gate prices. Under the new mechanism, the industry players are allowed to charge up to 20% more than benchmark city station gate prices based on supply and demand, and there is no downward limit for price fluctuations. Henan Provincial Development and Reform Commission transmitted the Circular on 23 November 2015.

Note:

1. Natural gas gate station price refers to the price of natural gas when the domestic or imported pipeline natural gas suppliers deliver and sell natural gas to downstream purchasers such as natural gas pipeline operators.

According to the Circular on Reducing the Gate Station Prices of Natural Gas Used for Non-residential Purpose (Fa Gai Jia Ge Gui[2017] No.1582) (關於降低非居民用天然氣基準門站價格的通知(發改價格規[2017]1582號)), which was promulgated by NDRC on 29 August 2017, the gate station price of natural gas used for non-residential purpose decreased by RMB100 per 1,000 m^3. The price is RMB1,910 per 1,000 m^3 in Henan Province. The Circular came into force from 1 September 2017.

Henan Provincial Development and Reform Commission forwarded the Circular on Reducing the Gate Station Prices of Natural Gas Used for Non-residential Purpose (Yu Fa Gai Jia Guan [2017] No. 918)(河南省發展和改革委員會轉發國家發展改革委關於降低非居民用天然氣價格的通知(豫發改價管[2017]918號)) on 31 August 2017, which decreased the Gate Station Prices of Natural Gas to RMB1.91 per m^3 from 1 September 2017.

Henan Provincial Development and Reform Commission forwarded the Provisions on Natural Gas Pipeline Transportation Price Management and the Provisions on Natural Gas Pipeline Transportation Pricing Costs Supervision and Auditing Procedures (《天然氣管道運輸價格管理理辦法(試行)》和《天然氣管道運輸定價成本監審辦法(試行)》的通知) on 16 November 2017, in which the price of short-distance pipeline transportation in Henan province was subject to the government guidance prices, allowing pipeline transportation companies to decrease the price of short-distance pipeline transportation. Pipeline transportation companies were encouraged to negotiate the price of short-distance pipeline transportation with gas enterprises, industrial and commercial enterprises and the price of short-distance pipeline transportation was expected to be formed by market competition between gate stations.

According to the Circular on Straightening the Gate Station Price of Natural Gas Used for Residential Purpose (Fa Gai Jia Ge Gui [2018] No. 794) (國家發展改革委關於理順居民用氣門站價格的通知(發改價格規[2018]794號), which was promulgated by the NDRC on 25 May 2018, the highest gate station prices of natural gas used for non-residential purpose in Henan Province was RMB1,890 per 1,000 m^3. The Circular came into force from 10 June 2018.

Status of Zhengzhou Public Utilities Association (鄭州市公用業協會)

Zhengzhou Public Utilities Association (鄭州市公用業協會) belongs to the municipal industry association. As a non-governmental organisation, it does not have pricing control over gas refuelling stations for the sale of CNG, and there are no relevant laws and regulations that stipulate that it has price control over the sale of CNG.

Price For LPG

According to the Circular of the National Development and Reform Commission on Issues concerning Further Improving the Refined Oil Pricing Mechanism (Fa Gai Jia Ge [2016] No. 64) (國家發展改革委關於進一步完善成品油價格形成機制有關問題的通知(發改價格[2016]64號), which was promulgated by the NDRC on 13 January 2016, the local government may release the control of ex-factory price of LPG. The ex-factory price of LPG is negotiated between the supplier and the buyer.

According to 2002 Guangdong Province Pricing Catalogue, the authorized city and county people's government shall set the ceiling sale price of LPG. While in 2015 Guangdong Province Pricing Catalogue, the sale price of LPG was no longer listed as government-set price.

Ganzhou Development and Reform Commission promulgated a notice on 18 September 2015, the local government abolished the comprehensive price difference (銷售價格綜合差率) supervision on the sale price of LPG for domestic use. The sale price shall be determined by the operating company based on the operating costs, market supply and demand.

LAWS AND REGULATIONS ON ENVIRONMENTAL PROTECTION

Environmental Protection Law

The Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the "**Environmental Protection Law**") was promulgated by the Standing Committee of the NPC on 26 December 1989 and amended on 24 April 2014. The environmental protection department of the State Council supervises and administers the environmental protection work in the PRC, and establishes national standards for the environmental quality and discharge of pollutants. Local environmental protection bureaus are in turn responsible for the environmental protection work within their respective jurisdictions.

According to the Environmental Protection Law, installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal part of the project. Installations for the prevention and control of pollution shall not be dismantled or left idle without authorization. The enterprises and institutions and other producers and operators that implement the pollution discharge license management shall discharge pollutants according to the requirements of the pollution discharge license; those that fail to obtain the pollution discharge license shall not discharge pollutants. The Environmental Protection Law and relevant regulations make it clear that the legal liabilities of any violation of said law include warning, fine, rectification within a time limit, compulsory cease operation, compulsory shutout or closedown, or even criminal punishment.

Environmental Protection on Construction Projects

The Environmental Impact Appraisal Law of PRC (中華人民共和國環境影響評價法) (the "**Environmental Impact Appraisal Law**"), which was promulgated by the Standing Committee of the NPC on 28 October 2002, amended on 2 July 2016 and became effective on 1 September 2016, requires that the construction entities shall work out the report of environmental impacts, the report form of environmental impacts or the registration form of environmental impacts according to the seriousness of environmental impacts of construction projects. Pursuant to the Category-based Administration Catalogue for the Environmental Impact Assessment of Construction Projects (建設項目環境影響評價分類管理名錄), which was promulgated by the Ministry of Environmental Protection on 2 September 2008, amended on 29 June 2017 and 28 April 2018, the construction of new LPG, LNG and CNG filing stations or the expansion of those stations need to submit the report form of environmental impacts. According to Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on 29 November 1998, amended on 16 July 2017 and became effective on 1 October 2017, the project owner shall, after the completion of the construction project for which the environmental impact report or environmental impact statement is prepared, according to standards and procedures prescribed by the environmental protection administrative department of the State Council, conduct acceptance check of the constructed supporting environmental protection facilities and prepare the acceptance check report.

Prevention and Control of Pollution

The Law of the PRC on Prevention and Control of Water Pollution (中華人民共和國水污染防治法), which was amended by the Standing Committee of the NPC on 27 June 2017, the Law of the PRC on Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法), which was amended by the Standing Committee of the NPC on 26 October 2018, the Law of the PRC on Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法), which was promulgated by the Standing Committee of the NPC on 29 October 1996 and became effective on 1 March 1997, and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (中華人民共和國固體廢物污染環境防治法), which was amended by the Standing Committee of the NPC on 29 December 2004, and subsequently amended in 2013, 2015 and 2016, prescribe the details for the prevention and control of water pollution, atmospheric pollution, noise pollution and solid waste pollution. According to the Catalogue of Classified Management of Pollutant Discharge Permits for Stationary Pollution Sources (2017 Edition) (固定污染源排污許可分類管理名錄[2017版]) (the "**Catalogue**") which was promulgated by the Ministry of Environmental Protection and became effective on 28 July 2017, existing enterprises and other business operators which is listed in this Catalogue shall apply for pollutant discharge permits within the prescribed time. Since enterprises engaged in the wholesale, retail and transportation of gas and gasoline industry are not listed in this Catalogue, they do not need to apply for pollutant discharge permits.

LAWS AND REGULATIONS ON LABOR AND PRODUCTION SAFETY

Labor Contact law

The Labor Contract Law of the PRC (中華人民共和國勞動合同法) (the "**Labor Contract Law**"), which was promulgated by the Standing Committee of the NPC on 29 June 2007 and became effective on 1 January 2008, and then amended on 28 December 2012 and became effective on 1 July 2013, governs the relationships between employers and employees, and provides specific provisions in relation to the terms and conditions of an employment contract. The Labor Contract Law stipulates that the employment contract must be in writing and be signed. It imposes stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

Production Safety Law

The principal law on work safety is the PRC Production Safety Law (中華人民共和國安全生產法) promulgated by the Standing Committee of the NPC on 29 June 2002, and amended in 2009, 2014 respectively. Pursuant to the PRC Production Safety Law, manufacturing companies should establish a control system for work safety and improve work conditions as provided by the Production Safety Law and relevant laws, administrative regulations and national standards or industrial specifications. Manufacturing companies that do not meet such standards or industrial specifications are not allowed to engage in manufacturing activities.

Violation of the PRC Production Safety Law will cause various penalties, including being ordered to take corrective actions within a specified time, suspension of business, confiscation of illegal proceeds and payment of fine in accordance with the particular circumstances. In serious circumstances, business licenses will be revoked or criminal offences will be charged. Enterprises and persons directly responsible for the offences may be subject to criminal liability.

Laws and Regulations on Social Insurance and Housing Fund

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), which was effective as of 1 July 2011, the Regulations on Occupational Injury Insurance (工傷保險條例), which became effective as of 1 January 2004, amended on 20 December 2010 and taking effect on 1 January 2011, the Interim Measures concerning the Maternity Insurance for Enterprise Employees (企業職工生育保險試行辦法) which was effective as of 1 January 1995, the Interim Regulations concerning the Levy of Social Insurance (社會保險費徵繳暫行條例),which became effective as of 22 January 1999, the Interim Measures concerning the Administration of the Registration of Social Insurance (社會保險登記管理暫行辦法) which was effective as of 19 March 1999 and the Regulations concerning the Administration of Housing Fund (住房公積金管理條例) which was effective as of 3 April 1999 and then amended on 24 March 2002, enterprises and institutions in the PRC shall provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance, as well as housing fund and other welfare plans.

INTELLECTUAL PROPERTY

Trademark Law

In accordance with the PRC Trademark Law (中華人民共和國商標法) promulgated on 23 August 1982, as amended by the Standing Committee of the NPC on 30 August 2013 and effective on 1 May 2014, the Trademark Office of the administrative department for industry and commerce under the State Council shall be responsible for the registration and administration of trademarks in China. The administrative department for industry and commerce under the State Council has established a Trademark Review and Adjudication Board to be responsible for handling trademark disputes. Any individual, legal person or other entity that needs to acquire the right to exclusive use of a trademark for the commodities produced, manufactured, processed, selected or marketed shall apply to the Trademark Office for trademark registration.

Like patents, China has adopted a ''first-to-file'' principle with respect to trademarks. Where two or more applicants apply for the registration of identical or similar trademarks for the same or similar goods, the preliminary approval and the announcement shall be made for the trademark that was first filed. Where applications are filed on the same day, the preliminary approval, and the announcement shall be made for the trademark that is used the earliest, and the applications of the others shall be refused without announcement.

The period of validity of a registered trademark shall be ten years, starting from the day the registration is approved. When it is necessary to continue using the registered trademark upon expiration of period of validity, an application for renewal shall be made within 12 months before the expiration. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be 10 years as of the next day of the previous period of validity. If the formalities for renewal have not been handled upon expiration of period of validity, the registered trademarks will be deregistered.

A trademark registrant could license another party to use its registered trademark by entering into a trademark licensing contract. Where another party is licensed to use a registered trademark, the licenser shall report the license to the Trademark Office for recordation, and the Trademark Office shall publish it. An unrecorded license may not be used as a defense against a third party in good faith.

Trade Name Regulation

According to the Provisions on Administration of Enterprise Name Registration (企業名稱登記管理規定), which was promulgated in 1991 and amended on 9 November 2012, an enterprise name shall consist of the components in the following order: the trade name, trade or business operation characteristics and organizational form. An enterprise shall only use one name and that name shall not be the same as or similar to the name of an enterprise already registered in the same trade within the jurisdiction of the competent registration authority. An enterprise may use a subordinate name within a prescribed scope after obtaining an approval from the competent registration authorities at or above the provincial level in need.

According to the Measures for the Implementation of Administration of Enterprise Name Registration (企業名稱登記管理實施辦法), which was promulgated in 1999 and amended in 2004, an enterprise name shall not get approval if it is identical with the other enterprise name or it has the same trade name in the other enterprise name which has already approved or registered by the same administrative organ for industry and commerce, with the exception of those having investment relationship with each other. In addition, where the term of the classifications of the national economic sector is not used to express the sector in which an enterprise is engaged, the trade name in the enterprise name shall be different from the trade name in the enterprise name approved or registered by the same administrative organ for industry and commerce, with the exception of those having investment relationship with each other.

SUPERVISION AND ADMINISTRATION OVER FOREIGN EXCHANGE

According to the Regulations on the Control of Foreign Exchange (外匯管理條例), which were promulgated by the State Council on 29 January 1996, came into effect on 1 April 1996 and were amended on 14 January 1997 and 5 August 2008, foreign exchange receipts of domestic institutions or individuals may be transferred to the PRC or deposited abroad; the conditions for transfer to the PRC or overseas deposit, time limit and other details will be specified by the foreign exchange control department of the State Council. Foreign exchange receipts for current account transactions may be retained or sold to financial institutions engaging in the settlement of foreign exchange in accordance with relevant regulations. Domestic institutions or individuals that make direct investments abroad or are engaging in the overseas distribution or trade of valuable securities or derivative products should register according to the provisions of the foreign exchange control department of the State Council. Relevant institutions or individuals should submit relevant documentation for examination and approval or for record-filing prior to foreign exchange registration, if they are required to file with, or receive approval from, the competent administration departments in advance as required by the State. The exchange rate for RMB follows a managed floating exchange rate system based on market demand and supply.

SAFE Circular No. 19

Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises ("**SAFE Circular No. 19**") (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) was promulgated on 30 March 2015 and became effective on 1 June 2015.

Discretionary settlement of foreign exchange capital of foreign-invested companies means that foreign exchange capital in the capital account of foreign-invested companies whose rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or book-entry registration through the banks) can be settled at the banks based on the actual operating needs of the companies. The proportion of discretionary settlement of foreign exchange capital for foreign-invested companies is temporarily set at 100%. Capital by foreign-invested companies should only be used for legitimate operating needs within the business scope. The capital of foreign-invested companies and capital in RMB obtained through foreign exchange settlement should not be used for the following purposes:

1. directly or indirectly used for payments outside the business scope or for payments prohibited under national laws and regulations;

2. directly or indirectly used for investment in securities unless otherwise provided by laws and regulations;

3. directly or indirectly used for granting entrust loans in RMB (unless permitted by the scope of business), repaying inter-company borrowings (including advances by third parties) or repaying bank loans in RMB that have been on-lent to a third party; and

4. paying expenses related to the purchase of real estate not for self-use, except for foreign-invested real estate companies.

Except for transfers of equity investment in the original currency, foreign-invested companies whose primary business is investing (including foreign-invested investment companies, foreign-invested venture capital companies and foreign-invested equity investment companies) are permitted to directly settle foreign exchange capital or transfer capital in RMB to the account of the invested companies provided that the domestic investment project is authentic and compliant.

MERGERS AND ACQUISITION

On 8 August 2006, MOFCOM, together with other five departments issued the Rules on the Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者並購境內企業的規定) (the "**Circular No.10**"), which became effective on 8 September 2006 and were amended on 22 June 2009. An acquisition under the M&A Rules can be either an equity acquisition or an asset acquisition. An equity acquisition is an acquisition of equity interest in a PRC domestic company or the subscription of registered capital of a PRC domestic company by foreign investors for the purpose of converting such PRC domestic company into a foreign-invested company.

An asset acquisition is the acquisition of a domestic PRC company's assets (i) by a foreign-invested company for the purpose of controlling such assets and using them in business operations or (ii) by foreign investors, through contract, in order to establish a foreign-invested company for the purpose of conducting business operations.

According to the Circular No. 10, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully establishes or controls, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the China Securities Regulatory Commission.

TAX

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "**EIT Law**"), which was promulgated by the Standing Committee of the NPC on 16 March 2007 and became effective on 1 January 2008 and then amended on 24 February 2017, and the Implementation Rules of the EIT Law (中華人民共和國企業所得稅法實施條例) (the "**Implementation Rules**"), which was promulgated by the State Council on 6 December 2007 and became effective on 1 January 2008, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises shall pay enterprise income tax on their incomes obtained in and outside the PRC at the rate of 25%. Non-resident enterprises setting up institutions in the PRC shall pay enterprise income tax on the incomes obtained by such institutions in and outside the PRC at the rate of 25%. Non-resident enterprises with no institutions in the PRC, and non-resident enterprises whose incomes having no substantial connection with their institutions in the PRC, shall pay enterprise income tax on their incomes obtained in the PRC at a reduced rate of 10%.

According to the Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), which was promulgated by the State Administration of Taxation ("**SAT**") on 21 August 2006 and came into effect on 8 December 2006, a company incorporated in Hong Kong will be subject to withholding tax at the lower rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% interest or more in the PRC company. According to the Notice on the Understanding and Identification of the Beneficial Owners in the Tax Treaty (關於如何理解和認定稅收協議中「受益所有人」的通知) (國稅函[2009]601號), which was promulgated by SAT and became effective on 27 October 2009, a beneficial ownership analysis will be used based on a substance-over-form principle to determine whether or not to grant tax treaty benefits.

Value-added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the PRC (中華人民共和國增值稅暫行條例) (the "**VAT Regulations**"), which was promulgated by the State Council on 13 December 1993 and took effect on 1 January 1994, and was amended on 10 November 2008, 6 February 2016 and 19 November 2017 respectively, and the Rules for the Implementation of the Provisional Regulations on Value Added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則), which was promulgated by the Ministry of Finance ("**MOF**") on 25 December 1993 and was amended on 15 December 2008 and 28 October 2011 respectively, taxpayers engaging in selling goods, providing processing, repairing or replacement services or importing goods within the PRC shall pay VAT. Unless provided otherwise, the rate of the VAT shall be 17%.

The MOF and the SAT have promulgated the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value Added Tax in Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) on 23 March 2016, which took effect on 1 May 2016. According to that, the Value Added Tax Pilot Program has been promoted to nationwide since 1 May 2016.

According to Provisions in the Notice on Adjusting the Value added Tax Rates (Cai Shui [2018] No. 32) (關於調整增值稅稅率的通知(財稅[2018]32號)) issued by the SAT and the MOF, where taxpayers make VAT taxable sales or import goods, the applicable tax rates shall be adjusted from 17% to 16% and from 11% to 10%, respectively. The Notice will take effect on 1 May 2018, and the adjusted VAT rates I.C. will take effect at the same time according to the Notice.

LAND AND PROPERTY

According to the Property Law of the PRC ("**Property Law**") (中華人民共和國物權法), which was promulgated by NPC on 16 March 2007 and came into effect on 1 October 2007, the real right refers to the exclusive right of direct control enjoyed by the holder according to law over a specific property, including ownership, usufructuary right and real rights for security. The creation, change, transfer or elimination of the real right of a real property shall become effective after it is registered according to law; it shall have no effect if it is not registered according to law, except it is otherwise prescribed by any law. The real rights of the state, collectives, individuals and any other right holder shall be protected by law.

According to the Land Administration Law of the PRC ("**Land Administration Law**") (中華人民共和國土地管理法), which was promulgated by the Standing Committee of the NPC on 25 June 1986 and revised on 29 December 1988, 29 August 1998 and 28 August 2004, land within the territory of the PRC falls into two categories: state-owned land and land collectively owned by peasants. Land in urban areas of cities belongs to the state. Land in rural areas and suburban areas of cities excluding those belonging to the state prescribed by law belongs to peasants' collective ownership; house sites, land allotted for personal needs and hilly land allotted for private use belongs to peasants' collective ownership. State-owned land and land collectively owned by peasants may be determined in accordance with law to be used by units or individuals. Units and individuals using the land have the obligation to protect, manage and rationally utilise the land. Any unit and individual needing land for construction shall apply for use of state-owned land according to law. The right to use state-owned land may be granted by the government or be obtained by paying land use right transfer fund, and the government departments shall enter into registration in a register and issue certificates in confirmation of the use right. In general, the term of use of state-owned land is 50 years for commercial or industrial use and 70 years for residence.

OVERVIEW

Our Group is an integrated LPG and natural gas supplier in the PRC with a complete industry chain of over 13 years of proven track record in the gas industry. We primarily engage in the operation of LPG, CNG and LNG vehicular refuelling stations, LPG domestic stations, CNG Mother Stations and the LPG and CNG wholesale business in Guangdong Province, Henan Province and Jiangxi Province, the PRC. All of our principal operating subsidiaries are incorporated in the PRC. Brief details of these principal operating subsidiaries are set out in the paragraph headed "Overview — Our Group" in this section below. Apart from these principal PRC operating subsidiaries, our Group also has companies incorporated in the Cayman Islands, BVI and Hong Kong. As at the Latest Practicable Date, all of such subsidiaries (other than the PRC operating subsidiaries and Perfect Wise which hold our registered trademarks) are investment holding companies.

In view of the growing demand for LPG and natural gas since early 2000s, the budding business opportunities of the market backed by industry development plans formulated in various provinces, and the emergence of cooperation between multinational corporations and local market players in 2005, in 2005, ZH Petrochemical, the first member of our Group, was co-founded by Mr. Ji, utilising part of the proceeds of operation of Zhuhai Sino Aero Limited (珠海國航企業有限公司), a company owned as to 80% by Mrs. Ji and gains from other investments, (holding via Sanlin Resources, a company wholly beneficially owned by Mr. Ji) and AVIC Joy (holding via Great Concept Investments Holdings Limited (偉念投資集團有限公司) ("**Great Concept**"), a directly wholly-owned subsidiary of AVIC Joy). AVIC is a company whose shares are listed on the main board of the Stock Exchange (stock code: 260). At its establishment, ZH Petrochemical was owned in equal shares by Sanlin Resources and Great Concept. In 2006, ZH Petrochemical acquired all the equity interest in GZ Sino Gas to engage in the LPG supply business. The acquisition by GZ Sino Gas was financed by Mr. Ji and AVIC Group in equal parts utilising their respective financial resources.

In late 2014, AVIC Joy had a change of business focus and was desired of the management team (led by Mr. Ji) of Sino Gas BVI and its subsidiaries running the operation of the entire LPG and natural gas supply, in order to allow more effective management. In such connection, a sale and purchase agreement ("**2014 R&A Agreement**") was entered into in December 2014 between Sanlin Resources, AVIC Joy, Great Concept and Sino Gas BVI. Under such agreement, it was agreed (among other things) that (i) Great Concept would sell to Sanlin Resources 10% of the total issued share capital of Sino Gas BVI which it (i.e. Great Concept) then held (together with a loan ("**China Full Sale Loan**") in the amount of RMB8,767,307 owing by China Full to AVIC Joy), (ii) AVIC Joy would procure its subsidiaries to sell to Sino Gas BVI (or its nominated subsidiary) four of AVIC Joy's indirect subsidiaries (comprising the entire of the registered capital in each of Xinzheng Sino Gas and Shanxi Sino Gas, 80% of the registered capital in Henan Sino Gas Nanhai Energy Company Limited (河南中油潔能南海能源有限公司) ("**Henan Nanhai**") and 60% of the registered capital in Zhengzhou Sino Gas) and a joint venture (50% of the registered capital in Henan Blue Sky (collectively, the "**2014 Reorganisation & Acquisition**"). It was further agreed by the parties to the 2014 R&A Agreement that the aggregate amount of debts ("**Reorganised Debts**") then owing by ZH Petrochemical, its then subsidiaries and the five PRC companies mentioned in item (ii) above, which amounted to about RMB84.3 million as at 30 September 2014, shall be reorganised such that such debts shall become solely owing by Sino Gas BVI (or its nominated subsidiary) to the remaining members of the AVIC Group (i.e. excluding those to be sold under the 2014 R&A Agreement), and the Reorganised Debt shall be repaid as part of the 2014 Reorganisation and Acquisition. The aggregate consideration for the 2014

Reorganisation & Acquisition (including the equity interest in Sino Gas BVI and the said five PRC companies) amounted to approximately RMB114.42 million. Such consideration was arrived at after arm's length negotiations between the parties and was determined with reference to (among other factors) (i) the historical financial performance and conditions of Sino Gas BVI and its subsidiaries; (ii) the future prospects of the disposal group, and that the AVIC Group would be able to continue to share the future operating results of the disposal group by being accounted for as an associate of the AVIC Group following completion of the Sino Gas BVI Group Acquisition; and (iii) the amount of the China Full Sale Loan was fixed on a dollar-to-dollar basis.

When the 2014 R&A Agreement was completed in September 2015, the consideration (in the sum of approximately RMB114.42 million) and the Reorganised Debt (in the sum of approximately RMB84.3 million) were settled partially by cash financed by Mr. Ji in the aggregate amount of approximately RMB48.73 million and partially by a promissory note issued by Sino Gas BVI to AVIC Joy in the amount of RMB150 million. By July 2017, the full amount of the promissory note was redeemed with Mr. Ji's by utilising his own financial resources. Following completion of the 2014 Reorganisation and Acquisition which was effected in September 2015, Mr. Ji indirectly owned 60% of the entire issued share capital in Sino Gas BVI, which then in turn owned 99.98% of the issued share capital of China Full. China Full has been the holding company of our subsidiaries since 2010. With the said five PRC companies being reorganised into our Group as a result of the 2014 Reorganisation and Acquisition, our Group has expanded into the LNG supply business in Henan Province. For details of the 2014 Reorganisation & Acquisition, please refer to the paragraph headed "Change of Group structure during the Track Record Period — Acquisitions of Companies" in this section below.

In October 2016, Mr. Ji (via Best Creation, a company wholly beneficially owned by Mr. Ji) acquired (i) the remaining 40% of the entire issued share capital in Sino Gas BVI and (ii) a loan in the amount of approximately HK$11.1 million owed by China Full to AVIC Joy from Great Concept at an aggregate consideration of HK$88.3 million. The consideration was arrived at after arm's length negotiation among AVIC Joy, Great Concept and Best Creation taking into account, among other things, (i) the historical financial performance and conditions of Sino Gas BVI and its subsidiaries, in particular its net asset value; (ii) the future prospect of Sino Gas BVI and its subsidiaries; and (iii) the amount of loan, being the subject of the transfer. The consideration was fully paid by Mr. Ji on 28 December 2016 utilising his financial resources. Upon completion of such acquisition, Sino Gas BVI has been indirectly wholly owned by Mr. Ji.

As at the Latest Practicable Date, we, through our subsidiaries and Jointly Controlled Entities, operated: 1 LPG terminal, 2 LPG storage facilities, 6 LPG vehicular refuelling stations, 3 LPG domestic stations, 1 LNG vehicular refuelling station, 2 CNG Mother Stations and 12 CNG vehicular refuelling stations.

Our Company

Our Company was incorporated on 26 March 2018 in the Cayman Islands as an exempted company with limited liability. As part of the Reorganisation, our Company became the holding company of our Group. See the paragraph headed "Reorganisation" in this section below.

Our Group

As at the Latest Practicable Date, our Group comprised our Company, 2 BVI companies, 3 Hong Kong companies and a total of 19 PRC companies. The following table contains some brief details of our Company and our 15 principal operating subsidiaries in the PRC as at the Latest Practicable Date:

	Entity	Date of incorporation	Place of incorporation	Amount of registered capital/ authorised share capital	Amount of paid up capital (or, where applicable number of issued shares)	Equity interest attributable to our Group	Principal activities
1.	Our Company	26 March 2018	Cayman Islands	HK$380,000	HK$100	N/A	Investment holding
2.	GZ Sino Gas	19 April 2005	PRC	RMB20 million	RMB20 million	100%	Gas Refuelling Business
3.	GZ Logistics	23 January 2013	PRC	RMB10 million	RMB10 million	100%	Provision of fuel transportation services in Guangdong Province
4.	Henan Transportation	17 December 2010	PRC	RMB12 million	RMB12 million	100%	Provision of fuel transportation services in Henan Province
5.	Ganzhou Gas	23 May 2008	PRC	RMB10 million	RMB10 million	30%	Wholesale and retail of gas
6.	GZ Natural Gas	7 April 2016	PRC	RMB20 million	Nil *(Note)*	100%	Planning to engage in CNG processing
7.	GZ New Energy	2 August 2013	PRC	RMB10 million	RMB10 million	100%	Gas Refuelling Business
8.	GD Petrochemical	28 March 2014	PRC	RMB20 million	RMB20 million	100%	Procurement, allocation and wholesale of gas
9.	ZH Transportation	14 December 2006	PRC	RMB10 million	RMB10 million	100%	Provision of fuel transportation services in Guangdong Province
10.	JX Logistics	15 October 2008	PRC	RMB3 million	RMB3 million	30%	Provision of fuel transportation services in Ganzhou City and Guangzhou City
11.	Henan Gas	13 November 2013	PRC	RMB10 million	RMB10 million	100%	Gas Refuelling Business
12.	Zhengzhou Fuel	3 June 2015	PRC	RMB100 million	Nil *(Note)*	51%	Preparation of CNG refuelling station operation
13.	Henan Yonghui	23 September 2013	PRC	RMB10 million	RMB10 million	100%	Procurement and sales of gas, and construction of CNG Mother Station in progress
14.	GZ Jiahexing	26 May 2014	PRC	RMB10 million	RMB4 million *(Note)*	51%	Gas Wholesale Business
15.	Xinzheng Sino Gas	1 February 2007	PRC	HK$12 million	HK$12 million	100%	Wholesale and retail of gas
16.	Zhengzhou Sino Gas	14 March 2005	PRC	RMB30 million	RMB30 million	60%	Gas Refuelling Business

Note: According to the respective articles of association of the following subsidiaries, their respective registered capital is provided to be fully paid before the dates set out at the last column of the following table:

Name of subsidiary	Amount of registered capital	Amount of paid-up capital as of the Latest Practicable Date	Prescribed date for payment of the remaining balance of the unpaid registered capital
GZ Natural Gas	RMB20 million	Nil	30 December 2026
Zhengzhou Fuel	RMB100 million	Nil	31 December 2045
GZ Jiahexing	RMB10 million	RMB4 million	30 December 2024

MILESTONES

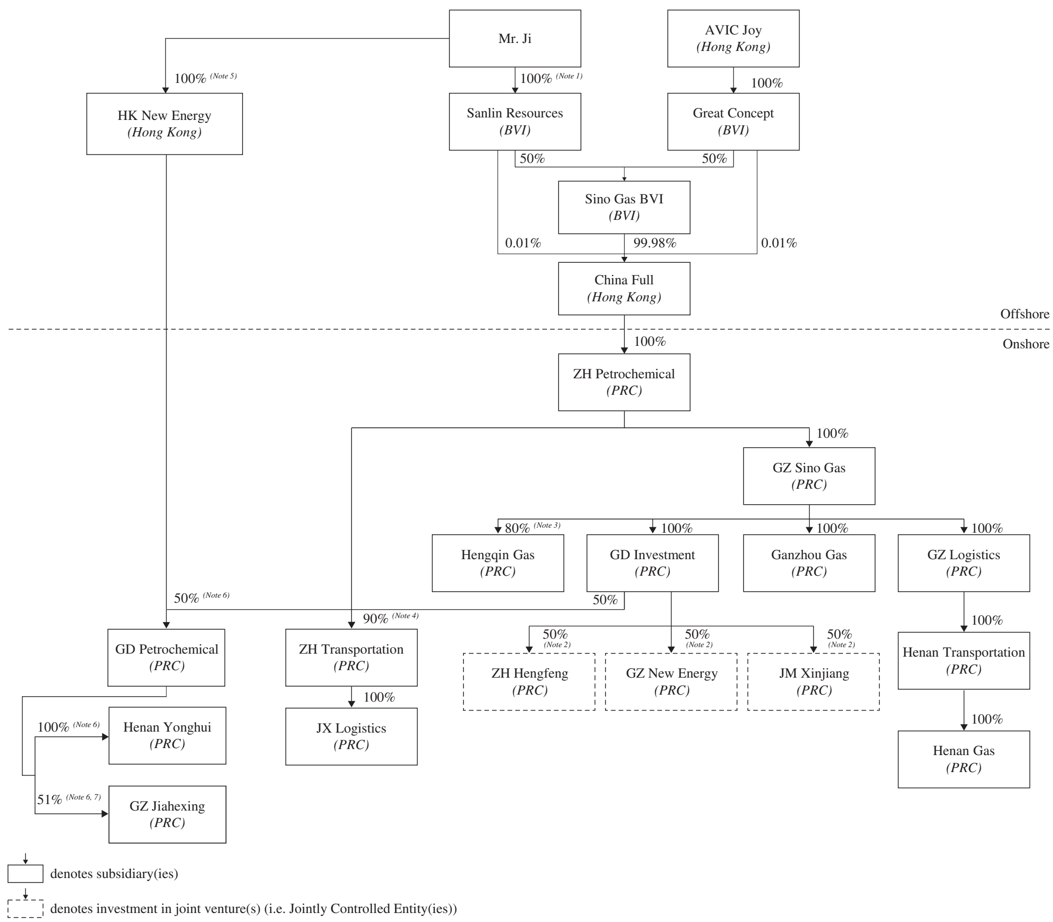
Set out below are the key milestones of the development of our Group:

Time	Milestone
2005	ZH Petrochemical, the first member of our Group, was co-founded by Mr. Ji and AVIC Group
2006	In preparation for our Gas Refuelling Business, ZH Transportation was established to provide fuel transportation services to our Group
2007	Our first gas refuelling station (LPG refuelling station) commenced operations in Guangzhou City
2013	In January, GZ Logistics was established to expand our fuel transportation operation to Guangzhou City, a core city of Pearl River Delta region
2014	With the acquisition of 50% of the registered capital in JM Xinjiang Gas, a Jointly Controlled Entity, our Group's gas supply business expanded further in Southern China to Jiangmen City; we also began to diversify our products by expanding into the LPG domestic supply market
2015	The 2014 Reorganisation & Acquisition was completed, and our Group has expanded into the CNG vehicular refuelling business in Henan Province
2017	Our Gas Refuelling Business in Guangdong Province expanded into the LNG market when our first LNG refuelling station commenced operations in Guangzhou City

CHANGE OF GROUP STRUCTURE DURING THE TRACK RECORD PERIOD

The corporate structure of our Company, our subsidiaries and some of the companies then beneficially owned by Mr. Ji (which would become our subsidiaries) as at 1 January 2015 is as follows:

Chart 1



Notes:

1. The sole beneficial owner of Sanlin Resources has been Mr. Ji since the date of activation of Sanlin Resources on 31 August 2005. The entire issued share capital has been registered in the name of Mr. Zhang Zhenshun (張振順), a former director of ZH Petrochemical, who held such equity interest on trust for the benefit of Mr. Ji.

2. As at 1 January 2015, GD Investment held 50% of the registered capital in each of GZ New Energy, JM Xinjiang and Zhuhai Hengfeng Energy Company Limited (珠海恒澧能源有限公司) (“**ZH Hengfeng**”). For the reason that ZH Hengfeng ceased its operations in July 2015, our Group disposed of the 50% of the registered capital in ZH Hengfeng in May 2018. For details of such disposal, please refer to the paragraph headed “Change of Group Structure During the Track Record Period — Disposals of Companies” in this section below. As a result of internal restructuring during the Track Record Period, GZ New Energy became our subsidiary. Our Group’s interest in each of JM Xinjiang is considered as investment in a joint venture under the accounting policies adopted, please see Note 15 of the Accountants’ Report in Appendix I to this prospectus for details.

3. The remaining 20% of the registered capital in Hengqin Gas was owned by Mr. Xie Jiadi (謝家棣), a director of some of our subsidiaries and hence a connected person of the Company at the subsidiary level.

4. The remaining 10% of the registered capital in ZH Transportation was owned by Mr. Tang Zhijie (唐志杰) a former director and general manager of GZ Sino Gas. By virtue of him being the holder of over 10% of the registered capital of ZH Transportation, Mr. Tang Zhijie was then a connected person of our Company at the subsidiary level.

5. The sole beneficial owner of HK New Energy was Mr. Ji from 14 February 2014 to 25 September 2015. Of the entire issued share capital of HK New Energy, 50% and 50% were registered in the name of Mr. Zhou, an executive Director, and Ms. Li Yuping, a member of our Group's senior management, respectively, who held the said equity interest on trust for the benefit of Mr. Ji.

6. As at 1 January 2015, HK New Energy held 50% of the registered capital in GD Petrochemical, which in turn held the entire registered capital in Henan Yonghui and 51% of the registered capital in GZ Jiahexing. As the entire equity interest of HK New Energy was beneficially owned by Mr. Ji, HK New Energy and its subsidiaries then were not considered as subsidiaries of our Group as at 1 January 2015. As a result of internal restructuring during the Track Record Period, with effect from 25 September 2015 our Group became the beneficial owner of the entire equity interest in HK New Energy, and hence GD Petrochemical, Henan Yonghui and GZ Jiahexing became our subsidiaries.

7. The remaining 49% of the registered capital in GZ Jiahexing were owned by GZ Jiahexing Development. By virtue of it being the holder of over 10% of the registered capital of GZ Jiahexing, GZ Jiahexing Development has been a connected person of our Company at the subsidiary level.

Establishment of New Subsidiaries

During the Track Record Period and up to the Latest Practicable Date, we set up the following new subsidiaries in connection with expansion or growth of our operation and business:

(a) in the PRC: (i) Zhengzhou Fuel was incorporated (by Henan Gas) in June 2015 to construct and operate CNG vehicular refuelling station in Zhengzhou City; (ii) GZ Natural Gas was incorporated (by GD Investment) in April 2016 to engage in CNG processing in Guangzhou City and (iii) GZ Fuel Sales was incorporated (by Hengqin Gas) in July 2018 to engage in sales of LPG in Guangzhou City (GZ Fuel Sales has not commenced operations as at the Latest Practicable Date); and

(b) in Hong Kong: HK Investment incorporated (by HK New Energy and GD Investment (holding such interest on trust for the benefit of HK New Energy)) in March 2015 to act as the holding company of the PRC subsidiaries acquired in the 2014 Reorganisation & Acquisition.

During such period, GD Petrochemical also incorporated the following subsidiaries to engage in property construction business: (i) ZH Investment was incorporated in February 2015 and (ii) GD New Energy was incorporated in March 2016. These two companies were subsequently disposed of to a company owned by Mr. Ji and Ms. Ji, because their principal business is different from our Group's.

Change in beneficial interest in the equity interest of our subsidiaries

During the Track Record Period, our Group underwent internal restructuring to facilitate the 2014 Reorganisation & Acquisition and rationalise our Group structure with the aim of adopting ZH Petrochemical as the ultimate holding company of all of our subsidiaries. As part of such internal restructuring, Mr. Ji (as the beneficial owner) instructed respective trustees, then holding equity interest in each of HK New Energy and GZ Zhongxin (then held 50% of the registered capital in GZ New Energy) on trust for the benefit of Mr. Ji, to transfer the beneficial interests then held by Mr. Ji to ZH Petrochemical or its wholly-owned subsidiaries.

1. HK New Energy

As at 1 January 2015, the total issued share capital of HK New Energy was HK$10,000, and 50% and 50% of such issued share capital was registered in the name of Mr. Zhou, an executive Director, and Ms. Li Yuping, a member of the senior management of our Group, respectively, both of which held the said equity interest on trust for the benefit of Mr. Ji since 14 February 2014. For the reason that Mr. Ji was frequently on business trips in various provinces of the PRC, the trust arrangement allowed administrative and operational efficiency for Mr. Zhou and Ms. Li Yuping to travel to Hong Kong to handle the various documents required to be signed by registered shareholders of HK New Energy.

Since 1 January 2015, the registered shareholders and beneficial owners of HK New Energy underwent the following changes:

(i) On 6 July 2015, due to the then difficulties encountered by Ms. Li Yuping in applying for travelling documents for going to Hong Kong and under the instruction of Mr. Ji as the beneficial owner, Ms. Li Yuping transferred her registered title of 50% of the equity interest in HK New Energy (being all the equity interest in HK New Energy then registered in the name of Ms. Li Yuping) to Mr. Li Fen (李奮), a director of HK New Energy, HK Investment and GD Petrochemical, at a consideration of HK$5,000, which was stated having regard to the face value of the equity interest agreed to be transferred and payment was waived by Ms. Li Yuping as instructed by Mr. Ji. The transfer was completed on 6 July 2015. Mr. Li Fen held the 50% of the equity interest in HK New Energy on trust for the benefit of Mr. Ji since 6 July 2015 to 25 September 2015.

(ii) On 25 September 2015, for the purpose of the internal restructuring and under the instruction of Mr. Ji as the beneficial owner, each of Mr. Zhou and Mr. Li Fen, who then held 50% and 50% of the equity interest in HK New Energy, executed relevant documents for such equity interest to be held on trust for the benefit of ZH Petrochemical since 25 September 2015.

    As a result of the above change of beneficial interest, HK New Energy has become a subsidiary of ZH Petrochemical. GD Petrochemical (which was then owned as to 50% and 50% by HK New Energy and GD Investment) and its subsidiaries (GD Petrochemical has been holding the entire registered capital in Henan Yonghui, and 51% of the registered capital in GZ Jiahexing) have also become our subsidiaries.

(iii) For the purpose of unwinding the trust arrangement between Mr. Zhou, Mr. Li Fen and ZH Petrochemical, on 12 June 2018:

    (a) ZH Petrochemical transferred the beneficial interest in the entire equity interest in HK New Energy to Sino Gas Holding HK at a consideration of HK$10,000, which was determined having regard to the face value of the equity interest agreed to be transferred. As such transfer represents an internal transfer within our Group, the consideration was not paid and was recorded as an intra-group payable.

(b) under the instruction of ZH Petrochemical, each of Mr. Zhou and Mr. Li Fen as trustees transferred each of the 50% of the equity interest in HK New Energy then registered in their respective name to Sino Gas Holding HK without consideration, as such transfer merely enabled Sino Gas Holding HK (which already became beneficial owner) to become the registered shareholder.

Immediately following the completion of the above transfers on 12 June 2018, HK New Energy became a direct wholly-owned subsidiary of Sino Gas Holding HK, and the respective trust arrangements between Mr. Zhou, Mr. Li Fen and ZH Petrochemical in relation to the holding of the equity interest in HK New Energy were unwound.

Since then and as at the Latest Practicable Date, the registered shareholder and beneficial owner of HK New Energy has not been changed.

2. GZ New Energy and GZ Zhongxin

As at 1 January 2015, GZ New Energy had a registered capital of RMB10 million which was owned by the following equity-holders as shown below:

Name of equity-holders	**Contribution to registered capital** *(RMB million)*	**Percentage of registered capital held** *(%)*
GD Investment (our subsidiary)	5	50%
Guangzhou Sipulin Investment Company Limited (廣州司浦林投資有限公司) ("**GZ Sipulin Investment**")	3	30%
Guangzhou Sipulin Supply Chain Management Services Company Limited (廣州司浦林供應鏈管理服務有限公司) ("**GZ Sipulin Supply**")	2	20%
Total:	10	100%

By virtue of being the equity-holder of GZ New Energy, GZ Sipulin Investment and GZ Sipulin Supply are connected persons of the Company at the subsidiary level.

Since 1 January 2015, the equity-holders of GZ New Energy (and GZ Zhongxin) underwent the following changes:

(i) by two separate agreements both dated 20 May 2015, each of GZ Sipulin Investment and GZ Sipulin Supply agreed to transfer 30% and 20% of the registered capital in GZ New Energy (being all the registered capital of GZ New Energy then owned by GZ Sipulin Investment and GZ Sipulin Supply) to GZ Zhongxin at the respective considerations of RMB3 million and RMB2 million. The considerations were determined having regard to the face value of the respective registered capital agreed to be transferred. Such considerations, which were settled partially by cash and partially by GZ Zhongxin taking up the amount then owed by GZ Sipulin Investment and GZ Sipulin Supply to GZ New Energy, were fully paid on 5 June

2015. The transfers were completed on 20 May 2015, and the relevant filings with AIC of Guangzhou City (廣州市工商行政管理局) ("**Guangzhou AIC**") were completed on 29 May 2015; and

Immediately following the completion of the above transfers and up to May 2018, GZ New Energy was owned in equal shares by GD Investment and GZ Zhongxin.

(ii) Details of the incorporation and changes in the registered equity-holders and beneficial owners of GZ Zhongxin are as follows:

(a) GZ Zhongxin was incorporated in the PRC on 13 May 2015. As at the date of its incorporation, GZ Zhongxin had a registered capital of RMB20 million (which was provided to be fully paid before 30 December 2035 under the articles of association of GZ Zhongxin) registered in the name of Ms. Li Min (李敏), a director of HK Investment and GZ Natural Gas, who held the said registered capital on trust for the benefit of Mr. Ji since 13 May 2015. Similar to the trust arrangements of HK New Energy, the trust arrangement of GZ Zhongxin allowed administrative and operational efficiency for Ms. Li Min to handle the documents required to be signed by the equity-holder of GZ Zhongxin.

(b) On 25 September 2015, for the purpose of the internal restructuring and under the instruction of Mr. Ji as the beneficial owner, Ms. Li Min executed relevant documents for the entire registered capital in GZ Zhongxin to be held on trust for the benefit of ZH Petrochemical since 25 September 2015.

As a result of the above change of beneficial interest, GZ Zhongxin (then owned 50% of the registered capital in GZ New Energy) and GZ New Energy became our subsidiaries.

(c) As part of the Reorganisation: in June 2018, (1) Ms. Li Min and ZH Petrochemical executed a trust termination confirmation dated 1 June 2018 to terminate the trust arrangement between Ms. Li Min and ZH Petrochemical in relation to the holding of the registered capital in GZ Zhongxin; and (2) Ms. Li Min transferred the entire registered capital in GZ Zhongxin to an Independent Third Party. For details for such transfer, please refer to the paragraph headed "Reorganisation — 7. Acquisition and disposal of certain companies — (a)(i) Transfer of 50% of the registered capital in GZ New Energy from GZ Zhongxin; transfer of the entire registered capital in GZ Zhongxin from Li Min".

(iii) As part of the Reorganisation, GZ Zhongxin also transferred 50% of the registered capital in GZ New Energy to GD Investment in June 2018. For details for such transfer, please refer to the paragraph headed "Reorganisation — 7. Acquisition and disposal of certain companies — (a)(i) Transfer of 50% of the registered capital in GZ New Energy from GZ Zhongxin; transfer of the entire registered capital in GZ Zhongxin from Li Min".

Immediately following the completion of the transfer in (iii) above, GZ New Energy has become wholly owned by GD Investment.

Since then and up to the Latest Practicable Date, the registered shareholder and beneficial owner of GZ New Energy and GZ Zhongxin have not been changed.

Acquisitions of Companies

During the Track Record Period, our Group conducted the following major acquisitions of equity interests in companies to expand our business:

The 2014 Reorganisation & Acquisition

The 2014 Reorganisation & Acquisition was effected mainly for the purpose of expanding into the CNG vehicular refuelling business into the Henan Province and to increase our shareholding in Sino Gas BVI, and it involves, among other transfers, the acquisition of the entire registered capital in Xinzheng Sino Gas and Shanxi Sino Gas (which owned 51% of the registered capital in Shanxi Xineng), 60% of the registered capital in Zhengzhou Sino Gas, 50% of the registered capital in Henan Blue Sky, and 80% of the registered capital in Henan Nanhai (the transfer of which was not completed for reasons set out in the paragraph headed "Change of Group Structure During the Track Record Period — Disposals of Companies — Disposal of the rights to acquire 80% of the registered capital of Henan Nanhai" under this section below). An aggregate consideration in the amount of RMB114,420,750.1 was paid for the 2014 Reorganisation & Acquisition, for details of the basis of the consideration and its settlement, please refer to the paragraph headed "Overview" in this section above.

(1) Acquisition of Xinzheng Sino Gas

Under an agreement dated 23 June 2015 entered into between HK Investment and Winfield Innovations Limited (永輝創建有限公司), a then wholly-owned subsidiary of AVIC Joy and an Independent Third Party, Winfield Innovations Limited agreed to sell the entire registered capital in Xinzheng Sino Gas to HK Investment (which was indirectly and beneficially owned by ZH Petrochemical since 25 September 2015 up to 12 June 2018). The acquisition of Xinzheng Sino Gas was approved by Zhengzhou City Bureau of Commerce (鄭州市商務局) ("**Zhengzhou Commerce Bureau**") on 14 July 2015 and the relevant filing with AIC of Zhengzhou City (鄭州市工商行政管理局) was completed on 10 August 2015. The transfer was completed on 14 July 2015 upon approval by Zhengzhou Commerce Bureau.

(2) Acquisition of Shanxi Sino Gas and Shanxi Xinneng

Under an agreement dated 3 August 2015 entered into between HK Investment and Sino Gas Group Investments Limited (中油潔能集團投資有限公司) ("**SGGIL**"), a then wholly-owned subsidiary of AVIC Joy and an Independent Third Party, SGGIL agreed to sell the entire registered capital of Shanxi Sino Gas (which owned 51% of the registered capital in Shanxi Xinneng) to HK Investment (which was indirectly and beneficially owned by ZH Petrochemical since 25 September 2015 up to 12 June 2018). The acquisition of Shanxi Sino Gas was approved by Taiyuan City Bureau of Commerce (太原市商務局) on 1 September 2015 and the relevant filing with the People's Government of Shanxi Province (山西省人民政府) was completed on 1 September 2015. The transfer was completed on 1 September 2015 upon approval by Taiyuan City Bureau of Commerce. Since our acquisition of Shanxi Sino Gas (which owned 51% of the registered capital in Shanxi Xinneng), both Shanxi Sino Gas and

Shanxi Xinneng had ceased operation, and they were disposed by the AVIC Group as part of the 2014 Reorganisation & Acquisition. Shanxi Sino Gas, together with its interest in Shanxi Xinneng, was subsequently disposed by our Group in June 2018.

(3) Acquisition of Zhengzhou Sino Gas

Despite the 2014 R&A Agreement was entered into in December 2014, the agreement for the proposed acquisition of Zhengzhou Sino Gas was only entered into in 2017, for the reason that, as confirmed by our Directors, Zhengzhou Public Transportation (which is a state-owned enterprise and a minority shareholder of Zhengzhou Sino Gas) only provided its consent to such acquisition after going through complex and lengthy internal approval procedures. For the purpose enabling our Group to obtain the shareholder's rights in Zhengzhou Sino Gas, on 25 September 2015, (i) AVIC Joy, Great Concept, Sanlin Resources and Sino Gas BVI entered into an agreement and (ii) Beijing Sinogas Company Limited (北京中油潔能環保科技有限責任公司) ("**Beijing Sino Gas**"), the then equity-holder of 60% of the registered capital in Zhengzhou Sino Gas, executed an irrevocable entrustment agreement regarding voting by shareholders (《不可撤銷股東委託投票協議》) in favour of HK Investment (which was indirectly and beneficially owned by ZH Petrochemical since 25 September 2015 up to 12 June 2018). Based on such agreements, our Group (via HK Investment) has been able to exercise (and exercising) shareholder's rights in Zhengzhou Sino Gas as an equity-holder of 60% of its registered capital since 25 September 2015. Under the acquisition agreement dated 14 February 2017 entered into between HK Investment and Beijing Sino Gas, a then non-wholly owned subsidiary of AVIC Joy and an Independent Third Party, Beijing Sino Gas agreed to sell 60% of the registered capital in Zhengzhou Sino Gas to HK Investment. The acquisition of the 60% of the registered capital in Zhengzhou Sino Gas was completed on 14 February 2017, and the relevant filings with AIC of Zhengzhou City (鄭州市工商行政管理局) ("**Zhengzhou AIC**") and Zhengzhou Commerce Bureau were completed on 20 February 2017 and 7 March 2017 respectively.

(4) Acquisition of Henan Blue Sky

Under an agreement dated 7 July 2015 entered into between HK Investment and SGGIL, SGGIL agreed to sell 50% of the registered capital in Henan Blue Sky to HK Investment (which was indirectly and beneficially owned by ZH Petrochemical since 25 September 2015 up to 12 June 2018). The acquisition of the 50% of the registered capital in Henan Blue Sky was approved by Zhumadian City Bureau of Commerce (駐馬店市商務局) on 14 July 2015 and the relevant filing with the People's Government of Henan Province (河南省人民政府) was completed on 14 July 2015. The transfer was completed on 14 July 2015 upon approval by Zhumadian City Bureau of Commerce.

Acquisition of 10% of the registered capital in ZH Transportation

Under an agreement dated 1 March 2015 entered into between GD Petrochemical and Mr. Tang Zhijie (唐志杰), Mr. Tang Zhijie agreed to sell 10% of the registered capital in ZH Transportation to GD Petrochemical at the consideration of RMB1 million, such that our Group will be interested in the entire registered capital in ZH Transportation. The consideration was determined having regard to the face value of the registered capital agreed to be transferred. As Mr. Tang Zhijie was registered as an equity-holder of ZH Transportation for administrative convenience, and our Group previously contributed to his portion of the registered capital on his behalf, as such, the consideration of the acquisition was waived by Mr. Tang Zhijie. The acquisition of the 10% of the registered capital in ZH Transportation was completed on 1 March 2015, and the relevant filing with AIC of Zhuhai City (珠海市工商行政管理局) ("**Zhuhai AIC**") was completed on 31 March 2015.

Internal transfer of Henan Gas

Under an agreement dated 18 May 2015 entered into between GD Petrochemical and Henan Transportation, Henan Transportation agreed to sell the entire registered capital in Henan Gas to GD Petrochemical at the consideration of RMB10 million. The consideration was determined having regard to the face value of the registered capital of Henan Gas. As such transfer was an internal transfer between GD Petrochemical and Henan Transportation, the consideration was not paid and was recorded as an intra-group payable. The transfer of Henan Gas was completed on 18 May 2015, and the relevant filing with Zhengzhou AIC Jinshui Branch (鄭州市工商行政管理局金水分局) was completed on 20 May 2015.

Acquisition of Hengqin Gas

Under two separate agreements both dated 29 May 2015 between GD Petrochemical and each of GZ Sino Gas and Mr. Xie Jiadi, each of GZ Sino Gas and Mr. Xie Jiadi agreed to sell 80% and 20% of the registered capital in Hengqin Gas to GD Petrochemical at the respective consideration of RMB4 million and RMB1 million, such that our Group will be interested in the entire registered capital in Hengqin Gas. The considerations were determined having regard to the face value of the respective registered capital agreed to be transferred. As the transfer of 80% of the registered capital of Hengqin Gas was an internal transfer between GD Petrochemical and GZ Sino Gas, the consideration was not paid and was recorded as an intra-group payable. As for Mr. Xie Jiadi, similar to Mr. Tang Zhijie, he was registered as an equity-holder of Hengqin Gas for administrative convenience, our Group contributed to his portion of the registered capital on his behalf, as such, the consideration of the acquisition was waived by Mr. Xie Jiadi. The above acquisitions of the registered capital in Hengqin Gas were completed on 29 May 2015, and the relevant filing for both acquisitions with AIC of Zhuhai City Hengqin New District (珠海市橫琴新區工商行政管理局) was completed on 12 June 2015.

Each of the above acquisitions has been properly and legally completed.

Apart from the above acquisitions, as part of the Reorganisation, our Group has also acquired 50% of the registered capital in GZ New Energy and the entire equity interest in Perfect Wise. For further details, please refer to the paragraph headed "Reorganisation — 7. Acquisition and disposal of certain companies" in this section below.

Disposals of Companies

During the Track Record Period, our Group disposed of equity interests in companies, for the reasons set out below:

Disposal of Shanxi Sino Gas and Shanxi Xinneng

Under an agreement dated 1 June 2018 entered into between HK Investment, Guangzhou Neite Investment Management Company Limited (廣州內特投資管理有限公司) ("**GZ Neite**") (an Independent Third Party) and Shanxi Sino Gas, HK Investment agreed to sell the entire registered capital of Shanxi Sino Gas (which owned 51% of the registered capital in Shanxi Xinneng, which was in the process of being deregistered) to GZ Neite at the consideration of RMB1.72 million. The consideration was determined based on the fair value of the shareholders' equity of Shanxi Sino Gas as at 31 December 2017 as indicated in a valuation report issued by an independent valuer, and such consideration is expected to be paid on or before 31 December 2018 pursuant to the agreement. The disposal of Shanxi Sino Gas was approved by Shanxi Province Department of Commerce (山西省商務廳) on 13 June 2018. The transfer was completed on 13 June 2018 upon approval by Shanxi Province Department of Commerce, and the relevant filing with AIC of Taiyuan City (太原市工商行政管理局) was completed on 15 June 2018.

Disposal of the rights to acquire 80% of the registered capital in Henan Nanhai

As part of the 2014 Reorganisation & Acquisition, our Group originally intended to acquire 80% of the registered capital in Henan Nanhai ("**Original Proposed Acquisition**"). However, for the reason that the consent to such proposed transfer from the minority shareholder of Henan Nanhai could not be obtained, no equity transfer agreement regarding the acquisition of the 80% of the registered capital of Henan Nanhai was entered into. Therefore, our Group only obtained the right to distribution of dividends of Henan Nanhai, and did not obtain the right to operate or manage Henan Nanhai; and its financial results were not consolidated under our Group. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, the minority shareholder of Henan Nanhai has been taking charge of the management and operation of Henan Nanhai, and our Group was had not participated in its management or operation.

To dispose of the limited rights that our Group acquired, an agreement dated 30 April 2018 was entered into between HK Investment and GZ Neite, HK Investment agreed to sell its rights in Henan Nanhai and certain contractual rights under the Original Proposed Acquisition to GZ Neite at the consideration of RMB0.8 million. The consideration was determined based on the fair value of the shareholders' equity being transferred as at 31 March 2018 as indicated in a valuation report issued by an independent valuer, deducting an amount originally owing by our Group to Henan Nanhai taken up by GZ Neite. Such consideration is expected to be paid on or before 31 December 2018. Such disposal has been properly and legally completed, and no regulatory approval was required.

Disposal of ZH Hengfeng

As ZH Hengfeng ceased operations in July 2015, an agreement dated 9 May 2018 was entered into between GD Investment, Shanghai Chenxi Financial Consultancy Company Limited (上海宸熙財務諮詢有限公司) ("**SH Chenxi**") (an Independent Third Party) and ZH Hengfeng, GD Investment agreed to sell the 50% of the registered capital of ZH Hengfeng to SH Chenxi at the consideration of RMB5 million. The consideration was determined having regard to the face value of the registered capital agreed to be transferred, and such consideration is expected to be paid on or before 31 December 2018 pursuant to the agreement. The disposal was completed on 9 May 2018, and the relevant filing with AIC of Xiangzhou District, Zhuhai City (珠海市香洲區工商行政管理局) ("**Zhuhai Xiangzhou AIC**") was completed on 18 May 2018.

Disposal of 70% of the registered capital in Ganzhou Gas and JX Logistics

For the purpose of forming strategic joint venture with local market players, who have years of experience in the gas supply market and established clientele, for the consolidation and expansion of the existing customer base:

(a) Under three separate agreements all dated 12 June 2018 entered into between GZ Sino Gas on one part and Mr. Yang Gen (楊根), Ms. Jin Hangjun (金杭君) and Ms. Zeng Qiaohan (曾俏寒), all of whom were then Independent Third Parties engaging in the gas supply business, on the other part, GZ Sino Gas agreed to sell 29.5%, 29.5% and 11.0% of the registered capital of Ganzhou Gas to, respectively, Mr. Yang, Ms. Jin and Ms. Zeng at the respective consideration of RMB2.95 million, RMB2.95 million and RMB1.10 million. The considerations were determined having regard to the face value of the respective registered capital agreed to be transferred, and such considerations were paid of each of the purchasers by 29 May 2018. The transfers were completed on 12 June 2018, and the relevant filing with Ganzhou Administrative Examination and Approval Bureau (贛州市行政審批局) ("**Ganzhou AEA Bureau**") was completed on 25 June 2018; and

(b) Under three separate agreements all dated 12 June 2018 entered into between ZH Transportation on one part and Mr. Yang Gen, Ms. Jin Hangjun and Ms. Zeng Qiaohan on the other part, ZH Transportation agreed to sell 29.5%, 29.5% and 11.0% of the registered capital of JX Logistics to, respectively, Mr. Yang, Ms. Jin and Ms. Zeng at the respective consideration of RMB885,000, RMB885,000 and RMB330,000. The considerations were determined having regard to the face value of the respective registered capital agreed to be transferred, and such considerations were paid of each of the purchasers by 29 May 2018. The transfers were completed on 12 June 2018, and the relevant filing with Ganzhou AEA Bureau was completed on 25 June 2018.

Under their respective articles of association, our Group has the right to nominate majority of the directors and the general manager in each of Ganzhou Gas and JX Logistics, hence Ganzhou Gas and JX Logistics remained as our subsidiaries after the above disposals.

Each of the above disposals has been properly and legally completed.

Apart from the above acquisitions, as part of the Reorganisation, our Group has also disposed of the entire issued share capital of GD New Energy and 60% of the registered capital of ZH Investment. For further details, please refer to the paragraph headed "Reorganisation — 7. Acquisition and disposal of certain companies" in this section below.

Deregistration of Companies

During the Track Record Period, one of our subsidiaries, Shanxi Xinneng had ceased to have operations since our acquisition its 51% registered capital (which was then held by our Group through Shanxi Sino Gas) in September 2015, as such, our Group applied for the deregistration of Shanxi Xinneng. When Shanxi Sino Gas was disposed by our Group in June 2018, Shanxi Xinneng was in the process of deregistration.

Change in registered capital of our subsidiaries

During the Track Record and up to the Latest Practicable Date, the registered capital of both GD Investment and GD Petrochemical were changed:

(a) For GD Investment, on 1 June 2015, it was resolved by a shareholder's resolution of GD Investment to increase its registered capital from RMB10 million to RMB100 million, which shall be contributed by GZ Sino Gas, the sole equity-holder of GD Investment, on or before 31 December 2035 pursuant to the articles of association of GD Investment. The increase in registered capital was effected on 1 June 2015, and the relevant filing with Guangzhou AIC was completed on 12 June 2015. As of the Latest Practicable Date, the above contribution for the increased registered capital was not yet paid up.

(b) For GD Petrochemical:

(i) On 1 June 2015, it was resolved by a directors' resolution of GD Petrochemical to increase its registered capital from RMB20 million to RMB100 million ("**Original Increase in Registered Capital**"), which shall be contributed by the equity-holders of GD Petrochemical, GD Investment and HK New Energy (each owning 50% of the registered capital in GD Petrochemical), in equal shares on or before 8 June 2017. The increase in registered capital was approved by Zhuhai City Bureau of Commerce (珠海市商務局) ("**Zhuhai Commerce Bureau**") on 8 June 2015, and the relevant filing with Zhuhai AIC was completed on 24 June 2015.

(ii) Subsequently, on 2 June 2017, it was resolved by a directors' resolution of GD Petrochemical to decrease its registered capital from RMB100 million to the original RMB20 million. The decrease in registered capital was effected on 2 June 2017, and the relevant filing with Zhuhai AIC was completed on 5 June 2017.

As a result, GD Investment and HK New Energy did not contribute to the Original Increase in Registered Capital.

Change in issued capital and/or owners of our Company

Our Company was incorporated on 26 March 2018.

At the time of incorporation of our Company, the initial authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. On 26 March 2018 (i.e. the date of its incorporation), one subscriber Share allotted and issued, credited as fully paid up, to an officer of the secretarial company of our Company was transferred to Mr. Ji. On 6 June 2018, Mr. Ji transferred the entire issued share capital of the Company (being 1 Share) to China Full (then indirectly wholly owned by Mr. Ji) at the consideration of HK$0.01. Such consideration was determined based on the par value for the Shares being transferred, and was recorded as owed by China Full to Mr. Ji.

On 11 June 2018, for the purpose of settling the consideration for the acquisition of the entire registered capital of ZH Petrochemical by Sino Gas Holding HK, our Company allotted and issued 7,499 Shares, credited at fully paid, to China Full. Immediately following completion of the above allotment, our Company remained wholly owned by China Full (then holding 7,500 Shares in our Company).

On the same date, our Company further allotted and issued 1,500 Shares to PCG Employee BVI (directly wholly owned by Mr. Ji) and 1,000 Shares to PCG BVI (directly wholly owned by Mr. Ji), credited as fully paid, by capitalising HK$15,922,006.67 standing to the credit of the share premium account of our Company (arising from the allotment of 7,499 Shares in consideration for the transfer of ZH Petrochemical above). Immediately following completion of the above allotments, our Company was owned as to 75%, 15% and 10% by China Full, PCG Employee BVI and PCG BVI (all of which were then indirectly or directly wholly owned by Mr. Ji), respectively.

Conditional on the share premium account of our Company being credited as a result of the issue of new Shares under the Global Offering, our Directors are authorised to capitalise an amount of HK$1,619,900 standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par 121,492,500 Shares, 24,298,500 Shares and 16,199,000 Shares for allotment and issue to China Full, PCG Employee BVI and PCG BVI, respectively, on the basis that their names appear in the register of members of our Company at close of business on 22 November 2018.

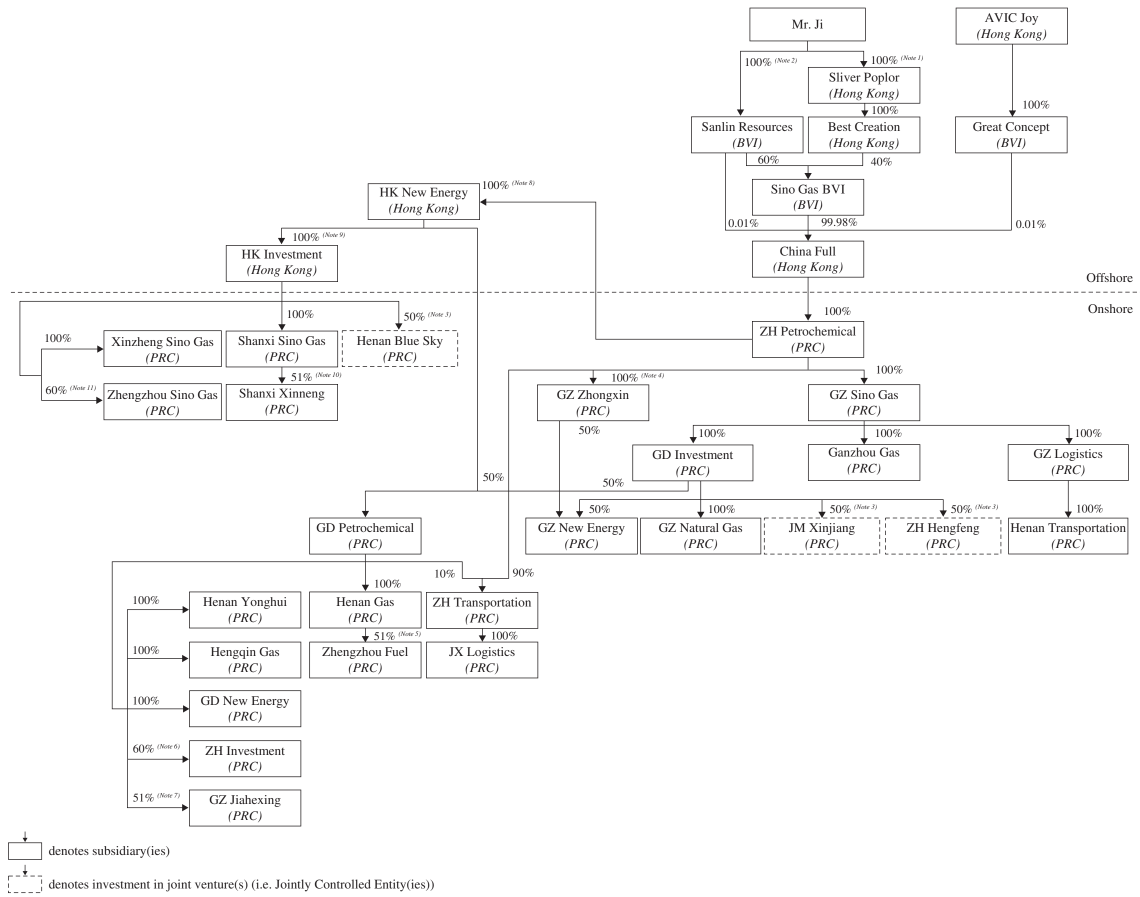
It is contemplated that immediately upon Listing, on the assumption that 25% of the entire issued shares of our Company was enlarged by the Offer Shares being allotted by our Company under the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, and the options which may be granted under the Share Option Scheme) will be held by the public, the Shares to be held by China Full, PCG Employee BVI and PCG BVI will represent approximately 56.25%, 11.25% and 7.50% of the entire issued Shares of our Company respectively.

See paragraph 1.2 under Appendix IV — "Statutory and general information" to this prospectus for further details of the changes in our Company's share capital.

REORGANISATION

The corporate structure of our Group and our subsidiaries as at 25 March 2018 immediately prior to our Reorganisation is as follows:

Chart 2



Notes:

1. The sole beneficial owner of Silver Poplor has been Mr. Ji since the incorporation of Silver Poplor on 26 April 2017. The entire issued share capital has been registered in the name of Ms. Ji, an executive Director, the Vice-Chairman of the Board and a daughter of Mr. Ji, who held such equity interest on trust for the benefit of Mr. Ji.

2. The sole beneficial owner of Sanlin Resources has been Mr. Ji since the date of activation of Sanlin Resources on 31 August 2005. The entire issued share capital has been registered in the name of Mr. Zhang Zhenshun, who held such equity interest on trust for the benefit of Mr. Ji.

3. As at 25 March 2018, our Group held equity interest in the following joint venture:

   — GD Investment held 50% of the registered capital in each of JM Xinjiang and ZH Hengfeng; and

   — HK Investment held 50% of the registered capital in Henan Blue Sky.

For the reason that ZH Hengfeng ceased its operations in July 2015, our Group disposed of the 50% of the registered capital in ZH Hengfeng in May 2018. Our Group's interest in each of JM Xinjiang and Henan Blue Sky, each a Jointly Controlled Entity, is considered as investment in joint venture under the accounting policies adopted, please see Note 15 of the Accountants' Report in Appendix I to this prospectus for details.

4. The sole beneficial owner of GZ Zhongxin had been ZH Petrochemical since 25 September 2015. The entire issued share capital has been registered in the name of Ms. Li Min, who had held such equity interest on trust for the benefit of ZH Petrochemical.

5. The remaining 49% equity interest in Zhengzhou Fuel was owned by Zhengzhou Transport Investment Xinneng Industrial Company Limited (鄭州交投鑫能實業有限公司) ("**Zhengzhou Xinneng Industrial**"). By virtue of it being the holder of over 10% of the registered capital of Zhengzhou Fuel, Zhengzhou Xinneng Industrial is a connected person of our Company at the subsidiary level.

6. The remaining 20% and 20% equity interest in ZH Investment were owned by Zhuhai Long Term Investment Holdings Company Limited (珠海長遠投資控股有限公司) ("**ZH Long Term Inv**") and Mr. Zhou, respectively. By virtue of it being the holder of over 10% of the registered capital of ZH Investment, ZH Long Term Inv was then a connected person of our Company at the subsidiary level.

7. The remaining 49% equity interest in GZ Jiahexing was owned by GZ Jiahexing Development, a connected person of our Company at the subsidiary level.

8. The sole beneficial owner of HK New Energy had been ZH Petrochemical since 25 September 2015. Of the entire issued share capital of HK New Energy, 50% and 50% were registered in the name of Mr. Zhou and Mr. Li Fen, respectively, who had held the said equity interest on trust for the benefit of ZH Petrochemical.

9. The sole beneficial owner of HK Investment has been HK New Energy since the incorporation of HK Investment on 24 March 2015. Of the entire issued share capital of HK Investment, 50% and 50% were registered in the name of HK New Energy and GD Investment, respectively. GD Investment has held the said equity interest on trust for the benefit of HK New Energy.

10. Shanxi Xinneng had ceased to have operations since our acquisition of its 51% registered capital, as at the disposal of Shanxi Sino Gas (then holding 51% of the registered capital in Shanxi Xinneng in June 2018), Shanxi Xinneng was in the process of deregistration.

11. The remaining 38% and 2% of the registered capital in Zhengzhou Sino Gas were owned by Zhengzhou Public Transportation (a connected person of our Company at the subsidiary level) and Zhengzhou Investment Holdings Company Limited (鄭州投資控股有限公司) (an Independent Third Party), respectively.

12. Apart from the subsidiaries and investment in joint venture as shown in the corporate structure above, as part of the 2014 Reorganisation & Acquisition, our Group originally intended to acquire 80% of the registered capital in Henan Nanhai, i.e. the Original Proposed Acquisition. For details of the Original Proposed Acquisition and the subsequent disposal of our Group's interest in Henan Nanhai, please refer to the paragraph headed "Change of Group structure during the Track Record Period — Disposals of Companies" in this section above.

1. Incorporation of our Company

On 26 March 2018, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. Its initial authorised share capital was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 per Share. On 26 March 2018 (i.e. the date of its incorporation), one subscriber Share was allotted and issued, credited as fully paid up, to an officer of the secretarial company of our Company, such share was transferred to Mr. Ji on the same date.

On 6 June 2018, China Full (then indirectly wholly owned by Mr. Ji) *(Note)* acquired one Share (being all the equity interest of the Company then owned by Mr. Ji) at the consideration of HK$0.01. Such consideration was determined based on the par value for the Shares being transferred, and was recorded as owed by China Full to Mr. Ji. Upon the completion of the acquisitions, China Full became the sole shareholder of the Company.

2. Incorporation of Sino Gas Holding BVI

On 24 April 2018, Sino Gas Holding BVI was incorporated in BVI, 50,000 authorised shares of US$1 each. On 24 April 2018 (i.e. the date of its incorporation), Sino Gas Holding BVI allotted and issued 100 shares to our Company at a total subscription price of US$100 and the total issued share capital of Sino Gas Holding BVI has remained unchanged up to the Latest Practicable Date.

3. Incorporation of Sino Gas Holding HK

On 17 May 2018, Sino Gas Holding HK was incorporated in Hong Kong. On the date of its incorporation, Sino Gas Holding HK allotted and issued one share to Sino Gas Holding BVI at a total subscription price of HK$1. The total issued share capital of Sino Gas Holding HK was HK$1 and has remained unchanged up to the Latest Practicable Date.

4. Acquisition of ZH Petrochemical by Sino Gas Holding HK

Under an agreement dated 11 June 2018 entered into between Sino Gas Holding HK, China Full and ZH Petrochemical, China Full agreed to sell the entire registered capital in ZH Petrochemical to Sino Gas Holding HK for a consideration of RMB52 million, which was determined based on the fair value of the shareholders' equity of ZH Petrochemical as at 31 March 2018 as indicated is a valuation report issued by an independent valuer. For the purpose of settling such consideration, our Company allotted and issued 7,499 Shares to China Full at the subscription price of RMB52 million, representing the consideration of such acquisition. The acquisition of ZH Petrochemical was completed on 11 June 2018, and the relevant filings with Zhuhai AIC and

Note:

In April 2018, Sino Gas BVI acquired 0.01% and 0.01% of the entire equity interest in China Full from Great Concept and Sanlin Resources at the respective consideration of HK$10,000 and HK$1, which were fully paid by Sino Gas BVI on 20 April 2018 and 24 April 2018, respectively. Immediately following completion of such acquisitions, China Full has become a wholly-owned subsidiary of Sino Gas BVI.

In June 2018, Sino Gas BVI allotted and issued 10 shares, at the subscription price of US$10 and credited as fully paid, to VISTA Co (then directly wholly owned by Mr. Ji). In June 2018, Sino Gas BVI repurchased all the shares in Sino Gas BVI then held by Sanlin Resources (being 60 shares) and Best Creation (being 40 shares) at the respective repurchase price of US$60 and US$40, respectively. Immediately following the allotment and the repurchase above, Sino Gas BVI became wholly owned by VISTA Co (holding 10 shares in Sino Gas BVI), and China Full became indirectly wholly owned by Mr. Ji through VISTA Co and Sino Gas BVI, which were both directly or indirectly wholly owned by Mr. Ji.

Zhuhai Commerce Bureau were completed on 12 June 2018 and 13 June 2018 respectively. Upon the completion of the acquisition and the allotment above, our Company remained wholly owned by China Full (then holding 7,500 Shares in our Company, and it in turn indirectly held the entire registered capital of ZH Petrochemical through Sino Gas Holding BVI and Sino Gas Holding HK.

Upon the allotment of the 7,499 Shares, the surplus (i.e. HK$63,687,951.66) resulting from such allotment at the subscription price, being the difference between (i) the subscription price of RMB52 million (equivalent to HK$63,688,026.65) and (ii) the nominal value (i.e. HK$74.99) of the 7,499 Shares allotted and issued, was credited to the share premium account of our Company.

5. Allotment and issue of Shares by our Company to PCG Employee BVI and PCG BVI

On 11 June 2018, our Company, at the direction of China Full, allotted and issued 1,500 Shares to PCG Employee BVI (directly wholly owned by Mr. Ji) and 1,000 Shares to PCG BVI (directly wholly owned by Mr. Ji), credited as fully paid, by capitalising HK$15,922,006.07 standing to the credit of the share premium account of our Company (as a result of the allotment of 7,499 Shares in consideration for the transfer of ZH Petrochemical above). Immediately following completion of the above allotments, our Company was owned as to 75%, 15% and 10% by China Full, PCG Employee BVI and PCG BVI (all of which were then indirectly or directly wholly owned by Mr. Ji), respectively.

It is expected that, after the Listing, PCG Employee BVI and/or its sole shareholder, Mr. Ji, will pass relevant resolutions to alter its share capital structure, from the existing structure comprising 50,000 ordinary shares having a par value of US$1 each to a new structure comprising two classes of shares (i.e. class "A" shares and class "B" shares). It is expected that class "A" shares will carry voting rights at general meetings and right to appoint director(s), but with no rights to distribution of dividends and/or assets; while class "B" shares entitle their holders to the economic rights of the assets held by PCG Employee BVI (including the Shares held by PCG Employee BVI from time to time) and distribution of dividend and/or assets, but class "B" shares will not have any voting rights or director appointment rights. Mr. Ji is expected to be the sole holder of class "A" share(s) and the management of our Company shall have the sole discretion to select employees of our Group based on their performance for the purpose of issuing class "B" shares to them. However, the intended change in share capital structure of PCG Employee BVI will only be implemented after the Listing, and Mr. Ji will remain the sole shareholder of PCG Employee BVI as at the Latest Practicable Date and up to the Listing Date.

6. Establishment of the J&Y Family Trust

On 7 November 2018, the J&Y Family Trust was established by the execution of a deed by Mr. Ji as a revocable discretionary family trust, with Mr. Ji as its founder and protector, and UBS Trustees (BVI) Limited ("**UBS Trustees**") a professional trustee company, as the trustee. The discretionary objects of this trust include Mr. Ji himself, Mrs. Ji and Ms. Ji. For further details of the J&Y Family Trust, please refer to the note set out in the table in the paragraph 3.1(a) under Appendix IV — "Statutory and general information" to this prospectus. Both the entire issued share capital of VISTA Co and the Shares indirectly held by VISTA Co form part of the trust assets of the J&Y Family Trust.

7. Acquisition and disposal of certain companies

Immediately before the Reorganisation:

(a) (i) 50% of the registered capital in GZ New Energy was owned by GZ Zhongxin, an investment holding company, the entire registered capital of which was held Ms. Li Min on trust for ZH Petrochemical;

(ii) certain trademarks used in the Group's operations were registered under Perfect Wise, whose ultimate beneficial owner was Mr. Ji; and

(b) some companies held by ZH Petrochemical or by HK New Energy were the owners of certain companies that has engaged in businesses, other than the Gas Refuelling Business, Gas Retail Business or Gas Wholesale and Logistic Business ("**Non-Gas Related Business**").

(a) (i) Transfer of 50% of the registered capital in GZ New Energy from GZ Zhongxin; transfer of the entire registered capital in GZ Zhongxin from Li Min

Immediately before the Reorganisation, GZ New Energy was owned as to 50% and 50% by (and registered under the name of) (aa) GD Investment (an indirect wholly owned subsidiary of ZH Petrochemical) and (bb) GZ Zhongxin, the entire registered capital of which was held by Ms. Li Min on trust for ZH Petrochemical. For the purpose of the Listing, the latter 50% equity capital in GZ New Energy held by GZ Zhongxin was transferred to GD Investment.

Under an agreement dated 8 May 2018 entered into between GD Investment , GZ Zhongxin and GZ New Energy, GZ Zhongxin agreed to sell 50% of the registered capital in GZ New Energy to GD Investment at the consideration of RMB5 million, such that GD Investment will be the sole equity-holder of GZ New Energy after the transfer. The consideration was determined having regard to the face value of the registered capital agreed to be transferred. As the transfer of 50% of the registered capital of GZ New Energy was an internal transfer between GZ Zhongxin (then beneficially owned by ZH Petrochemical) and GD Investment (an indirect wholly owned subsidiary of ZH Petrochemical), the consideration was not paid and was recorded as an intra-group payable. The transfer of the 50% of the registered capital in GZ New Energy was completed on 8 May 2018, and the relevant filing with AIC of Baiyun District, Guangzhou City (廣州市白雲區工商行政管理局) ("**Guangzhou Baiyun AIC**") was completed on 16 May 2018.

Under an agreement dated 1 June 2018 entered into between Ms. Li Min and Mr. Zhou Weisheng (周維生), an Independent Third Party, Ms. Li Min agreed to sell the entire registered capital in GZ Zhongxin at the consideration of RMB1. Considering that GZ Zhongxin is only an investment holding company, and neither Ms. Li Min nor our Group has contributed towards the registered capital of GZ Zhongxin. The consideration was fully paid by Mr. Zhou on 1 June 2018. The disposal of GZ Zhongxin was completed on 1 June 2018, and the relevant filing with Guangzhou Baiyun AIC was completed on 19 June 2018.

(ii) Acquisition of companies relating to the operation of the Group

Certain trademarks used by our Group in its operation were registered under the name of Perfect Wise. Immediately before the Reorganisation, the entire equity interest in Perfect Wise was owned by Sino Gas BVI. To enable our Group to hold such trademarks, the entire equity interest in Perfect Wise was transferred to the Company.

On 11 June 2018, our Company acquired the entire equity interest in Perfect Wise from Sino Gas BVI at the consideration of RMB40,000. The consideration was determined based on the fair value of the shareholder's equity in Perfect Wise attributable to the equity interest being transferred as at 30 September 2017 as indicated in a valuation report issued by an independent valuer, and was fully paid by our Group on 19 November 2018. The acquisition of Perfect Wise was completed on 11 June 2018.

(b) Exclusion of companies engaging in the Non-Gas Related Business

The property construction business engaged by GD New Energy and ZH Investment do not constitute gas supply business. Our Directors consider that it is not in the best interest of our Shareholders if our Group allocates resources, management effort and expertise on activities outside the core business of our Group. As such, in order for our Group to focus on its principal businesses, such companies will not be included in our Group for the purpose of the Listing.

(i) Disposal of GD New Energy

Under an agreement dated 23 January 2018 entered into between Guangzhou Xingsheng Energy Company Limited (廣州興盛能源有限公司) ("**GZ Xingsheng**") (a company owned by Mr. Ji and Ms. Ji and hence a connected person of our Company) and GD Petrochemical, GD Petrochemical agreed to sell the entire registered capital in GD New Energy to GZ Xingsheng at the consideration of approximately RMB13.0 million. The consideration was determined based on the fair value of the shareholders' equity of GD New Energy as at 31 December 2017 as indicated in a valuation report issued by an independent valuer. As GZ Xingsheng is owned by Mr. Ji and Ms. Ji, such consideration was fully settled by setting off against part of the amount then owed by the companies controlled by Mr. Ji to our Group. The disposal of the entire registered capital in GZ Xingsheng was completed on 23 January 2018, and the relevant filing with Zhuhai Xiangzhou AIC was completed on even date.

(ii) Disposal of ZH Investment

To retain ZH Investment in order to reserve its name:

Under two separate agreements both dated 21 May 2018 entered into between GD Petrochemical on one part and Mr. Zhou and ZH Long Term Inv on the other part, each of Mr. Zhou and ZH Long Term Inv agreed to sell 20% and 20% of the registered capital ZH Investment to GD Petrochemical at the respective consideration of RMB1 and RMB1. Considering that ZH Investment has not commenced operations, and none of the joint venture partners has contributed towards the registered capital of ZH

Investment, the considerations were determined at a nominal value, and such considerations are expected to be paid on or before 31 December 2018 pursuant to the respective agreement. The acquisitions of such registered capital in ZH Investment were completed on 21 May 2018, and the relevant filings with Zhuhai Xiangzhou AIC on 30 May 2018.

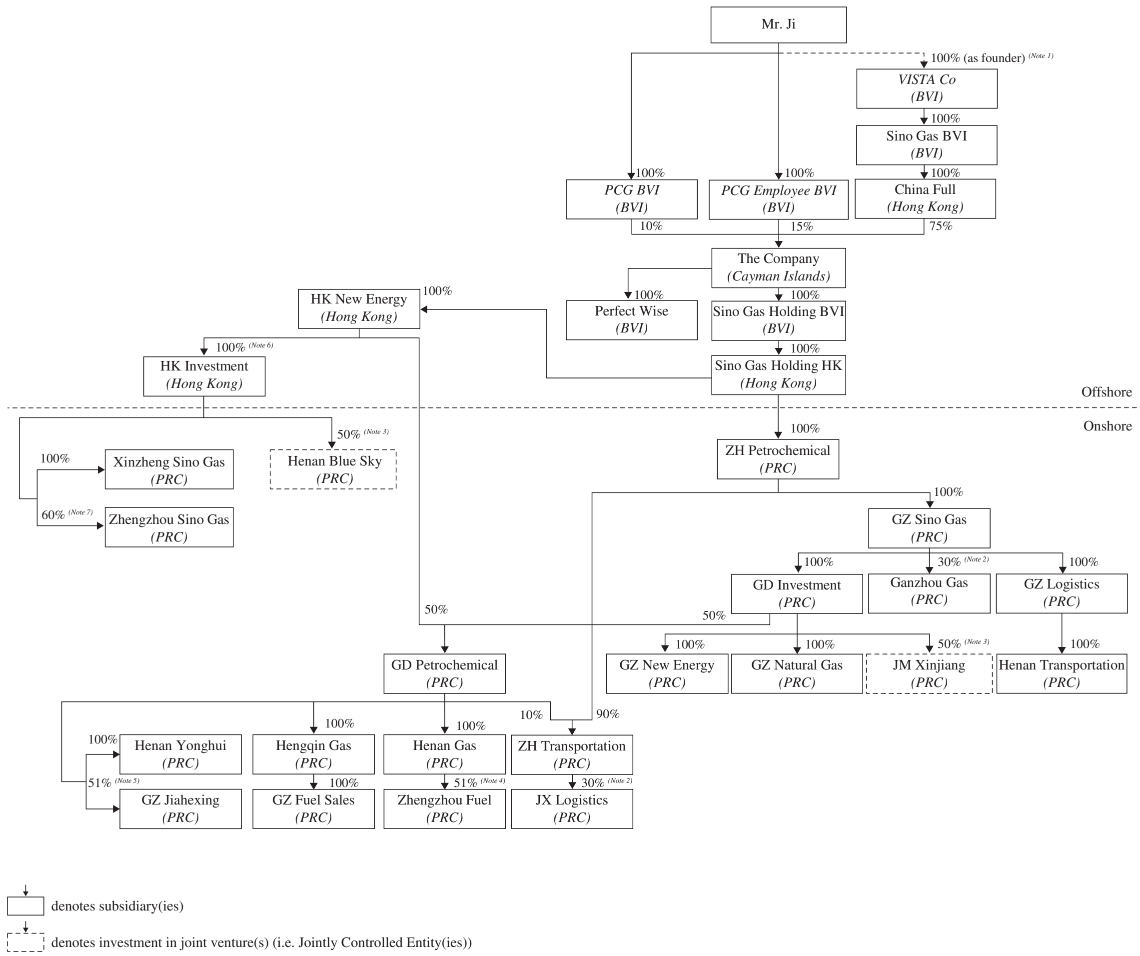
Under an agreement dated 8 June 2018 entered into between GD New Energy (now owned by GZ Xingsheng) and GD Petrochemical, GD Petrochemical agreed to sell the entire registered capital in ZH Investment to GD New Energy at the nominal consideration of RMB1 for the reasons set out above, and such consideration is expected to be paid on or before 31 December 2018 pursuant to the agreement. The disposal of ZH Investment was completed on 8 June 2018, and the relevant filing with Zhuhai Xiangzhou AIC was completed on 15 June 2018.

Upon completion of the Reorganisation in June 2018, our Company became the holding company of our Group. Our PRC Legal Adviser advised that in all material aspects, all our Reorganisation steps were legal and valid, and all requisite approvals, permits and licenses required for each stage of Reorganisation within the PRC have been obtained and all save as disclosed in this section above, the necessary filings and registration have been effected.

Our PRC Legal Adviser have advised that, as Mr. Ji, Mrs. Ji and Ms. Ji, being the ultimate beneficial owners are not PRC nationals, it is unnecessary for them to effect registration under the SAFE Circular No. 37 and SAFE Circular No.13 on 16 February 2017.

The corporate structure of our Group and our subsidiaries immediately after the Reorganisation but before completion of the Global Offering is as follows:

Chart 3



Notes:

1. VISTA Co is indirectly held by UBS Trustees (through UBS Nominees Limited, its wholly-owned subsidiary) in its capacity as trustee of the J&Y Family Trust. Both the entire issued share capital of VISTA Co and the Shares indirectly held by it form part of the trust assets of the J&Y Family Trust, which was established by Mr. Ji as founder and protector. The discretionary objects include Mr. Ji himself, Mrs. Ji and Ms. Ji.

2. The remaining 29.5%, 29.5% and 11.0% of the registered capital in each of Ganzhou Gas and JX Logistics were owned by Mr. Yang Gen, Ms. Jin Hangjun and Ms. Zeng Qiaohan, respectively. By virtue of them being holders of over 10% of the registered capital of each of Ganzhou Gas and JX Logistics, each of Mr. Yang, Ms. Jin and Ms. Zeng is a connected person of our Company at the subsidiary level.

3. Immediately after the Reorganisation:

   — GD Investment held 50% of the registered capital in JM Xinjiang; and

   — HK Investment held 50% of the registered capital in Henan Blue Sky.

Our Group's interest in each of JM Xinjiang and Henan Blue Sky, each a Jointly Controlled Entity, is considered as investment in joint venture under the accounting policies adopted, please see Note 15 of the Accountants' Report in Appendix I to this prospectus for details.

4. The remaining 49% of the registered capital in Zhengzhou Fuel was owned by Zhengzhou Xinneng Industrial, a connected person of our Company at the subsidiary level.

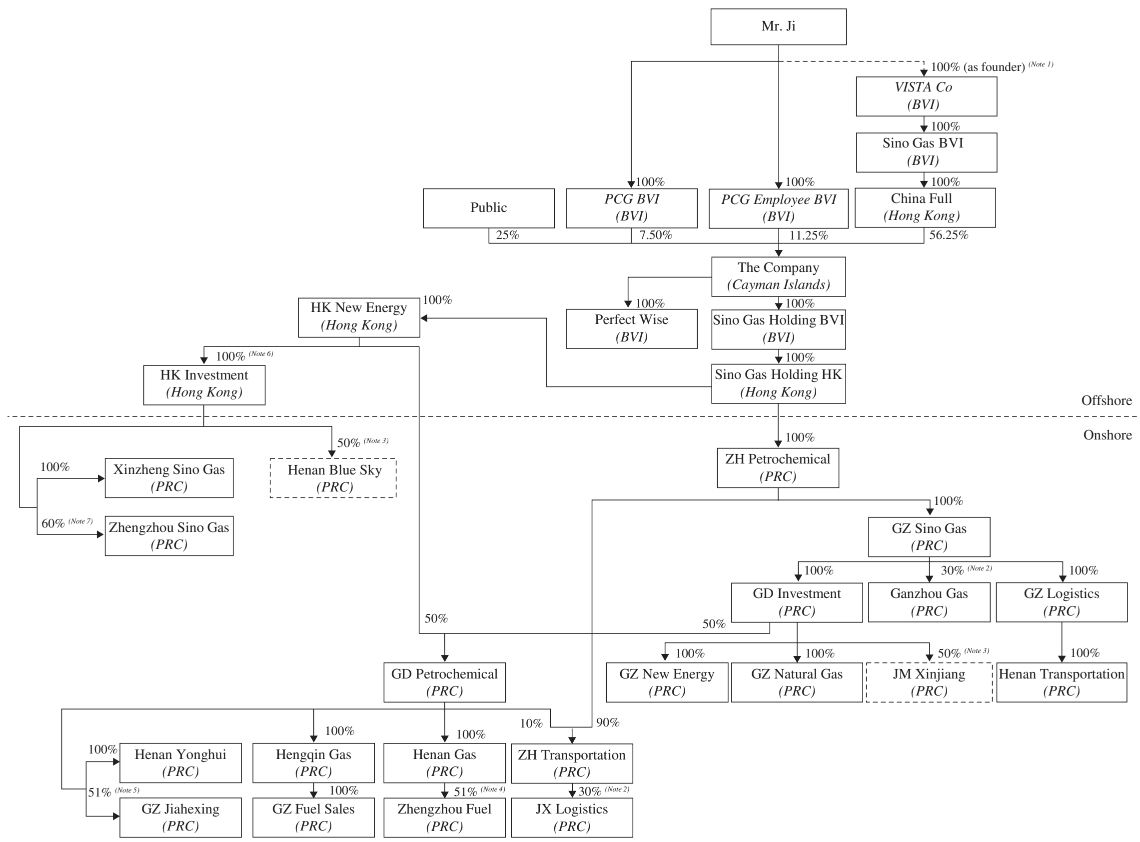
5. The remaining 49% of the registered capital in GZ Jiahexing was owned by GZ Jiahexing Development, a connected person of our Company at the subsidiary level.

6. The sole beneficial owner of HK Investment has been HK New Energy since the incorporation of HK Investment on 24 March 2015. Of the entire issued share capital of HK Investment, 50% and 50% were registered in the name of HK New Energy and GD Investment, respectively. GD Investment has held the said equity interest on trust for the benefit of HK New Energy.

7. The remaining 38% and 2% of the registered capital in Zhengzhou Sino Gas were owned by Zhengzhou Public Transportation (a connected person of our Company at the subsidiary level) and Zhengzhou Investment Holdings Company Limited (an Independent Third Party).

The corporate structure of our Group and our subsidiaries immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) will be as follows:

Chart 4



denotes subsidiary(ies)

denotes investment in joint venture(s) (i.e. Jointly Controlled Entity(ies))

Notes: Please refer to notes set out in Chart 3 above.

OVERVIEW

We are an integrated LPG and natural gas supplier in the PRC with a complete industry chain of over 13 years of proven track record in the gas industry. We primarily engage in the operation of LPG, CNG and LNG vehicular refuelling stations (車用加汽站), LPG domestic stations (民用站), CNG Mother Stations (母站) and the LPG and CNG wholesale business in Guangdong Province, Henan Province and Jiangxi Province, the PRC. As at the Latest Practicable Date, we, through our subsidiaries and Jointly Controlled Entities, operate: 1 LPG terminal, 2 LPG storage facilities, 6 LPG vehicular refuelling stations, 3 LPG domestic stations, 1 LNG vehicular refuelling station, 2 CNG Mother Stations and 12 CNG vehicular refuelling stations. Amongst the vehicular refuelling stations and domestic stations, 17 are our Self-owned Stations and 5 are Jointly-owned Stations. One CNG Mother Station is wholly-owned and one CNG Mother Station is jointly-owned.

Jointly Controlled Entities

Set out below is a summary on the Jointly Controlled Entities, being JM Xinjiang Gas and Henan Blue Sky, and the Jointly-owned Stations:

				Amount of net profit/loss attributable to our Group *(RMB'000)*			
No.	Station	Nature	Location	For the year ended 31 December			For the six months ended 30 June
				2015	2016	2017	2018
1	LPG Gujing station	LPG domestic station with sales function only	No. 3, Qiaolin Village, Zhuqiao Long, Gujing Town, Xinhui District, Jiangmen City	0.3	18.2	34.9	27.9
2	Xinjiang Meiqi station	LPG domestic station with refuelling capabilities and sales function	Niuguling, Guanchong Village, Gujing Town, Xinhui District, Jiangmen City	172.8	222.1	265.0	226.0
3	Yicheng station	CNG vehicular refuelling station	Southeast Side of the Intersection of Yicheng Avenue and Huaihe Avenue, Zhumadian City	(105.6)	(162.9)	(16.2)	249.2
4	Lianjiang station	CNG vehicular refuelling station	Linjiang Avenue, Zhumadian City	(145.6)	(290.0)	(12.7)	309.2
5	Xinyang station	CNG vehicular refuelling station	Liuye Village, Xinyang Industrial City, Xinyang City	(79.7)	(191.1)	(11.6)	53.0

We own 50% of the shareholding in each of the Jointly-owned Stations above. Our Group will report our proportionate share of the equity of the Jointly Controlled Entities in consolidated statements of financial position and such share of profit/losses of Jointly Controlled Entities is reflected in consolidated statements of profit or loss and other comprehensive income. For further details, please refer to note 2(e) of the Accountants' Report in Appendix I to this prospectus. As such, the amount of revenue as disclosed throughout this prospectus was generated from the operations of the Self-owned Stations only.

According to the F&S Report and based on 2017 statistics, we ranked third in LPG vehicular refuelling market in Guangdong Province and ranked first in CNG vehicular refuelling market in Zhengzhou City, Henan Province in terms of the number of vehicular refuelling stations in Guangdong Province and Zhengzhou City, Henan Province, respectively, with a market share of approximately 17.6% and 25.0%. To further increase our market share, 1 LNG vehicular refuelling station, 1 CNG vehicular refuelling station, 1 L-CNG vehicular refuelling station and 1 CNG Mother Station were under either under construction or undergoing ground levelling works as at the Latest Practicable Date.

According to the F&S Report, Guangdong Province ranked first in total LPG consumption and we ranked third with a market share of approximately 18.2% in 2017 amongst the LPG companies in Guangdong Province in terms of LPG sales volume in vehicular refuelling stations in 2017. The total LPG consumption in Guangdong Province achieved approximately 7,581.6 thousand tonnes in 2016, which far exceeds other areas in the PRC. In the coming years, LPG is still expected to keep its position in fuel gas structure and is expected to have more growth potential in the future in Guangdong Province. In terms of natural gas, Henan Province ranked eighth in PRC in total natural gas consumption with the consumption of approximately 9.3 billion m^3 and we ranked second with a market share of approximately 30.2% in 2017 amongst the natural gas companies in Zhengzhou City, Henan Province, in terms of CNG sales volume in vehicular refuelling stations in 2017. According to the F&S Report, natural gas is likely to have a huge development potential in Henan Province.

We mainly supply LPG products in Guangdong Province and within the Pearl River Delta region and natural gas products in Henan Province and its nearby cities and regions. In order to ensure a steady supply of quality gas, we have established long and steady business relationships with our major suppliers, being large scale state-owned petrochemical companies and domestic large scale LPG suppliers with terminal and gas storage facilities, such as PetroChina, Jovo Energy Company Limited (東莞市九豐能源有限公司) and Chaozhou Ouhua Energy Company Limited (潮州市歐華能源有限公司). We have entered into annual gas supply framework agreements or long term gas supply agreements with our suppliers. For instance, according to the long-term supply agreement with a duration from August 2009 to December 2023, PetroChina is contractually obliged to provide 36.5 million m^3 of CNG to our CNG Mother Stations through the West to East Gas Transmission Tunnel (西氣東輸管道) operated by PetroChina on an annual basis. For details, please refer to the paragraph headed "Raw materials and our suppliers" in this section of this prospectus for further information of the agreements.

Our customers are classified into retail customers and wholesale customers. Amongst which, retail customers are end-users, such as (i) those that we provide our refuelling services in vehicular refuelling stations (i.e. public bus operators, taxi drivers and private vehicle drivers), (ii) those that we provide our LPG products in the form of LPG cylinders in domestic stations (i.e. residential, industrial and commercial end-users) and (iii) factories that require the use of natural gas. Our wholesale customers are mainly other fuel suppliers. We use both our in house logistics fleet and external logistics companies to transport the LPG and/or natural gas directly to our points of sales or our customers' points of business.

Throughout the Track Record Period, the Gas Retail Business was our core business, representing approximately 78.0%, 54.2%, 48.0% and 44.0%, respectively, of our total revenue for the respective years. Since 2016, our Gas Wholesale Business was starting to gain importance, representing approximately 21.6%, 45.5%, 51.8% and 55.6% of our revenue in 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. Our products are mainly sold to taxi drivers, public bus operators and residential, industrial and commercial end-users and fuel suppliers.

Traditionally, we have anchored our business in the LPG and CNG vehicular refuelling stations. Through our efforts in (i) securing our upstream supply chain by establishing an integrated LPG terminal and storage facilities in Jiangmen City, Guangdong Province through JM Xinjiang Gas, a Jointly Controlled Entity, and guaranteeing our supply of CNG from CNG Mother Stations in Henan Province and (ii) diversifying our downstream portfolio by engaging in LPG domestic stations and LNG vehicular refuelling station operation, we are able to expand to other product nature and offerings in order to satisfy regional demands. Going forward, we intend to increase the number of CNG Mother Stations and CNG and L-CNG vehicular refuelling stations.

Our development of our LPG domestic station market relies on our own competitive advantages and our complete industry chain which ranges from upstream procurement to downstream logistics, and thereby penetrate the LPG domestic stations market. Given that the fragmentation of the LPG residential sector in Guangdong Province, we believe that there will be limitations on their size and as such, will require good relationship with their suppliers for their business and also potentially look into cooperation with suppliers and/or allowing suppliers to acquire their equity interests. We believe that our steady and abundant supply of gas, competitive pricing, safe logistics services, recognition within the industry and financials, are qualities which LPG domestic stations operators will look for. Through our efforts in developing the LPG domestic stations wholesale market for the past two years in 2016 and 2017, we have become one of the main LPG suppliers in Guangdong Province, and we believe we have earned a group of loyal customers under our LPG domestic stations and recognition within the LPG industry. Our Directors believe that if we can continuously expand our LPG domestic stations market and consequentially fortify our loyal customers' support, our recognition within the industry will increase further and attract even more potential residential end-users as our customers.

Now that we have formed an integrated industry chain from upstream to downstream, we have achieved fruitful results in both the LPG and natural gas sector. Safety has always been one of our priorities and we have received a number of safety awards during the Track Record Period, such as those relating to our vehicular refuelling stations achieving an A-level for special equipment safety use (特種設備安全使用管理A級企業) awarded by the local government of Guangzhou City. We have been invited by the local government of Guangzhou City for two consecutive years in 2016 and 2017 to cooperate with them to demonstrate a safety fire drill in order to improve the level of special equipment emergency rescue capabilities of Guangzhou City. Furthermore, we have received other notable awards such as the 2016 China LPG Industry Enterprise of Excellence Award (2016年中國LPG行業優秀企業) in 2017 and the 2010 Asian Games Guangzhou Advanced Gas Supplier to Public Transport Award (廣州

亞運公共交通供氣先進企業) in 2010. We have received solid recognition within the industry, in particular, in Guangdong Province, where we have earned the position of vice president of the Guangdong Oil and Gas Association in August 2017.

Set out below is a summary of our vehicular refuelling stations and domestic stations as at the Latest Practicable Date:

	Business activities	Location	Number of operating stations	Attributable interest of our Group	Number of station(s) under construction	Attributable interest of our Group	Target customers	Source of LPG/LNG/CNG
Vehicular Refuelling Stations								
1.	Operation of LPG vehicular refuelling stations	Guangzhou City, Guangdong Province	6	100%	—	—	Vehicular end-users, including taxi drivers and public bus operators	Independent LPG suppliers which import from overseas countries
2.	Operation of LNG vehicular refuelling stations	Guangzhou City, Guangdong Province	1	100%	1 *(Note 1)*	100%	Vehicular end-users, including taxi drivers, public bus operators and private vehicle drivers	Independent LNG suppliers which import from overseas countries
3.	Operation of CNG vehicular refuelling stations	Zhengzhou City, Henan Province	8	60% *(Note 2)*	—	—	Vehicular end-users, including taxi drivers, public bus operators, private cars	Independent upstream gas suppliers which supply CNG to our CNG Mother Stations for further gas processing, through the West to East Gas Transmission Tunnel *(Notes 6 and 7)*
		Zhumadian City, Henan Province	2	50% *(Note 3 and 11)*	—	—		
		Xinyang City, Henan Province	1	50% *(Note 3 and 11)*	—	—		
		Xinzheng City, Henan Province *(Note 8)*	1	100%	1 *(Note 4)*	100%		
					1 *(Note 4)*	51% *(Note 5)*		
Domestic Stations								
4.	Operation of LPG domestic stations *(Note 9)*	Jiangmen City, Guangdong Province	2	50% *(Notes 10 and 11)*	—	—	Residential, industrial and commercial LPG end-users and suppliers *(Note 12)*	Independent LPG suppliers which source LPG domestically and import from overseas countries
		Ganzhou City, Jiangxi Province	1	100%	—	—		
	Total		22		3			

Notes:

1. It is expected to commence trial operation in first quarter of 2019.

2. The remaining 38% and 2% equity interest of Zhengzhou Sino Gas, being the owner of these 8 CNG stations, was owned respectively by Zhengzhou Public Transportation, a connected person of our Company, and Zhengzhou Investment Holdings Limited (鄭州投資控股有限公司), an Independent Third Party.

3. The remaining 50% equity interest of Henan Blue Sky, being the owner of these 3 CNG stations, was owned by Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司), an Independent Third Party. Henan Blue Sky is one of our Jointly Controlled Entities and is not our subsidiary.

4. These two stations relate to one L-CNG vehicular refuelling station and one CNG vehicular refuelling station located in Xinzheng City which were respectively under construction and undergoing ground levelling works and are expected to commence trial operation by the end of 2019.

5. The remaining 49% equity interest of Zhengzhou Fuel, being the owner of the new CNG vehicular refuelling station under construction, was owned by Zhengzhou Transport Investment Xinneng Industrial Company Limited (鄭州交投鑫能實業有限公司), a connected person of our Company.

6. As at the Latest Practicable Date, we, (i) through Henan Blue Sky, a Jointly Controlled Entity, owned and operated a CNG Mother Station located in Zhumadian City; and (ii) through our wholly-owned subsidiary, owned and operated a CNG Mother Station located in Xinzheng City. In addition, a new CNG Mother Station owned by our wholly-owned subsidiary located in Xinzheng City was under construction and is expected to commence trial operation in the second half of 2019.

7. In respect of our CNG vehicular refuelling station located in Xinyang City, besides procuring CNG from our CNG Mother Stations, we primarily procured CNG directly from other CNG suppliers as the location of the CNG vehicular refuelling station is relatively far from our CNG Mother Stations.

8. Xinzheng City is one of the county-level cities under the jurisdiction of Zhengzhou City, Henan Province.

9. Our LPG domestic stations are differentiated between those with processing capabilities to fill LPG into bottled forms with sales function and those purely with sales function. We have two domestic stations with such processing capabilities and sales function, being one in Jiangmen City and one in Ganzhou City.

10. The remaining 30% and 20% equity interest of JM Xinjiang Gas, being the owner of these 2 LPG domestic stations, was owned by Guangzhou Yingye Development Group Company Limited (廣州銀業發展集團有限公司) and Yu Fei (俞飛), respectively, both being Independent Third Parties. JM Xinjiang Gas is one of our Jointly Controlled Entities and is not our subsidiary.

11. Our logo " " and trade name "中油潔能" are used by all stations of our Group. In respect of our LPG domestic stations in Jiangmen City, the logo " " and trade name (新江煤氣) is also used.

12. We supply LPG in bottled forms, such as storage cylinders.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths, such as (i) the sustainable development of LPG and natural gas industry in PRC and favourable government policies, (ii) our complete industry chain, (iii) our competitive cost advantage in LPG procurement resulted from our long-term business relationship with our major suppliers, our economies of scale and LPG storage capacity and (iv) our entrenched relationship with PetroChina, allow us to capitalise on the growth potential of LPG and natural gas industry.

We benefit from the opportunities arising from the sustainable development of the LPG and natural gas industry in the PRC as well as favourable policy support from the government

According to the F&S Report, China is determined to transform its fuel consumption structure to be more environmental-friendly and thus has greatly elevated its consumption on LPG and natural gas. Multiple government policies have been launched to support LPG and natural gas infrastructure. With strong support from the government, China's fuel consumption structure has been transforming rapidly, featured by increasing shares of LPG and natural gas in the overall fuel consumption structure.

With its high calorific value and flexible supply, LPG has gradually become one of the main sources in Guangdong Province's energy consumption, and is widely applied to vehicular use and domestic use (including residential use, vehicular use and industrial production). Guangdong Province has witnessed a fast increase in its LPG consumption in the past few years. The number has grown from approximately 5,364.7 thousand tonnes in 2013 to approximately 8,135.6 thousand tonnes in 2017, representing a CAGR of approximately 11.0%. With the further optimization of the energy structure, in particular, a steady rise of residential LPG consumption volume, the consumption of LPG in Guangdong Province is expected to keep growing. It is expected to reach approximately 12,818.5 thousand tonnes in 2022.

According to the Notice of the National Development and Reform Commission of the People's Republic of China on Printing and Distributing "Opinions on Accelerating the Use of Natural Gas" (Fagai Energy[2017]1217) (關於印發《加快推進天然氣利用的意見》的通知(發改能源[2017]1217號)), the proportion of natural gas in China's primary energy structure by 2020 will rise from the status quo of 5.9% to 10%, and by 2030 it will reach approximately 15%. The overall natural gas market will maintain a sustained and stable growth, and natural gas will gradually become one of the major energy sources in China's modern energy structure system.

Natural gas vehicles ("**NGV**") are featured by less pollution and higher calorific value, making them more economical than traditional energy vehicles. China's ownership of NGV is growing as one of the fastest in the world. The total number of NGV in China has increased from approximately 2.2 million in 2012 to approximately 6.8 million in 2017, representing a CAGR of approximately 25.7%. With continual government efforts to promote New Energy Vehicles and low carbon economy, it is estimated that the number of NGV will increase to approximately 11.9 million by 2022, at a CAGR of approximately 11.7% from 2018 to 2022, according to the F&S Report. To cope with the rapid growth in the demand for NGV, the number of CNG/LNG vehicular refuelling stations is expected to increase and eventually form a systemic network. The total number of CNG/LNG vehicular refuelling stations was approximately 8,840 in 2017, which has more than doubled in merely 5 years compared with approximately 3,630 in 2012. Following this trend, it is estimated that a total number of approximately 15,190 vehicular refuelling stations nationwide will be in place, at a CAGR of approximately 11.7% by 2022, according to the F&S Report.

CNG holds a large market size by sales volume, and it increased rapidly from approximately 20.2 billion m^3 in 2012 to approximately 53.9 billion m^3 in 2017, representing a CAGR of approximately 21.7%. Propelled by favourable government policies such as Changing Fuels from Coal to Gas Policy (煤改氣政策) and the Notice on Opinion of Accelerating and Advancing the Utilization of Natural Gas (加快推進天然氣利用的意見), the demand for CNG is expected to have further expansion with more infrastructure construction. It is expected to be approximately 60.0 billion m^3 in 2018 and reach approximately 90.0 billion m^3 in 2022, at a CAGR of approximately 10.7%, according to the F&S Report. In Zhengzhou City, Henan Province, the sales volume of CNG in gas refuelling stations increased from approximately 84.7 million m^3 in 2012 to approximately 174.7 million m^3 in 2017, at a CAGR of approximately 15.6%. With the increasing development of CNG vehicles, the sales volume of CNG is expected to increase further from approximately 192.0 million m^3 in 2018 to approximately 295.4 million m^3 in 2022, representing a CAGR of approximately 11.4%, according to the F&S Report.

Strategically located in Guangdong Province and Henan Province, with huge consumption level of LPG and natural gas respectively, and leveraging on our complete industry chain of LPG and natural gas storage, logistics and distribution, we believe that the sustainable and rapid development of the LPG and natural gas industry in these areas will provide great potential for our growth.

We are an integrated LPG and natural gas supplier in the PRC with a complete industry chain where we ranked third in LPG vehicular refuelling market in Guangdong Province and second in CNG vehicular refuelling market in Zhengzhou City, Henan Province, in terms of sales volume in vehicular refuelling stations in 2017

Our principal business activities include the supply of LPG for vehicular use, LPG for domestic use, CNG for vehicular use and LNG for vehicular use. We have established a complete industry chain from procuring gas from our suppliers to intermediary logistics operations to downstream operational services of our stations.

In respect of LPG business, we, through JM Xinjiang Gas, a Jointly Controlled Entity, possess an integrated terminal and storage facilities which are the only terminal designated for LPG products in Jiangmen City, Guangdong Province and possess the largest LPG storage facilities in Ganzhou City, Jiangxi Province. These two storage facilities also possess refuelling capabilities in order to bottle the LPG for onwards sales in our LPG domestic stations. Furthermore, in Ganzhou City, Jiangxi Province, we also possess our dedicated LPG railway line which is used to transport LPG from the Beijing-Kowloon railway (京九鐵路) to our storage facilities in Ganzhou City. Coupled with our three subsidiaries which engage in logistics services which own 24 tractor units and semitrailers designated for LPG use, we have established 6 LPG vehicular refuelling stations in Guangzhou City, Guangdong Province, 2 LPG domestic stations in Jiangmen City, Guangdong Province and 1 LPG domestic station in Ganzhou City, Jiangxi Province. We have also 1 LNG vehicular refuelling station in Guangzhou City.

In respect of CNG business, we possess and operate two CNG Mother Stations located in Xinzheng City and Zhumadian City, Henan Province, which enable our Group to secure steady supply of CNG. Our two CNG Mother Stations are connected to the West to East Gas Transmission Tunnel (西氣東輸管道) which is operated by PetroChina, such that the CNG Mother Stations can continuously receive CNG to supply our CNG vehicular refuelling stations and also provide wholesale of CNG to our customers. Coupled with a subsidiary which engages in logistic services which own 35 tractor units and semitrailers designated for CNG use, we have established 12 CNG vehicular refuelling stations in Henan Province.

In addition, 1 LNG vehicular refuelling station, 1 CNG vehicular refuelling station, 1 L-CNG vehicular refuelling station and 1 CNG Mother Station were either under construction or undergoing ground levelling works as at the Latest Practicable Date.

We have strategically placed our stations at transport hubs or nearby highways or major roads in Guangdong Province and Henan Province with high traffic flow in order to maximise our business opportunities. Since 2006, we have operated our first LPG vehicular refuelling station in Guangzhou City, Guangdong Province. The 6 LPG vehicular refuelling stations in Guangzhou City cover the various areas in Guangzhou City, all of which are located on major roads with large traffic flow and convenient transportation, amongst which, 2 are adjacent to bus terminal and bus exchange. We established the first CNG vehicular refuelling station in 2006. Our 8 CNG vehicular refuelling stations in Zhengzhou City cover various areas in Zhengzhou City, and are all adjacent to bus exchanges.

We believe by doing so, our target customers, such as taxi drivers and bus operators, will be more inclined to patron our stations due to its accessibility and convenience and increase their loyalty and dependence on us.

In order to further strengthen our industry chain, our Group has control over the delivery arrangement to ensure timely delivery of our LPG and CNG to our respective stations by having our own logistic team and vehicle fleet which comprises 59 tractor units and semitrailers as at the Latest Practicable Date. After procurement of fuels from our suppliers, we use our logistics team and vehicle fleet to deliver the same to our LPG refuelling stations. In respect of CNG, our logistics team and vehicle fleet will collect CNG which had been filtered, processed and compressed at the CNG Mother Stations and transport the same to our CNG vehicular refuelling stations for further compression. For details of the operational procedure of the CNG vehicular refuelling stations, please refer to the paragraph headed "Operation process — CNG" in this section of this prospectus.

We believe that the complete industry chain operation not only secures reliable and uninterrupted supply of LPG and natural gas to customers, but also enables us to effectively control and manage (i) our operation cost; (ii) product and service quality; and (iii) transportation safety.

We have competitive cost advantage in LPG procurement resulting from our economies of scale, LPG storage capacity and our long term business relationship with our major suppliers

As at the Latest Practicable Date, we operated six LPG vehicular refuelling stations and two LPG domestic stations in Guangdong Province. In addition to the integrated LPG terminal and storage facilities in Jiangmen City, Guangdong Province which is operated by one of our Jointly Controlled Entities, JM Xinjiang Gas, we also operate two leased LPG storage facilities located in Dongguan City and Nansha District, Guangdong Province. As at the Latest Practicable Date, the total storage capacity of our owned LPG storage facilities was approximately 2,138 tonnes in aggregate which comprise the Xinjiang Meiqi domestic station, Ganzhou domestic station and the small amounts of LPG storage facilities in our LPG vehicular refuelling stations. During the six months ended 30 June 2018, our monthly average storage volume at our suppliers amounted to approximately 8,002 tonnes. Leveraging on our LPG storage capacity, we are able to efficiently oversee our inventory and have flexibility in our procurement arrangement. Together with our demand for our LPG wholesale business, we purchased an abundant volume of LPG to support our sales volume from our suppliers during the Track Record Period. According to F&S Report, we were ranked as the third LPG supplier in the LPG vehicular refuelling market in Guangdong Province, in term of the total sales volume in vehicular refuelling stations in 2017. Since there is usually a minimum purchase amount for our LPG procurement, we believe our business scale would also enable us to satisfy the minimum purchase amount, if not exceed the minimum purchase amount, that acts as a threshold and barrier to other small market players.

We have also established long term and stable business relationships with suppliers of LPG in Southern China such as Jovo Energy Company Limited (東莞市九豐能源有限公司), Guangzhou Huakai Petroleum Gas Company Limited (廣州華凱石油燃氣有限公司) and Chaozhou Ouhua Energy Company Limited (潮州市歐華能源有限公司) which import LPG from overseas. According to the F&S Report, gas fuel is often in the hands of large state-owned enterprises and foreign gas source suppliers. As such, it is crucial to establish and maintain a solid and long term relationship with these upstream suppliers to ensure a stable supply for our operations. For new entrants, with their lack of proven track record, business reputation and experiences, it would be relatively difficult for new entrants to establish solid business relationship in a short period of time. As such, we believe our track record and our long term business relationship with our LPG suppliers differentiates us from other market players who have yet to establish such long term relationship and enable us to procure LPG at competitive prices.

Leveraging on our scale of operation and our long term business relationship with our major suppliers, we not only can secure stable LPG supply for our ordinary course of business, but we believe also give us strong bargaining power such as maintaining the quality of fuels which we receive, delivery schedule, priority of fuel allocation and favourable prices due to bulk buying instead of buying small quantities from many different suppliers for LPG procurement.

Entrenched business relationship with PetroChina for CNG procurement in Henan Province to ensure we continuously purchase from the primary gas source which benefits our procurement costs

According to the F&S Report, it is an industry norm to enter into supply framework agreements with suppliers. However, it is relatively difficult for new entrants to establish solid business relationship with the upstream suppliers within a short timeframe, and therefore, our entrenched business relationship with PetroChina enables us to differentiate ourselves from market players who are yet to be able to establish such long term cooperation. Furthermore, we believe that given the scale of our Group in Henan Province, where we ranked the fourth largest player in terms of vehicular CNG sales volume in 2017, we are able to satisfy the minimum purchase amount of PetroChina, if not even exceed such amount, in our procurement. For details regarding the minimum purchase amount, please refer to "Raw materials and our suppliers" in this section of the prospectus. The minimum purchase amount which acts as a threshold to cooperate with PetroChina will eliminate smaller market players who are unable to meet such demand, and would therefore need to resort to secondary gas source providers for the same. As such, our Directors believe that although it is an industry norm to establish solid business relationship with suppliers, not every operator will be successful in establishing the relationship with the supplier who acts as the primary gas source, such as PetroChina.

According to the F&S Report, natural gas is a strategic resource in China that is controlled by a few state-owned enterprises. Due to its inland geographic location, the upstream supply of natural gas in Henan Province is mainly sourced from West to East Gas Transmission Tunnel (西氣東輸管道) exclusively operated by PetroChina. As the upstream supply of natural gas in Henan Province was dominated by PetroChina, we consider that reliable and uninterrupted supply of natural gas from PetroChina is vital for our CNG business in Henan Province.

Leveraging on the establishment of CNG Mother Stations located in Zhumadian City and Xinzheng City, Henan Province, we have successfully entered into a long term CNG supply agreement with PetroChina from August 2009 to December 2023, pursuant to which, PetroChina is contractually obliged to provide 36.5 million m^3 of CNG to our CNG Mother Stations through the West to East Gas Transmission Tunnel (西氣東輸管道) on an annual basis. It is expected that after our new Mother Station in Xinzheng City commences operations, we will be able to procure CNG from the West to East Gas Transmission Tunnel (西氣東輸管道) through our own pipelines as well, in respect of the supply to our new Xinzheng Mother Station. This method of direct procurement will allow us to further lower our procurement costs by reducing extra transmission costs. For details, please refer to paragraph headed "Raw materials and our suppliers" in this section of this prospectus.

As at the Latest Practicable Date, an additional CNG Mother Station located in Xinzheng City was under construction and is expected to commence trial operation in the second half of 2019. It is expected that the CNG quota secured by us will increase by approximately 200 million m^3 when the new CNG Mother Station commence operations.

We are led by an experienced, stable and professional management team

Our management team has extensive experience in the oil and gas sector. Most of our executive Directors and senior management team have more than 10 years of work experience in the oil and gas sector. Mr. Ji, the Chairman of our Board and an executive Director, graduated from Sichuan Radio and TV University, the PRC (四川廣播電視大學) in Mechanics in 1983 and has approximately 12 years of experience in the oil and gas sector. Our other executive Directors also possess a range of 2 to 10 years of experience in the oil and gas sector, yielding an average of approximately 7 years among them. Furthermore, most of our executive Directors and senior management personnel have joined our Group for over 8 years. For further details of the experience of our executive Directors and senior management, please refer to the section headed ''Directors and senior management'' in this prospectus.

We consider that the operation of Gas Retail Business and Gas Wholesale Business require management team with rich project experience to formulate expansion plan because the business performance of refuelling station is related to the location, traffic flow and local usage rate of LPG, CNG and LNG vehicles and to monitor the LPG, CNG and LNG market so as to formulate appropriate pricing. We believe that our management team's rich experience and knowledge in the gas industry has enabled us to consolidate our position in the Guangdong and Henan Provinces as an integrated upstream and downstream LPG and natural gas supplier, formulate effective business strategies, explore potential opportunities in the energy sector and other business opportunities and maximise our shareholders' value.

OUR BUSINESS STRATEGIES

We strive to further strengthen our position as an integrated LPG and natural gas supplier with a complete industry chain in the Guangdong and Henan Provinces. To achieve these goals, we plan to (i) expand our LPG domestic stations, CNG and L-CNG vehicular refuelling stations network, (ii) increase our LPG logistics through acquiring additional storage capacity and berth(s) where appropriate, (iii) purchase land, equipment and machineries and their installation for our new CNG Mother Station, (iv) construct new stations, purchase of their requisite equipment and machineries for new L-CNG, CNG and LNG vehicular refuelling stations, and maintenance of our existing stations, and (v) increase our logistics services capacity. Set out below are our business strategies by product type:

- **LPG**

  We intend to expand our existing LPG business by expanding our LPG domestic stations presence through increasing our LPG storage capacity.

(i) To capture business opportunities from the sustainable growth of LPG consumption by residential and commercial users in Guangdong Province

Guangdong Province has witnessed a steady rise in its residential consumption volume of LPG. In 2012, the residential consumption of LPG in Guangdong Province was approximately 2,772.5 thousand tonnes and gradually increased to approximately 4,037.4 thousand tonnes in 2017, demonstrating a CAGR of approximately 7.8%. In the future, the residential LPG consumption is expected to rise further, reaching approximately 5,631.6 thousand tonnes in 2022, representing a CAGR of approximately 6.5%, according to the F&S Report. According to the F&S Report, the proportion of residential use in Guangdong Province is expected to be approximately 43.9% in 2022.

Leveraging on our proven track record and the integrated LPG terminal and storage facilities, we plan to further tap into the LPG domestic station market, in particular the wholesale market of LPG domestic stations, thereby paving a solid foundation for our Group to further expand into LPG domestic station market.

Currently, we plan to acquire operational rights of one operating LPG domestic station in Guangdong Province given the level of LPG consumption in Guangdong Province, with view to further strengthening our presence in LPG domestic station market. We target to acquire operational rights of a LPG domestic station with a storage capacity of not less than 200 tonnes which currently operates in other district within Guangdong Province, such as Conghua District, such that we are able to expand into other district. Based on our Group's market research, Conghua District has transitioned from a city status to a district status. After its elevation in status, its economy and GDP have improved. Given the LPG domestic stations operators in Conghua District are few in numbers, we believe our Group's entry into Conghua District is advantageous to our Group due to our business scale and integrated industry chain. We consider that by doing so, we will be able to widen our market presence within Guangdong Province and expand our network of LPG domestic station. It is intended that the licenses and permits of the domestic station will be transferred to our Group after we acquire the operational rights such that the new domestic station will be operated under our name. Our PRC Legal Adviser is of the view that there is no legal impediment in obtaining the approval from the relevant local authorities for transferring the ownership of the licenses and permits provided that the proper administrative steps are taken. Our management considers that it is preferred to acquire the operational rights of operating domestic stations rather than establishing a new station by ourselves, whereby the latter will require us to incur prolonged time for license application and business establishment.

As at the Latest Practicable Date, based on our Company's preliminary research, there are two potential acquisition targets in Conghua District. However, our Company has not commenced formal assessment nor in negotiations with any specific acquisition targets and will continue to look for potential targets. Our Directors will take into account the following factors when determining which station would be suitable for our business expansion:

(a) Location of the station, in particular, its convenience to the targeted end-users;

(b) Existing turnover of the station and the return rate for the acquisition;

(c) An expected investment payback period of not more than 5 years;

(d) Whether the station has experienced material non-compliance or safety related incidents;

(e) Consideration for the acquisition;

(f) Whether the vendor of the acquisition target is an Independent Third Party; and

(g) Our ability to provide logistics support to the station.

We plan to use approximately HK$22.8 million of the net proceeds from the Global Offering for expanding our LPG domestic stations network.

(ii) To further strengthen our LPG logistics and storage capacity in Guangdong Province

As at the Latest Practicable Date, our own storage facilities through JM Xinjiang Gas, a Jointly Controlled Entity, and in Ganzhou Station had an aggregate capacity of approximately 2,042 tonnes of LPG and we also have a small amount of LPG storage facilities in our LPG vehicular refuelling stations which amount to 96 tonnes of LPG. As such, our aggregate storage capacity is at 2,138 tonnes of LPG. Our monthly average storage volume at our suppliers amounted to 8,002 tonnes of LPG during the six months ended 30 June 2018. In respect of storing LPG at our suppliers, we paid to the suppliers additional fees of RMB3.2 million(1), RMB14.2 million, RMB12.6 million and RMB6.0 million during the Track Record Period for storage usage, administration and management fee and loading and unloading charges. Leveraging on our LPG storage capacity, we are able to efficiently oversee our inventory and have flexibility in our procurement arrangement. We envisage our current LPG storage facilities and berth, which can accommodate vessels of up to 1,000 tonnes, through JM Xinjiang Gas and primarily used for JM Xinjiang Gas, in Jiangmen City, Guangdong Province will not be able to fulfill our demands which will require vessels of larger sizes to transport LPG to us and cannot be supported by the existing terminal and berth, and as such we are required to construct two additional LPG storage facilities and acquire berth(s) to allow more LPG carrier ships in various sizes to provide LPG to our Group and their subsequential storage. If we are able to procure LPG without restricting the size of the LPG carrier ships that can deliver LPG to us, we will have more flexibility in our procurement cycle and reduce our transportation fees going forward.

Note:

1. Only three months of additional fees were incurred by our Group for the year ended 31 December 2015 as a result of our Group's acquisition of GD Petrochemical (廣東中油潔能石化有限公司) on 25 September 2015.

During the Track Record Period, taking into account our sales volume and storage capacities, as well as the average monthly turnover of our own storage facilities, our Group's utilisation rate of our current owned and leased storage facilities was approximately 49.8%, 84.4%, 76.6% and 96.8% respectively. The utilisation rate is calculated by our sales volume per month for the respective period divided by the monthly storage capacity of our LPG storage facilities after factoring in the monthly turnover of the storage facilities. For details of our sales volume, please refer to the paragraph headed "Our Products — Our Self-owned Operations and Jointly-owned Operations" in this section of this prospectus. Given our existing sales volume is nearly reaching our full storage capacities, our Group is required to have more storage facilities in order to fulfill our business growth and to reduce administration, management fees and loading and unloading charges for storing LPG at our suppliers. As such, the construction of the storage facilities is not subject to the acquisition of the berth(s). In order to cater for our intended expansion of our LPG business, we plan to expand our current storage facilities through constructing additional storage facilities and, if such business need arises, acquire nearby berth(s) in Jiangmen City, Guangdong Province, to allow for more vessels of larger sizes to offload LPG at the same time.

For the year ended 31 December 2017, sales volume of LPG from our self-owned operations amounted to approximately 213,183 tonnes. Since our existing owned storage facilities are far under at an aggregate storage capacity of approximately 2,138 tonnes, our sales volume of LPG is approximately 99.7 times of our owned storage capacity, as a result, we paid to the suppliers significant additional fees of RMB3.2 million(1), RMB14.2 million, RMB12.6 million and RMB6.0 million in our cost of sales for the usage of storage facilities at the suppliers, administration and management fees and loading and unloading charges during the Track Record Period. Our existing own storage facilities are used mainly for the supply to our two domestic stations while we primarily relied on the leased storage facilities at our suppliers for the supply of LPG to our vehicular refuelling stations and our wholesale customers in industrial market. Therefore, we intend to increase our aggregate storage capacity by 3,276 tonnes to store additional LPG which represents an increase of approximately 153.2% of our Group's existing owned storage facilities, to (i) satisfy the expected increase in demand from wholesale customers and new LPG domestic station(s) in the growing industrial and residential market; and (ii) improve our gross profit margin by reducing the use of storage facilities at our suppliers, thereby lowering our cost of sales. Collectively, it is expected that with the addition of the new storage facilities we will have a total owned storage capacity of 5,414 tonnes (being the existing 2,138 tonnes and the proposed 3,276 tonnes).

Note:

1. Only three months of additional fees were incurred by our Group for the year ended 31 December 2015 as a result of our Group's acquisition of GD Petrochemical (廣東中油潔能石化有限公司) on 25 September 2015.

Given our intentions to expand our storage facilities to facilitate our business growth, we would require more deliveries and offloading capacities in the event our business plans are implemented successfully and our sales volume increased in the level predicted. We currently intend to acquire berth(s) that can accommodate vessels size of not more than 10,000 tonnes. We believe that if we have acquired new berth(s), in particular larger new berth(s), we will be able to flexibly arrange delivery and offloading of LPG through fewer vessels which would in turn reduce our costs since, we would be arranging for more larger shipments whilst requiring the vessels to cover less delivery cost per tonne than smaller shipments for the same shipping distance. In addition, we would also be able to arrange delivery of LPG to satisfy our anticipated increase in demand but not only that of JM Xinjiang Gas, a Jointly Controlled Entity, as berth(s) directly owned by our Group can provide us the flexibility to manage the offloading of gas products and to ensure stable supply of LPG to our refuelling stations and customers. Furthermore, currently all our larger vessels (being 1,000 tonnes above) are offloaded at the terminal operated by an Independent Third Party, (i.e. the Large Terminal). The Independent Third Party provides a terminal to engage in offloading of oil for their customers and gas for JM Xinjiang Gas only. Given that the Independent Third Party mainly offloads oil products as its main business focus and that oil products and gas products cannot be offloaded at the same time owing to the Port Dangerous Goods Safety Management Regulations (Order No. 27 of 2017 of the Ministry of Transport of the People's Republic of China) (港口危險貨物安全管理規定(中華人民共和國交通運輸部令2017年第27號), our Group's usage of the Large Terminal is limited in the event that when the Large Terminal is occupied by the Independent Third Party, who mainly offloads oil products as its main business focus, our Group will not be able to arrange the vessels to offload the gas products at the Large Terminal and as such, our offloading capacities at the terminal operated by the Independent Third Party are limited. In addition, when there are conflicting delivery schedules, our Group will have to negotiate with the Independent Third Party or make other arrangement, and if we do not offload the goods within the stipulated timeframe, we may incur demurrage charges. During the Track Record Period we have not incurred significant demurrage charges. For details of the arrangement with the Independent Third Party, please refer to the paragraph headed "Operation Process — LPG — 1. Procurement of LPG" in this section of the prospectus. Despite the above, assuming we primarily relied on the transportation of LPG through the Large Terminal it will not be able to satisfy the anticipated demand and expansion plan of our Group. For details, please refer to "Operation process — LPG — 1. Procurement of LPG" in this section of this prospectus. Given the limitation and the inflexibility of our existing offloading capacities, our Directors consider that it is in the best interest of our Group to acquire additional berth(s), in particular in anticipation of our upcoming business expansions and growth, such that we can be flexible in choosing our delivery size and schedules. However, it is emphasized that such plan will be carried out in accordance to the actual business expansion of our Group in five years' time, subject to locating the suitable berth(s) and provided that the price meet our Group's budget.

Since the LPG terminal is the only terminal designated for LPG use in Jiangmen City, the berth(s) that we may acquire may not include LPG as one of its designated uses, as such we may need to apply to the relevant bureaux and authorities to change or modify their existing use. According to our PRC Legal Adviser, there is no legal impediment to change the usage of the berth(s) provided that the proper administrative steps are carried out by our Group.

Set out below is a comparison of the costs to be incurred by our Group from the acquisition of storage facilities via construction against the costs expected to be incurred if our Group were to lease additional storage facilities:

Acquisition through construction of storage facilities	Leasing of storage facilities
One off costs of RMB42.0 million which takes into account, the construction of storage facilities. We anticipate and estimate that the hiring of staff to operate the facilities, maintenance and operating overheads (the "**Overheads**") amount to RMB1.5 million annually.	— Based on our experience of leasing storage facilities from our LPG suppliers, the monthly cost of lease/tonne is approximately RMB100/tonne. It is expected there will be an annual rental growth of storage facilities. — Based on the assumption that our Group will require at least 12,000 tonnes of LPG[(1)] to be stored monthly in our leased LPG storage facilities, this will lead to our Group to incur approximately RMB1.2 million per month or RMB14.4 million annually as rental expenses.

Note:

1. 12,000 tonnes of LPG is calculated based on the intended increase of 3,276 tonnes of LPG and the expected times of monthly turnover of the new storage facilities. Conversely, 12,000 tonnes of LPG is also the expected monthly amount of LPG we intend to store only in the new storage facilities per month.

The above cost of lease/tonne has not taken into account the assumption that there may be an increase in rental prices going forward, therefore, our Group may be subject to a fluctuation in rental costs and any material and adverse increase in rental costs will affect our Group's financial performance. Based on the above analysis, three years of rental will exceed the acquisition cost, and going forward, an annual amount of RMB1.5 million being the Overheads will far outweigh the annual leasing costs of approximately RMB14.4 million, and therefore, we consider that the acquisition is more cost effective to our Group. In addition, our Group endeavours that after we construct the additional storage facilities, there will be a reducing need to rent our suppliers' storage facilities as most of the LPG can be stored within our own storage facilities.

We plan to use approximately HK$24.2 million of the net proceeds from the Global Offering for increasing our LPG logistics and storage capacity through constructing the storage facilities. Our Group intends to construct additional LPG storage facilities in Jiangmen City near the LPG terminal and will lease the parcel of land required for such purpose. We have identified three parcels of land available for rental, amongst which two are owned by Independent Third Parties and one is owned by JM Xinjiang Gas, our Jointly Controlled Entity. The leasing expense for the parcel of land is expected to be immaterial to our Group and would be satisfied by our Group's internally generated funds. As at the Latest Practicable Date, we have not identified any acquisition targets and were not in negotiations with any specific acquisition targets for the berth(s). Based on preliminary research and currently available information, our Group expects to incur approximately RMB60 million for acquisition of berth(s), through our internal funding and/or external financing. Such plan will be carried out in accordance to the actual business expansion of our Group in five years' time, subject to locating the suitable berth(s) and provided that the price meet our Group's budget. Our Directors will take into account the following factors when determining the acquisition target:

(a) Location of the berth(s), in particular, its proximity to the existing terminal owned by JM Xinjiang Gas, a Jointly Controlled Entity;

(b) Whether the berth(s) experienced any material non-compliance or safety related incidents;

(c) Consideration for the acquisition; and

(d) Whether the vendor of the acquisition target is an Independent Third Party.

We believe that by increasing our LPG storage capacity, it will reinforce our complete industry chain such that we have an abundant and steady supply of LPG in order to cater for our LPG business.

- **CNG and LNG**

(iii) To purse vertical integration opportunities in developing new CNG and L-CNG vehicular refuelling stations and CNG Mother Station to strengthen our market position and enhance our competitiveness in Henan Province

The expansion of CNG and L-CNG vehicular refuelling stations is crucial for our Group to maintain our market share and market position within Henan Province. Through our CNG and L-CNG vehicular refuelling stations, our brand name is able to spread through Henan Province. With the PRC government's anti-pollution campaign which includes curbs on heavy-duty diesel vehicle and the promotion of using LNG for long haul vehicles, it is expected that the number of LNG trucks will increase in demand. As at the Latest Practicable Date, there were 1 new CNG vehicular refuelling station and 1 L-CNG vehicular refuelling station which were under construction and will be under the operation of our subsidiaries near the expressway service area of Henan Province. For details, please refer to the table under the paragraph headed "Overview" in this section of this prospectus. We intend to integrate the CNG and L-CNG vehicular refuelling stations into the planned road networks in order to enhance our presence in the market.

Complete construction, purchase land and equipment and their installation for the new CNG Mother Station

As at the Latest Practicable Date, we are constructing a new CNG Mother Station in Xuedianzhen, Xinzheng City nearby the West to East Gas Transmission Tunnel (西氣東輸管道) in order to fulfill our demands for CNG. Currently, the Xinzheng Mother Station and the Zhumadian Mother Station (the latter of which is operated under one of our Jointly Controlled Entities) have a total maximum processing capacity of 73 million m^3 and 54.8 million m^3 annually. For the year ended 31 December 2017, our sales volume of CNG from our self-owned operations was approximately 63.3 million m^3, which is comparable to our self-owned CNG Mother Station in Xinzheng City, which is capable of processing 73 million m^3 of CNG, on the assumption that it can function 365 days a year. We intend that the new CNG Mother Station will commence trial operation in the second half of 2019 and will be able to provide an additional 200 million m^3 of CNG to our Group annually, which represents approximately 156.5% of our current maximum processing capacity (both the Xinzheng and Zhumadian Mother Stations) for CNG, and represents approximately 2.7 times or 274.0% increase of the maximum processing capacity for the Xinzheng Mother Station, which is the only CNG Mother Station wholly owned by our Group. After the completion of our expansion plan, we will have two wholly-owned CNG Mother Stations capable of processing 73 million m^3 and 200 million m^3 annually, on the assumption that they can operate 365 days a year. Our Directors believe that, based on the expansion plan of our business and the anticipated demands of our customers, we would require a new CNG Mother Station with higher processing capacity in order to fulfill the demands, with buffer of further growth in the long term. For the reasons and basis of supporting the anticipated demand, please refer to the paragraph "Our expansion plan" in this section of this prospectus. In order to cater for our intended expansion of our CNG and L-CNG refuelling station business, we plan to establish the new CNG Mother Station in Henan Province in order to (i) secure more CNG supply from PetroChina; and (ii) strengthen the processing and storage capacity of CNG. We have already entered into a natural gas supply agreement with PetroChina in April 2010 in anticipation of the opening of our new Mother Station in Xuedianzhen, Xinzheng City, whereby we will have our own pipelines to further transmit the gas supplied by PetroChina through the West to East Gas Transmission Tunnel (西氣東輸管道). The expected cost to complete the construction of the pipelines for internal transfer of CNG within the new Mother Station is approximately HK$2.0 million and the expected construction cost of the new Mother Station itself is expected to be approximately HK$12.2 million.

As we require specialised equipment and machineries in order to operate our new CNG Mother Station, we will need to purchase additional equipment and machineries and have secured a piece of land such that we may connect our pipelines to the West to East Gas Transmission Tunnel (西氣東輸管道).

Set out below are details of the major equipment and machineries we intend to purchase:

Type	Unit(s) required	Estimated cost of purchase based on fee quote from suppliers *(RMB)*
CNG compressors	4	3,760,000
CNG gas filling columns	6	730,000
Set of CNG cylinders	1	450,000
CNG dryers	2	840,000
Filter pressure metering skid	1	780,000
Closed circulation cooling towers	2	470,000
Sequential control panel	1	75,000
CNG buffer tank	3	110,000
Metering regulator skid	1	660,000
Superchargers	2	2,371,000
Box gas generator part	4	10,000,000
Exhaust gas denitration device	4	2,250,000
Lithium bioxide unit	1	2,340,000
Total		24,836,000 (representing approximately HK$28,065,000)

It is expected that a total of approximately HK$28.0 million will be used for such purchase inclusive of estimated transportation fees, HK$6.2 million for purchase of parts and HK$3.4 million is required for installation.

Based on the relevant approvals already obtained over the piece of land set forth below, we have secured a piece of land and intends to do so via acquisition in Xuedianzhen, Xinzheng City, Henan Province for the purpose of construction of the new Mother Station and L-CNG vehicular refuelling station. As at the Latest Practicable Date, we have not entered into all the necessary agreements over the piece of land and construction has commenced. We believe we secured the land as the government has planned the area for use as a public area for the provision of gas business, and our Group has been deemed as a suitable service provider and therefore a deposit has been provided to the Xinzheng Municipal People's Government as our intention to secure the land. In addition (i) the land is a state owned construction land (國有建設用地) and we have already obtained project filing approval and environmental assessment approval over the land, (ii) the project is a major development project (重點建設項目) such that we have been given approval to commence construction whilst processing the necessary administrative procedures, and (iii) the lands department, construction department and planning department are also involved in assisting our Group to complete the process.

As such, our PRC Legal Adviser is of the view that there are no legal impediments on the transfer of land use rights to our Group and our Group is entitled to use the land. On these basis, our Group believes we have secured the land.

A deposit of approximately RMB3.33 million or HK$3.8 million has already been paid by our Group for the new Mother Station and the L-CNG vehicular refuelling station. We have selected such piece of land due to the proximity of the land to the West to East Gas Transmission Tunnel (西氣東輸管道) where we intend to construct our own pipelines to facilitate the transmission of CNG to the new Mother Station. Based on the information provided by the potential landlord (being the Xinzheng Municipal People's Government), the portion of land which encompasses and attributable to the CNG Mother Station cost approximately HK$10.2 million and the portion of land which encompasses and attributable to the L-CNG vehicular refuelling station cost approximately HK$2.8 million, and as such approximately HK$13.0 million remains outstanding (the "**Remaining Balance**") by our Group, after taking into account the HK$3.8 million deposit. According to our PRC Legal Adviser, the Remaining Balance shall be payable in full after signing the land transfer contract with the lands department of the Xinzheng Municipal People's Government. To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, the piece of land is a state owned construction land (國有建設用地) and the process of transferring the land use rights from the Xinzheng Municipal People's Government to our Group is underway. According to our PRC Legal Adviser, after the Xinzheng Municipal People's Government has processed and completed their procedures of facilitating the transfer, our Group shall be provided with a land transfer contract by the lands department of the Xinzheng Municipal People's Government. We shall receive the land use rights certificate after payment over the land transfer and any related tax is paid by our Group, and we shall receive the land use rights thereafter. We expect the process of transferring the land use rights to our Group be completed by first quarter of 2019.

We have already obtained project filing approval and environmental assessment approval for the new CNG Mother Station. The new CNG Mother Station has also obtained the approval to commence construction from the Xinzheng Municipal People's Government. The minutes of the executive meeting of the Xinzheng Municipal People's Government dated 27 July 2017 (the "**Minutes**") stated that the new CNG Mother Station is a major development project (重點建設項目) and as such authorized our Group to commence construction whilst administrative procedures are being processed. As advised by our PRC Legal Adviser:

i. Based on article 108 of the Constitution of the PRC, the land, housing, construction and planning of Xinzheng City are led by the Xinzheng Municipal People's Government.

ii. According to article 8 of the "Party and government institutions official document processing regulations" (黨政機關公文處理工作條例), the Minutes are one of the official documents of the PRC government.

iii. We did not obtain the construction permit (建築工程施工許可證) from the constructions department of the Xinzheng Municipal People's Government and did not comply with the relevant laws and regulations regarding construction permits.

iv. Based on the relevant construction permission, confirmation and approval issued over the land based on its construction progress, our Group is permitted to construct and to commence construction over the land.

v. Given that the construction of the new CNG Mother Station is a major development project and the Xinzheng Municipal People's Government intends to promote its smooth construction by approving our Group to first commence construction whilst simultaneously process necessary administrative procedures in official documents, our PRC Legal Adviser is of the view that our Group will not be penalized by the competent government department over our construction works.

We plan to use approximately HK$30.9 million of the net proceeds from the Global Offering for such purpose.

- **LPG, CNG and LNG**

(iv) Construction of new stations, the purchase and installation of the requisite equipment and machineries of new stations, as well as the maintenance of our existing stations

As at the Latest Practicable Date, our Group operates 22 vehicular refuelling stations and domestic stations, and 2 Mother Stations. Each of our stations consists of various equipment and machineries as more fully explained in the paragraph headed "Our business model — Our LPG business model", "Our business model — Our CNG business model" and "Our business model — Our LNG business model" in this section of this prospectus. We believe that the upkeep of these equipment and machineries are vital to the smooth operation of our stations and therefore we are required to ensure that the equipment and machineries are well maintained.

As at the Latest Practicable Date, we were also constructing 1 LNG vehicular refuelling station, 1 L-CNG refuelling station and 1 CNG Mother Station. We have not commenced construction works over the CNG vehicular refuelling station and only ground levelling works are being carried out. In aggregate, as at the Latest Practicable Date, we had incurred approximately HK$45.1 million (representing approximately RMB39.9 million) over these four new stations and still require further investment from the net proceeds. Details of the new Mother Station has been referred to and illustrated in the paragraphs directly above. We have leased the land for the new LNG vehicular refuelling station and CNG vehicular refuelling station, and secured the land via acquisition for the L-CNG vehicular refuelling station, which shares the same land with the new CNG Mother Station. For details of their location, storage capacity, construction timeline, total expected capital expenditure and source of funding, please refer to the paragraph "Our expansion plan" below.

We have obtained the relevant construction permit for the LNG vehicular refuelling station. As we share the same piece of land with the new CNG Mother Station, for details of the approval status regarding the L-CNG vehicular refuelling station, please refer to "(iii) To purse vertical integration opportunities in developing new CNG and L-CNG vehicular refuelling stations and CNG Mother Station to strengthen our market position and enhance our competitiveness in Henan Province" in this subsection above. Since we did not commence construction works over the CNG vehicular refuelling station, no construction permit is required as at the Latest Practicable Date. To the best knowledge of our Directors having made all reasonable enquiries, since we are only the lessee over the land for the CNG vehicular refuelling station, the landlord has applied for the construction permit and as at the Latest Practicable Date, the application is still ongoing and we expect to receive the construction permit by first quarter of 2019.

In order to further strengthen our market share, our Directors foresee that we will need to increase the number of our stations to service more customers. After new stations are built, we will also need to invest in buying the requisite equipment and machineries in order to operate these new stations. We plan to use approximately HK$26.9 million of the net proceeds from the Global Offering to complete the construction of the three new stations, being the LNG vehicular refuelling station, L-CNG vehicular refuelling station and the CNG vehicular refuelling station, purchase and installation of their new requisite equipment and machineries and the maintenance of our existing stations. We intend that approximately HK$12.7 million are required as the cost of land, HK$29.4 million are required for equipment, machineries and their installation and HK$10.0 million are required as construction costs. We intend that HK$4.5 million will be required annually as maintenance costs of all existing stations.

- **Logistics**

(v) To further enhance our logistics services capacity by expanding our vehicles fleet

Our logistics services of transporting LPG and natural gas products is integral to our complete industry chain. Since 2006, our Group has formed our own logistics companies and we are able to transport dangerous goods in Guangdong Province, Henan Province and Jiangxi Province. For the year ended 31 December 2017, there were 12 units of tractors and semitrailers capable of transporting approximately 291.96 tonnes a day, and taking into account the number of days required for vehicle inspection and maintenance, they operate approximately 330 days per year, representing an annual logistics service capacity of approximately 96,346.8 tonnes. The total LPG transported by our own vehicles was 94,974.195 tonnes, hence represents an utilisation rate of approximately 98.6% of our LPG vehicles for the year ended 31 December 2017. For the year ended 31 December 2017, there were 16 units of tractors and 19 units of semitrailers capable of transporting approximately 158,617 m^3 a day, and taking into account the number of days required for vehicle inspection and maintenance, they operate approximately 330 days per year, representing an annual logistics service capacity of approximately 57,102,313 m^3. The total CNG transported by our own vehicles was 56,148,137.82 m^3, hence represents an utilisation rate of approximately 98.3% of our CNG vehicles for the year ended 31 December 2017. Due to the increasing demand of LPG and natural gas, we believe that there will be a corresponding increasing demand for their transportation, as such we intend to expand our logistics services in order to reach more customers.

We intend to expand our vehicles fleet in order to increase our logistics services capacity. Currently, our LNG business volume is relatively small and we do not have vehicles designed to transport LNG. To this end, we plan to acquire LNG vehicles in order to further complete our industry chain, as well as to cater for the expected demands of LNG. As our Group is currently constructing a new LNG vehicular refuelling station and a L-CNG vehicular refuelling station, we expect our sales of LNG to gradually increase from approximately 604 tonnes for the year ended 31 December 2017 to approximately 60,000 tonnes annually for the year ending 2020 and as such, require our own team of logistics fleet to support our expansion. For the reasons and basis of supporting the anticipated demand, please refer to the subparagraph "Our expansion plan" in this section of this prospectus. As LNG vehicles we intend to acquire typically can only transport approximately 20 tonnes of LNG at a time, we estimate that each LNG vehicle is able to transport 300 times annually, and as such we will require at least 10 LNG tankers by 2020 to achieve such expansion. For details of our expansion of our LNG business, please refer to the subparagraphs headed "CNG and LNG" and "LPG, CNG and LNG" in this subsection of this prospectus. We have also engaged third party logistics service providers in the Track Record Period to provide logistics services for the transport of LPG and CNG. As we intend to reduce reliance on third party logistics service providers we will require additional vehicle fleets to cope with the expansion of our business.

We plan to use approximately HK$16.1 million of the net proceeds from the Global Offering to acquire more vehicles to increase our logistics services capacity over a five-year period. We envisage that in five years' time (i.e. by 2023), we will have the requisite capabilities to transport 500,000 tonnes of LPG and approximately 280 million m^3 of natural gas annually. For the year ended 31 December 2017, sales volume of LPG from our self-owned operations amounted to approximately 213,183 tonnes. Our plan to transport 500,000 tonnes of LPG represents approximately 2.3 times of our existing sales volume of LPG. Such prediction is relatively modest given that according to the F&S Report, LPG consumption in Guangdong Province is expected to reach 10,603.5 thousand tonnes in 2020, and our Group's prediction of 500,000 tonnes only represent approximately 4.7% of such LPG consumption in Guangdong Province in 2020. Furthermore, since our wholesale customers require our logistics service to deliver the LPG to them and for their own purposes, such vehicles would also be used to fulfill the logistics needs of our wholesale customers. We believe that if we are able to satisfy their needs, our wholesale customers are more likely to continue to purchase large quantities of LPG from us and assist us to consolidate our industry chain.

Our plan to transport 280 million m^3 of natural gas represents approximately 4.4 times of our existing sales volume of CNG and LNG. Such prediction is also relatively modest. Our Group intends to expand our market reach in Henan Province. According to the F&S Report, natural gas consumption in Henan Province is expected to reach approximately 20.6 billion m^3 by 2022[(1)] and our Group's prediction of 280 million m^3 only represents approximately 1.4% of such natural gas consumption in Henan Province. Given that the future figures relate to our Group's prediction for the year ending 2022[(1)], based on the existing confirmations from our customers, and the general phenomena of the PRC government to promote natural gas, our Directors are of the view that the expansion of our Group's transportation in a gradual manner in accordance with the growth in demand is required in view of the upcoming demand. For details of our demands, please refer to "Our business strategies — Our expansion plan" in this section of this prospectus.

Note (1): 2022 is the latest available forecasted consumption in the F&S Report.

Set out below is a breakdown of the total number and types of vehicle we intend to purchase, amongst which approximately HK$16.1 million of the net proceeds from the Global Offering will be used for such acquisition:

Vehicle type	**Number**	**Unit price** *(RMB)*	**Total price** *(RMB)*
LPG			
— tankers (罐車)	20	0.75–0.8 million	15.0–16.0 million
— vans (廂式運輸車)	100	0.16–0.20 million	16.0–20.0 million
CNG trailers (長管拖車)	20	1–1.1 million	20.0–22.0 million
LNG tankers (罐車)	10	1–1.1 million	10.0–11.0 million
Total	150		61.0–69.0 million (approximately HK$68.9–HK$78.0 million)

For further details, please see the section headed "Future plans and use of proceeds" in this prospectus.

Our Directors believe that the net proceeds from the Global Offering together with our internal and external resources will be sufficient to cover the costs of our current expansion plan. To the extent that the net proceeds are not sufficient to fund such plan, we intend to fund the balance through a variety of means including cash generated from our operations, debt financing and/or equity fund raising. Set out below is an illustration and breakdown of our expansion plan:

Our expansion plan

In order to further strengthen our market position and market share, we intend to (i) expand our network of LPG domestic stations, CNG and L-CNG vehicular refuelling stations network, (ii) increase our LPG logistics by increasing additional storage capacity and acquire berth(s) if appropriate, (iii) purchase land, equipment and machineries and their installation for our new CNG Mother Station, (iv) construct new stations, purchase and installation of their requisite equipment and machineries for the new L-CNG, CNG and LNG vehicular refuelling stations, and maintain our existing stations, and (v) increase our logistics services capacity. The estimated total investment of our expansion plan is approximately HK$332.1 million, amongst which, only approximately 40.4% or HK$134.3 million will be satisfied from the net proceeds of the Global Offering. The table below sets out the details of our expansion plan in relation to our plans as mentioned above.

Details	Use	Major facilities to be built/Subject matter to be acquired	Expected time frame for completion of construction/ acquisition	Expected commencement date of actual operation (where applicable)	Estimated total investment/total expected capital expenditure with basis (where applicable) *(HK$ million)*	Source of funding of the estimated total investment/total expected capital expenditure
(i) Acquisition of operational rights of a LPG domestic station in Guangdong Province						
a. Operational rights b. Rental expenses c. Equipment costs	To facilitate the operation of a LPG domestic station	a. LPG domestic station b. N/A c. 140,000 new LPG cylinders	First half of 2019	First half of 2019	56.5	Approximately 40.4% from net proceeds from the Global Offering (i.e. HK$22.8 million) and 59.6% from our Group's external financing
(ii) Acquisition of nearby berth(s) in Jiangmen City, Guangdong Province and construct additional LPG storage facilities						
a. Acquisition of berth(s) and expansion of LPG storage facilities b. Investment in equipment	To increase the number of berth(s) and our LPG storage facilities	a. Addition of berth(s) b. 2 LPG storage facilities which can store 3,276 tonnes of LPG	N/A (for berth(s)[2]) Second half of 2019[3] (for construction of storage facilities)	Berth: Please refer to note 2. Storage facilities: second half of 2019	49.2[1]	Approximately 49.2% from net proceeds from the Global Offering (i.e. HK$24.2 million) and 50.8% from our Group's external financing

Note:

(1) The estimated total investment/total expected capital expenditure of HK$49.2 million refers only to the construction cost of storage facilities, being RMB42.0 million and annual overheads of RMB1.5 million. It does not take into account the cost of acquisition of berth(s) which is expected to be financed by our Group's internally generated funds and/or external financings. We anticipate the expected acquisition costs of the berth(s) amount to approximately RMB60 million. Such figure is based on estimation of our management and is subject to (i) the then availability or shortage of berths, (ii) negotiations with the potential buyer and (iii) the then financial conditions of our Group. According to F&S, there is no public data available regarding the transactions of the berth(s) in Jiangmen, and that the price of the berth can fluctuate based on supply and demand as well as its geographical location and not solely based on the size of the berth(s). Furthermore, berths resources are one of the scarce resources in Jiangmen City and as such, contributes to the fluctuation to their acquisition price. For details, please refer to the paragraph headed "Our business strategies — LPG — (ii) To further strengthen our LPG logistics and storage capacity in Guangdong Province" in this section of the propectus.

(2) Subject to our Group's actual expansion.

(3) We expect to commence construction of the storage facilities in first half of 2019.

Details	Use	Major facilities to be built/Subject matter to be acquired	Expected time frame for completion of construction/acquisition	Expected commencement date of actual operation (where applicable)	Estimated total investment/total expected capital expenditure with basis (where applicable) *(HK$ million)*	Source of funding of the estimated total investment/total expected capital expenditure
(iii) Complete construction, purchase of land, equipment and machineries and their installation for the new CNG Mother Station						
a. Purchase of equipment and machineries for the new CNG Mother Station in Xuedianzhen, Xinzheng City, Henan Province and their installation b. Purchase of land c. Construction costs (inclusive of pipelines construction)	Processing and wholesale of CNG and distribution of CNG to our CNG vehicular stations. Storage capacity is not applicable as it relies on the West to East Gas Transmission Tunnel (西氣東輸管道) to supply the gas and it will be processed as and when the gas is received.	a. 4 CNG compressors, 6 CNG gas filling columns, 1 set of CNG cylinders, 2 CNG dryers, 1 filter pressure metering skid, 2 closed circulation cooling towers, 1 sequential control panel, 3 CNG buffer tanks, 1 metering regulator skid, 2 superchargers, 4 box gas generator part, 4 exhaust gas denitration devices and 1 lithium bromide unit b. We have secured a piece of land, through acquisition in Xuedianzhen, Xinzheng City, Henan Province. We have selected such piece of land due to the proximity of the land to the West to East Gas Transmission Tunnel (西氣東輸管道) where we intend to construct our own pipelines to facilitate the transmission of CNG to the new Mother Station. C. N/A	First half of 2019	Fourth quarter of 2019(1)	81.2 (of which approximately HK$22.7 million has already been incurred by our Group as at the Latest Practicable Date, with approximately HK$58.5 million to be incurred by our Group) Our Group has obtained fee quotes from potential suppliers for the equipment and machineries that we intend to purchase and obtained a fee estimate on the land purchase from the potential landlord (i.e. the Xinzheng provincial government). The total land cost is expected to be approximately HK$16.8 million, amongst which approximately HK$3.8 million has been paid as deposit by our Group; approximately HK$13.0 million will be required to be paid by our Group by first half of 2019. As the land encompass both the CNG Mother Station and L-CNG Mother Station, out of the HK$13.0 million which will be required to be paid, HK$10.2 million is attributable to the CNG Mother Station, and HK$2.8 million is attributable to the L-CNG vehicular refuelling station.	Approximately 38.1% from net proceeds from the Global Offering (i.e. HK$30.9 million) and 61.9% from our Group's internal and external financing

Note:

(1) Prior to the actual operation of any new station, preparatory works are required to be carried out such as calibrating our machines and equipment and training our staff. After preparatory works are finished, we also conduct trial operation prior to the actual operation as well to ensure our operations run smoothly. As such, there is a time gap between our expected time frame for completion of construction and the expected commencement date of actual operation. Based on the experience of our Directors, trial operation usually lasts between three to five months. We expect to commence trial operation of the new CNG Mother Station in second half of 2019.

Details	Use	Major facilities to be built/Subject matter to be acquired	Expected time frame for completion of construction/ acquisition	Expected commencement date of actual operation (where applicable)	Estimated total investment/total expected capital expenditure with basis (where applicable) *(HK$ million)*	Source of funding of the estimated total investment/total expected capital expenditure
(iv) Complete construction of three new vehicular refuelling stations, purchase and installation of their requisite equipment and machineries, and maintenance						
a. LNG vehicular refuelling station located in Huadu District, Guangzhou City, Guangdong Province b. L-CNG vehicular refuelling station located in Xuedianzhen, Xinzheng City, Henan Province c. CNG vehicular refuelling station located in Zhengzhou Airport Economy Zone, Xinzheng City, Henan Province d. Maintenance of existing stations	a. Supply of LNG to vehicles with a storage capacity of 27 tonnes b. Supply of LNG and CNG to vehicles and is connected to the pipelines of the new CNG Mother Station c. Supply of CNG to vehicles with a storage capacity of 1,500 m^3 d. General maintenance of wear and tear	a. LNG vehicular refuelling station b. L-CNG vehicular refuelling station c. CNG vehicular refuelling station d. N/A	a. First quarter of 2019 b. First half of 2019 c. First half of 2019 d. N/A	a. First quarter of 2019[1] b. Fourth quarter of 2019[2] c. Fourth quarter of 2019[3] d. N/A	76.3 (of which approximately HK$22.4 million has already been incurred by our Group as at the Latest Practicable Date, with approximately HK$53.9 million to be incurred by our Group) We derived the estimated total investment/capital expenditure through obtaining fee quote from contractors, suppliers and potential landlords, such as the government. a. We have entered into a lease agreement for the LNG vehicular refuelling station and the annual lease amount is approximately RMB1.4 million. b. We have obtained information from the Xinzheng provincial government over the piece of land for the L-CNG vehicular refuelling station, to which HK$2.8 million of the HK$13.0 million is attributable to the L-CNG vehicular refuelling station. c. We have entered into an agreement for our intentions to lease the land for the CNG vehicular refuelling station and were required to pay RMB6.0 million as a two year lease prepayment.	Approximately 35.3% from net proceeds from the Global Offering (i.e. HK$26.9 million) and 64.7% from our Group's internal and external financing

Note:

Prior to the actual operation of any new station, preparatory works are required to be carried out such as calibrating our machines and equipment and training our staff. After preparatory works are finished, we also conduct trial operation prior to the actual operation as well to ensure our operations run smoothly. As such, there is a time gap between our expected time frame for completion of construction and the expected commencement date of actual operation.

1. Based on the experience of our Directors, as the scale of our LNG vehicular refuelling station is smaller than our other new stations, we require fewer time for preparatory works and trial operation usually lasts shorter. We expect to commence trial operation of the new LNG vehicular refuelling station in first quarter of 2019.
2. Based on the experience of our Directors, trial operation usually lasts between three to five months. We expect to commence trial operation of the new L-CNG vehicular refuelling station by end of 2019.
3. Based on the experience of our Directors, trial operation usually lasts between three to five months. We expect to commence trial operation of the new CNG vehicular refuelling station by end of 2019.

Details	Use	Major facilities to be built/Subject matter to be acquired	Expected time frame for completion of construction/ acquisition	Expected commencement date of actual operation (where applicable)	Estimated total investment/total expected capital expenditure with basis (where applicable) *(HK$ million)*	Source of funding of the estimated total investment/ total expected capital expenditure
(v) Acquisition of additional vehicles						
Acquisition of vehicles for the expansion of our vehicles fleet	Expansion of our vehicles fleet for dangerous goods transportation	20 LPG tankers, 100 LPG vans, 20 CNG trailers and 10 LNG tankers	Commencing first half of 2019, expected to be completed by 2023	N/A	68.9 (taking the lower end point of our Group's estimation)	Approximately 23.4% from net proceeds from the Global Offering (i.e. HK$16.1 million) and 76.6% from our Group's external financing
				Total:	332.1	

Our Group conducted feasibility studies and market research on our expansion plans, and compared the costs of the suppliers and will select those which can offer quality goods and/or services at competitive costs and make adjustments to allow for buffer.

We believe that there exists a ready demand for our Group's services after our expansion, based on the following reasons:

1. LPG: According to the F&S Report, LPG consumption in Guangdong Province is estimated to reach 12,818.5 thousand tonnes in 2022, which represents a CAGR of approximately 9.7% from 2018. Based on our Group's feasibility studies, our Directors estimate and believe that our current customers which purchase LPG from our Group has a huge demand for LPG, and our Group is only supplying approximately 20% of their demands. As a result, we believe that there is still approximately 80% of their demands our Group may capitalize on and which will require our Group to purchase more LPG to satisfy the unattended demands.

2. LNG and CNG:

   According to the F&S Report, natural gas consumption (which includes LNG and CNG) in Guangdong Province and Henan Province ranked the third and the eighth amongst the 30 provinces in China, of approximately 16.8 billion m^3 and 9.3 billion m^3 in consumption level, which far exceeded the national average of 6.9 billion m^3. Going forward, China is witnessing an increase in both production and consumption levels. The CAGR for the period between 2012 to 2017 was approximately 5.8% and 9.8% in production and consumption volume respectively, and is expected to increase to 10.8% and 11.1% in production and consumption volume respectively, for the period between 2018 to 2022. The consumption level of natural gas in China is expected to reach 415.3 billion m^3 in 2022. In particular, natural gas consumption in Henan Province and Guangdong Province is expected to increase at a CAGR of approximately 14.0% and 13.8% respectively, for the period between 2017 and 2022.

Besides relying on the F&S Report, our Group has also conducted our own feasibility studies and market research where the findings for natural gas are set out below:

a) LNG: Based on our feasibility study and market research, we estimate the LNG demand from public transport companies and logistics companies which operate near Huadu District, Guangzhou City, Guangdong Province, to be approximately 16 tonnes per day which represents approximately 5,800 tonnes annually. Based on consultations with the public transport companies, there are approximately 330 public transport vehicles which use LNG within Huadu District as at the Latest Practicable Date. In relation to our new L-CNG station, as it is situated near a major highway and near a foods production zone in Xuedianzhen, Xinzheng City, Henan Province that mainly uses LNG vehicles as a transportation tool, we believe that there will be sufficient LNG demands. During the Track Record Period, our LNG sales volume has also experienced a significant increase. For the year ended 31 December 2017, our sales volume of LNG was approximately 604.0 tonnes and for the six months ended 30 June 2018, our sales volume of LNG already reached 1,742 tonnes. As a result, we believe that there is a strong LNG demand which our Group intends to capture.

b) CNG: Our new CNG station in the Zhengzhou Airport Economy Zone, Xinzheng City, Henan Province, is the only CNG station that will operate in the area. It is also located near two major highways and we believe that the CNG demands are secured by our Group. The other L-CNG station which is located near a foods production zone in Xuedianzhen, Xinzheng City, Henan Province, is situated near a major highway, and our Group estimates there will be great demand from public transport companies and private vehicles. Consequentially, we will need to increase our CNG processing capacity by establishing a new CNG Mother Station which can provide for the CNG and L-CNG vehicular refuelling stations located nearby such Mother Station. We have obtained confirmation letters with some of our existing and new customers such as beverage manufacture company, chemical company, urban gas company, vehicular refuelling station operator, construction companies, synthetics company, oil and gas wholesale companies, fodder company, natural gas and petrol consulting and development companies, registered in Anyang City, Zhengzhou City, Luoyang City, Xinzheng City, Xuchang City, Henan Province. As far as our Directors are aware of, most of the industrial customers do not have CNG pipelines which can provide CNG to them and would therefore require CNG to be actively provided to them through our CNG vehicles. Government policies such as Changing Fuels from Coal to Gas Policy (煤改氣政策) and the Notice on Opinion of Accelerating and Advancing the Utilization of Natural Gas (加快推進天然氣利用的意見) has led to the increasing demand of CNG and encouraging the switch to natural gas as gas source. We believe that our customers arrived at their anticipated demands taking into account the industry changing their fuel source to natural gas, and any potential new CNG stations being constructed along the highways, together with their own business plans whom they estimated that in aggregate, they will require approximately 0.7–0.8 million m^3 of CNG per day by 2023. In turn, we are able to project that our CNG customers in aggregate require approximately 255.5 million m^3 to 292 million m^3 annually by 2023. As such, we believe that the construction of a new CNG Mother Station as well as the addition of CNG and L-CNG vehicular refuelling stations is necessary to facilitate their demands.

As mentioned under "Our Business Strategies — (iii) To pursue vertical integration opportunities in developing new CNG and L-CNG vehicular refuelling stations and CNG Mother Station to strengthen our market position and enhance our competitiveness in Henan Province" in this section, we have already secured a contract with PetroChina in anticipation of the new Mother Station. Every year, we will review our CNG requirement and provide yearly confirmations to PetroChina in advance to secure our anticipated supply. This is reinforced on a weekly basis as well and by varying through our monthly and daily gas usage plans to PetroChina, and therefore we will timely communicate our anticipated change of demand to PetroChina. During the Track Record Period, our adjustments made through the plans submitted to PetroChina has been accepted by them. Given this frequent level of communication, our Group is confident that PetroChina can fulfill our demands. As such, we believe that our demands could be primarily fulfilled through PetroChina and Henan Blue Sky, a Jointly Controlled Entity, and other secondary gas source providers.

According to F&S, there are many secondary gas source providers in the market who are willing to sell CNG at competitive prices with large quantities to companies who have a well-established distribution and sales network, well-recognized brand image and proven market positioning and competitiveness. However, our Group cannot guarantee that their prices are as competitive as PetroChina and/or Henan Blue Sky as PetroChina has the advantage of being the primary source for CNG, and Henan Blue Sky is one of our Jointly Controlled Entities and is therefore more likely to be in a position to provide competitive prices to our Group. For details regarding our alternative sources for CNG and their pricing, please refer to "Suppliers — Supplier concentration — Our Directors' view — (b) Flexibility in sourcing from other suppliers and expanding supplier base" in this section of this prospectus.

We have also received positive indications from our existing customers that their needs for our gas products are estimated to increase in the near future. Based on the above, our Group is confident that there will be a sufficient appetite from the market. Despite our expansion, our business operation and model remain the same and our Group will consistently adopt process management and monitor each process of our business operations and where required, adjust the control mechanism and reinforce institutionalized management as our business expand in size. In addition, ancillary to our business expansions, we shall employ additional manpower in order to facilitate our operations.

Given our Group's established relationship with our gas suppliers, we believe that our Group will not experience difficulties in purchasing additional raw materials from them nor hamper their quality. On the contrary, we believe that the more our Group purchases from the suppliers, the more favourable the terms and conditions will be (i.e. pricing and delivery schedule). In particular, two of the long term agreements which we have signed with PetroChina and Henan Blue Sky will only expire in 2023. Together with the long term relationship with PetroChina and Henan Blue Sky and given that Henan Blue Sky is one of our joint venture partners, we believe that our CNG supply from PetroChina and Henan Blue Sky are guaranteed and are able to substantiate our business expansions.

OUR PRODUCTS

We sell three types of products, namely, LPG, CNG and LNG, which are alternative gas fuel sources to traditional vehicle fuel such as gasoline and diesel on a retail basis and wholesale basis. We generally procure from upstream suppliers whom we typically entered into gas supply framework agreement for fuel supply. The salient features of the three kinds of fuels are set out below:

LPG

LPG is liquefied petroleum gas. LPG could be used as vehicle fuel but is also commonly used as fuel sources for cooking or heating appliances. As at the Latest Practicable Date, we have 6 LPG vehicular refuelling stations in Guangzhou City, 2 LPG domestic stations in Jiangmen City, all located in Guangdong Province and 1 LPG domestic station in Ganzhou City, Jiangxi Province. We also have a LPG terminal with storage facilities located in Jiangmen City, Guangdong Province.

CNG

CNG is compressed natural gas. According to the F&S Report, CNG is the most widely used natural gas fuel of vehicles in China due to its lower cost to produce. As CNG is still in gas form, it occupies greater volume (vis-a-vis LNG), and owing to its lower reduction in volume, usage of CNG is more often found in short distance vehicles, such as local buses, taxis and private vehicles. As at the Latest Practicable Date, we have 8 CNG vehicular refuelling stations in Zhengzhou City, 2 CNG vehicular refuelling stations in Zhumadian City, 1 CNG vehicular refuelling station in Xinyang City and 1 CNG vehicular refuelling in Xinzheng City, all located in Henan Province. We also have two CNG Mother Stations located in Xinzheng City and Zhumadian City, Henan Province.

LNG

LNG is liquefied natural gas. The LNG refuelling market in China is still in the emerging stage due to its relatively high cost to process, liquefy and store compared with CNG. Nevertheless, as LNG will be processed into liquid hence occupying smaller volume than CNG, transportation of LNG in bulk is significantly easier than that of CNG. LNG could be converted back to its gas state when vapourised to become CNG. LNG fuel is mainly developed and promoted in Southern China and coastal areas. As at the Latest Practicable Date, we have 1 LNG vehicular refuelling station in Guangzhou City, Guangdong Province.

Set out below is a movement of our stations in operation during the Track Record Period:

	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 June 2018
LPG station	9	9	9	9
CNG station	11	11	12	12
LNG station	0	1	1	1
Subtotal	20	21	22	22
CNG Mother Station	2	2	2	2
Total	22	23	24	24

Set out below is a breakdown of our stations in operation by cities and provinces as at the Latest Practicable Date:

City, Province	LPG	LNG	CNG	Total number of stations
Guangzhou, Guangdong Province	8	1	0	9
Total number of stations in Guangdong Province	8	1	0	9
Ganzhou, Jiangxi Province	1	0	0	1
Total number of stations in Jiangxi Province	1	0	0	1
Xinyang, Henan Province	0	0	1	1
Zhengzhou, Henan Province	0	0	8	8
Zhumadian, Henan Province	0	0	3(1)	3(1)
Xinzheng, Henan Province(2)	0	0	2(3)	2(3)
Total number of stations in Henan Province	0	0	14	14
Total	9	1	14	24

Note:

1. It also encompass one CNG Mother Station in Zhumadian City, Henan Province.

2. Xinzheng City is one of the county-level cities under the jurisdiction of Zhengzhou City, Henan Province.

3. It also encompass one CNG Mother Station in Xinzheng City, Henan Province.

As at the Latest Practicable Date, we thus operate a total of 24 stations. Amongst the vehicular refuelling stations and domestic stations, 17 are our Self-owned Stations and 5 are Jointly-owned Stations. One CNG Mother Station is wholly-owned and one CNG Mother Station is jointly-owned.

Our Self-owned Operations and Jointly-owned Operations

During the Track Record Period, we, through our subsidiaries and Jointly Controlled Entities, have maintained stations, storage facilities and a terminal either through our subsidiaries or Jointly Controlled Entities. Only those which are maintained through our subsidiaries are accounted for in our revenue stream.

In respect of our Gas Retail Business, we have 17 Self-owned Stations which accounted for our revenue stream and 5 Jointly-owned Stations which did not account for our revenue stream. In respect of our Gas Wholesale Business, revenue from our subsidiaries, being GD Petrochemical and Xinzheng Sino Gas, which despatch LPG from our leased storage facilities to our customers and operate a CNG Mother Station respectively, accounted for our revenue stream, and the revenue from our Jointly Controlled Entities which operate a CNG Mother Station and despatch LPG from our storage facilities in Jiangmen City, Guangdong Province, did not account for our revenue stream.

Set out below are details of our Self-owned Stations and Jointly-owned Stations which engage in the Gas Retail Business:

Stations operated by us through our subsidiaries

The following table sets out (i) the respective retail revenue and sales volume contribution of each of the stations in operation; (ii) the total retail revenue generated from each type of stations; (iii) the percentage of total retail revenue generated from each station and each type of stations; (iv) the average selling price/unit of each of the stations during the Track Record Period; as well as (v) the non-station revenue mainly derived from commercial and industrial end-users who are not required to visit our retail stations.

					For the years ended 31 December															For the six months ended 30 June				
					2015					2016					2017					2018				
Station	Operation model	Land ownership	City	Province	Revenue	Percentage of retail revenue	Sales volume[3]	Average selling price	Gross profit[4]	Revenue	Percentage of retail revenue	Sales volume[3]	Average selling price	Gross profit[4]	Revenue	Percentage of retail revenue	Sales volume[3]	Average selling price	Gross profit[4]	Revenue	Percentage of retail revenue	Sales volume[3]	Average selling price	Gross profit[4]
					(RMB'000)	%		*(RMB)*	*(RMB'000)*	*(RMB'000)*	%		*(RMB)*	*(RMB'000)*	*(RMB'000)*	%		*(RMB)*	*(RMB'000)*	*(RMB'000)*	%		*(RMB)*	*(RMB'000)*
LPG																								
Shiliugang Station	Self-owned	Lease	Guangzhou	Guangdong	46,507	9.0%	7,425	6,263.6	8,763	39,486	8.3%	6,657	5,931.6	20,433	35,856	6.8%	5,965	6,011.5	14,298	13,291	5.4%	2,113	6,290.1	5,589
University Town Station	Self-owned	Lease	Guangzhou	Guangdong	13,834	2.7%	2,159	6,407.6	2,859	10,296	2.2%	1,744	5,903.0	5,304	12,310	2.3%	2,012	6,118.8	5,039	6,197	2.5%	984	6,297.8	2,612
Jinpanling Station	Self-owned	Lease	Guangzhou	Guangdong	86,044	16.6%	13,740	6,262.1	16,195	77,976	16.4%	13,127	5,939.9	40,404	75,697	14.4%	12,743	5,940.0	29,637	33,449	13.7%	5,276	6,339.8	14,221
Taihe Station	Self-owned	Lease	Guangzhou	Guangdong	41,703	8.1%	6,615	6,304.6	8,078	41,882	8.8%	7,075	5,919.8	21,633	40,044	7.6%	6,584	6,081.8	16,247	15,429	6.3%	2,444	6,313.0	6,522
Jiaokou Station	Self-owned	Lease	Guangzhou	Guangdong	74,441	14.4%	11,732	6,345.4	14,805	70,552	14.8%	11,935	5,911.8	36,395	90,211	17.2%	14,838	6,079.6	36,581	38,499	15.7%	6,100	6,311.3	16,269
Huangcun Station	Self-owned	Lease	Guangzhou	Guangdong	52,500	10.1%	8,362	6,278.4	9,991	50,666	10.6%	8,594	5,895.3	26,068	64,309	12.2%	10,651	6,037.8	25,812	25,903	10.6%	4,098	6,320.9	10,971
Ganzhou Station (domestic station)	Self-owned	Self-owned	Ganzhou	Jiangxi	3,929	0.8%	826	4,756.1	1,158	5,196	1.1%	1,245	4,174.5	1,816	12,471	2.4%	2,628	4,746.5	2,967	9,659	3.9%	1,961	4,925.5	2,673
LPG non station revenue					–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	10,121	4.1%	2,656	3,810.6	267
Sub-total					**318,958**	**61.7%**	**50,859**		**61,849**	**296,054**	**62.2%**	**50,377**		**152,053**	**330,898**	**62.9%**	**55,421**		**130,581**	**152,548**	**62.2%**	**25,632**		**59,124**
LNG																								
Lixin Highway Station	Self-owned	Lease	Guangzhou	Guangdong	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	1,682	0.3%	357		509	1,708	0.7%	348		393
LNG non station revenue					N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	N/A[5]	747	0.1%	186		8	–	–	–		–
Sub-total					**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,429**	**0.4%**	**543**		**517**	**1,708**	**0.7%**	**348**		**393**
CNG																								
Nongye Donglu Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	7,043	1.4%	2.0	3.5	1,804	5,899	1.2%	2.0	2.9	2,167	6,516	1.2%	2.2	3.0	2,362	3,237	1.3%	1.1	3.1	1,225
Economic Zone Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	17,300	3.3%	4.8	3.6	4,830	17,486	3.7%	5.8	3.0	6,830	19,940	3.8%	6.5	3.1	7,665	11,779	4.8%	3.7	3.2	4,758
Zhengpinglu Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	32,851	6.4%	9.2	3.6	9,037	33,370	7.0%	11.1	3.0	12,962	37,391	7.1%	12.1	3.1	14,403	15,433	6.3%	4.8	3.2	6,343
Chenzhai Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	31,843	6.2%	8.8	3.6	9,078	25,383	5.3%	8.3	3.1	10,110	21,571	4.1%	7.0	3.1	8,390	9,471	3.9%	2.9	3.3	3,937
Science Road Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	18,532	3.6%	5.1	3.7	5,395	15,413	3.2%	5.0	3.1	6,174	15,078	2.9%	4.8	3.2	6,028	8,162	3.3%	2.4	3.3	3,483
Sports Centre Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	26,085	5.0%	7.3	3.6	7,286	20,431	4.3%	6.9	3.0	7,857	21,032	4.0%	6.9	3.1	7,970	11,148	4.6%	3.5	3.2	4,402
Tongli Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	25,920	5.0%	7.1	3.7	7,544	24,632	5.2%	8.0	3.1	9,806	26,131	5.0%	8.4	3.1	10,214	10,266	4.2%	3.2	3.3	4,236
Liuzhuang Station	Self-owned[1]	Lease[2]	Zhengzhou	Henan	23,018	4.5%	6.4	3.6	6,606	15,306	3.2%	5.1	3.1	6,073	16,971	3.2%	5.5	3.1	6,514	9,509	3.9%	3.0	3.2	3,863
Xinzheng Daughter Station	Self-owned	Self-owned	Xinzheng	Henan	N/A[6]	N/A[6]	N/A[6]	N/A[6]	N/A[6]	N/A[6]	N/A[6]	N/A[6]	N/A[6]	N/A[6]	538	0.1%	0.2	3.9	279	1,612	0.7%	0.5	3.7	775
CNG non station revenue					15,197	2.9%	4.2	3.6	3,784	22,104	4.7%	7.8	2.8	7,537	27,150	5.3%	9.1	3.0	9,541	10,120	4.1%	3.7	2.7	2,686
Sub-total					**197,789**	**38.3%**	**54.9**		**55,364**	**180,024**	**37.8%**	**60.0**		**69,516**	**192,318**	**36.7%**	**62.7**		**73,366**	**90,737**	**37.1%**	**28.8**		**35,708**
Total					**516,747**	**100.0**			**117,213**	**476,078**	**100.0**			**221,569**	**525,645**	**100.0**			**204,464**	**244,993**	**100%**			**95,225**

Notes:

1. These stations are jointly owned by us with Zhengzhou Public Transportation and/or other Independent Third Parties. Since we own the majority of the equity interest (i.e., more than 50%), the revenue of such stations is consolidated as part of our Group's revenue and thus we classify them as Self-owned Stations.

2. The land use rights of these stations are owned by Zhengzhou Public Transportation, one of our joint venture partners. We did not enter into a separate lease agreement with Zhengzhou Public Transportation during the Track Record Period. For details, please refer to the paragraph headed "Properties — Leased properties — Joint venture investment of refuelling stations operating with Zhengzhou Public Transportation" in this section of this prospectus.

3. Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million m^3.

4. Based on the management accounts of our Group's individual stations for each financial year during the Track Record Period, the gross profit of each station was calculated by deducting their respective cost of goods sold (comprising mainly the purchase price of raw materials) from their respective gross revenue.

5. The Lixin Highway Station was established in December 2016 and only commenced business operations in 2017.

6. The Xinzheng Daughter Station commenced business operations in 2017.

All of our Self-owned Stations are operated under the logo " " and trade name of "中油潔能" as at the Latest Practicable Date.

Set out below is a breakdown of our sales volume, revenue, and percentage of revenue and type of sales by product type generated from our self-owned operations:

	For the years ended 31 December									For the six months ended 30 June		
	2015			2016			2017			2018		
	Sales Volume[1]	Revenue	Percentage of revenue	Sales Volume[1]	Revenue	Percentage of revenue	Sales Volume[1]	Revenue	Percentage of revenue	Sales Volume[1]	Revenue	Percentage of revenue
		(RMB'000)	*(%)*		*(RMB'000)*	*(%)*		*(RMB'000)*	*(%)*		*(RMB'000)*	*(%)*
Retail												
— LPG	50,859	318,958	48.1	50,377	296,054	33.7	55,421	330,898	30.2	25,632	152,548	27.4
— CNG	54.9	197,789	29.9	60.0	180,024	20.5	62.7	192,318	17.6	28.8	90,737	16.3
— LNG	—	—	—	—	—	—	543	2,429	0.2	348	1,708	0.3
Sub-total		516,747	78.0		476,078	54.2		525,645	48.0		244,993	44.0
Wholesale												
— LPG	38,352	123,788	18.7	147,776	393,951	44.9	157,762	565,037	51.6	82,988	302,667	54.3
— CNG (Mother Station)[2]	6.6	19,569	2.9	2.2	5,695	0.6	0.6	1,662	0.2	0.4	1,189	0.2
— LNG	—	—	—	—	—	—	61	273	0.0	1,394	6,050	1.1
Sub-total		143,357	21.6		399,646	45.5		566,972	51.8		309,906	55.6
Logistic services	—	2,324	0.4	—	2,649	0.3	—	2,722	0.2	—	2,269	0.4
Total		**662,428**	**100**		**878,373**	**100**		**1,095,339**	**100**		**557,168**	**100**

Notes:

1. Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million m^3.

2. The CNG Mother Station refers to the CNG Mother Station in Xinzheng City which is wholly owned by our Group.

Stations operated by us through Jointly Controlled Entities

The following table sets out (i) the total retail revenue of each type of stations during the Track Record Period in respect of the retail sales attributable to our Group; (ii) the amount of net profit/loss of the stations; and (iii) the amount of net profit/loss attributable to our Group:

					Revenue				Amount of net profit/loss					Amount of net profit/loss attributable to our Group			
					For the year ended 31 December			For the six months ended 30 June	For the year ended 31 December			For the six months ended 30 June		For the year ended 31 December			For the six months ended 30 June
Stations	Operation model	Land ownership	City	Province	2015 Revenue[1]	2016 Revenue[1]	2017 Revenue[1]	2018 Revenue[1]	2015 Amount of net profit/loss	2016 Amount of net profit/loss	2017 Amount of net profit/loss	2018 Amount of net of net profit/loss	Equity interest attributable to our Group	2015 Amount of net profit/loss	2016 Amount of net profit/loss	2017 Amount of net profit/loss	2018 Amount of net profit/loss
					(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*		*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
LPG																	
Gujing Station (domestic station)	Jointly-owned	Lease	Jiangmen	Guangdong	15	388	983	602	0.5	36.3	69.7	55.7	50%	0.3	18.2	34.9	27.9
Xinjiang Meiqi Station (domestic station)	Jointly-owned	Self-owned	Jiangmen	Guangdong	9,185	4,088	6,848	3,050	345.6	444.2	530.0	451.9	50%	172.8	222.1	265.0	226.0
CNG																	
Yicheng Station	Jointly-owned	Lease	Zhumadian	Henan	16,095	9,466	10,123	4,753	(211.2)	(325.7)	(32.3)	498.3	50%	(105.6)	(162.9)	(16.2)	249.2
Lianjiang Station	Jointly-owned	Lease	Zhumadian	Henan	21,414	14,823	11,653	5,896	(291.2)	(579.9)	(25.4)	618.3	50%	(145.6)	(290.0)	(12.7)	309.2
Xinyang Station	Jointly-owned	Self-owned	Xinyang	Henan	1,040	2,068	424	265	(159.3)	(382.2)	23.1	106.0	50%	(79.7)	(191.1)	(11.6)	53.0

Notes:

1. The revenue relates to the total retail revenue of each type of stations, after taking into account the respective equity interests of our Group. Therefore, our Group is only interested in 50% of the retail revenue of these stations.

As we own 50% of the shareholding of the Jointly-owned Stations set out above, in accordance with the articles of association of the Jointly Controlled Entities, we are only entitled to profit sharing in accordance with our respective equity interests in the Jointly-owned Stations. Our Group will report our proportionate share of the equity of the Jointly Controlled Entities in consolidated statements of financial position and such share of profit/losses of Jointly Controlled Entities is reflected in consolidated statements of profit or loss and other comprehensive income. For further details, please refer to note 2(e) of the Accountants' Report in Appendix I to this prospectus. However, we hold the relevant licenses or approvals to operate these stations and are responsible for managing the day to day operation. All of the Jointly-owned Stations are operated under the logo “ ” and trade name of “中油潔能” (together referred to as “**Identification Mark**”) as at the Latest Practicable Date. In respect of our LPG domestic stations in Jiangmen City, the logo “ ” and trade name (新江煤氣) is used as our Directors believe that our joint venture partner is relatively well known within Jiangmen City. Our Directors believe that the logo and trade name of Xinjiang Meiqi (新江煤氣) represent the unity of the two companies in the Jointly Controlled Entity. However, we intend to gradually adopt only our Identification Mark in the two LPG domestic stations if the business environment permits, and our Group still believes there is a certain degree of reputation of Xinjiang Meiqi (新江煤氣) which assists our Group's sales and operations in Jiangmen City, Guangdong Province as at the Latest Practicable Date. Our Directors confirm that the daily operation process at these stations are not materially different from one another's save for the LPG domestic stations due to the inherent differences in clientele and end product as compared with other LPG vehicular refuelling stations.

The table below sets out our average unit price and gross profit margin for each of the products by sales type for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively:

	For the years ended 31 December						For the six months ended 30 June	
	2015		2016		2017		2018	
Types of sales	**Average price[(1)]**	**Gross profit margin**	**Average price[(1)]**	**Gross profit margin**	**Average price[(1)]**	**Gross profit margin**	**Average price[(1)]**	**Gross profit margin**
	(RMB/unit)	*(%)*	*(RMB/unit)*	*(%)*	*(RMB/unit)*	*(%)*	*(RMB/unit)*	*(%)*
Retail								
LPG	6,271	19.4	5,877	51.4	5,971	39.5	5,951	38.8
CNG	3.6	28.0	3.0	38.6	3.1	38.2	3.2	39.4
LNG	—	—	—	—	4,475	21.3	4,908	23.0
Sub-total		22.7		46.5		38.9		38.9
Wholesale								
LPG	3,228	0.8	2,666	0.1	3,582	1.6	3,647	0.8
CNG	3.0	26.4	2.6	28.5	2.7	28.7	3.0	43.1
LNG	—	—	—	—	4,462	3.3	4,340	4.0
Sub-total		4.3		0.4		1.7		1.0
Total		**18.9**		**25.6**		**19.7**		**17.9**

Note:

1. Average selling price is calculated by the total revenue generated from the sales of each product during the respective period divided by the sales volume for each product during the respective period.

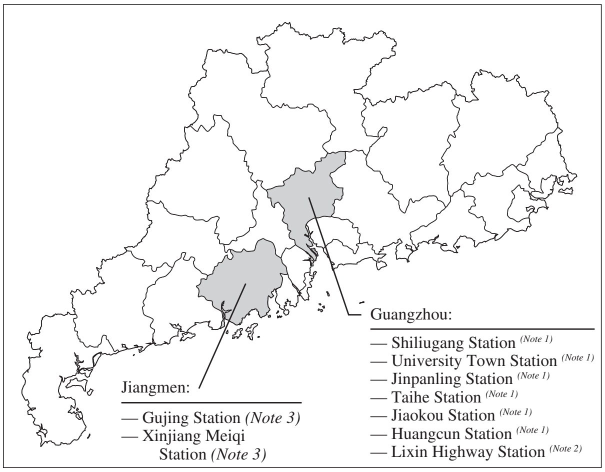
For discussion of our gross profit and gross profit margin, please refer to the section headed "Financial information — Description of consolidated statements of profit or loss and other comprehensive income line items — Gross profit and gross profit margin" in this prospectus.

Our Geographical Markets

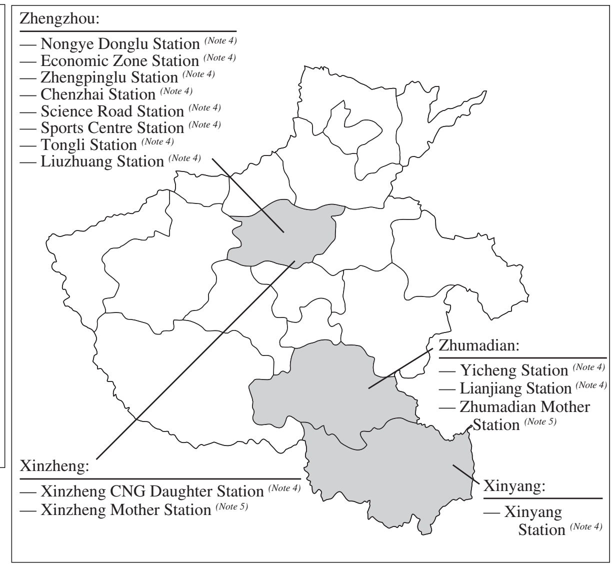
During the Track Record Period, we have primarily provided our LPG products in Guangdong Province and Jiangxi Province, our CNG products in Henan Province and our LNG products in Guangdong Province. Set forth below is a breakdown of our total revenue by geographical markets and an illustration of our stations as shown by the maps:

	For the years ended 31 December						For the six months ended 30 June	
	2015		2016		2017		2018	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Guangdong Province	426,497	64.4	668,807	76.1	824,150	75.2	428,450	76.9
Henan Province	218,702	33.0	186,094	21.2	194,777	17.8	91,926	16.5
Jiangxi Province	17,229	2.6	23,472	2.7	76,412	7.0	36,792	6.6
Total	**662,428**	**100**	**878,373**	**100**	**1,095,339**	**100**	**557,168**	**100**

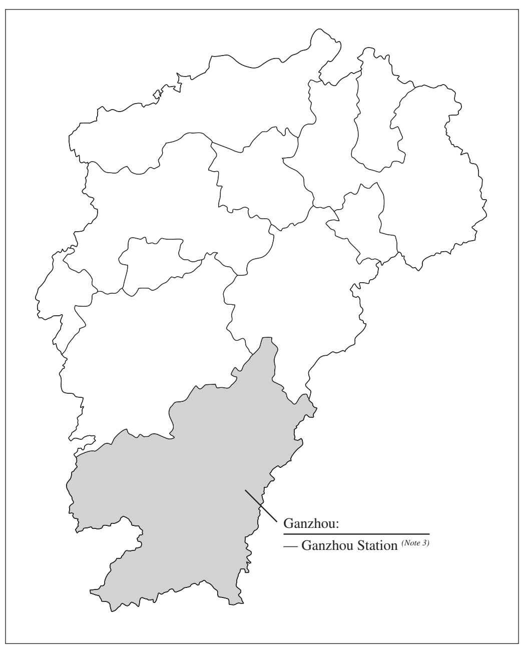
Guangdong Province



Henan Province



Jiangxi Province



Notes:

1. LPG vehicular refuelling stations
2. LNG vehicular refuelling stations
3. LPG domestic stations
4. CNG vehicular stations
5. CNG Mother Stations

OUR BUSINESS MODEL

We are an integrated LPG and natural gas supplier in the PRC with a complete industry chain of over 13 years of proven track record in the gas industry. We primarily engage in the operation of LPG, CNG and LNG vehicular refuelling stations (車用加汽站), LPG domestic stations (民用站), CNG Mother Stations (母站) and the LPG and CNG wholesale business in Guangdong Province, Henan Province and Jiangxi Province, the PRC. We pride ourselves in maintaining a LPG terminal and storage facilities located in Jiangmen City, Guangdong Province through JM Xinjiang Gas, a Jointly Controlled Entity, and our own logistics fleet, which together they can guarantee a steady supply of gas for our Gas Retail Business and Gas Wholesale Business.

Throughout the Track Record Period, the Gas Retail Business was our core business, representing approximately 78.0%, 54.2%, 48.0% and 44.0%, respectively, of our total revenue for the respective years. Since 2016, our Gas Wholesale Business was starting to gain importance, representing approximately 21.6%, 45.5%, 51.8% and 55.6% of our revenue in 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. The increasing proportion of Gas Wholesale Business was due to our efforts in boosting sales in the Gas Wholesale Business while maintaining our sales in the Gas Retail Business. According to the F&S Report, the industrial LPG consumption in Guangdong Province is expected to reach approximately 6,870.7 thousand tonnes in 2022, at a CAGR of approximately 13.2% from 2018 to 2022, outweighing residential as the largest LPG application scenario by taking up approximately 53.6% of the total LPG consumption volume in Guangdong Province in 2022. Meanwhile, there is also expected to be a steady growth in the residential sector in Guangdong Province with the LPG consumption of the residential sector to reach approximately 5,631.6 thousand tonnes in 2022 from 4,369.6 thousand tonnes in 2018, with a CAGR of approximately 6.5%.

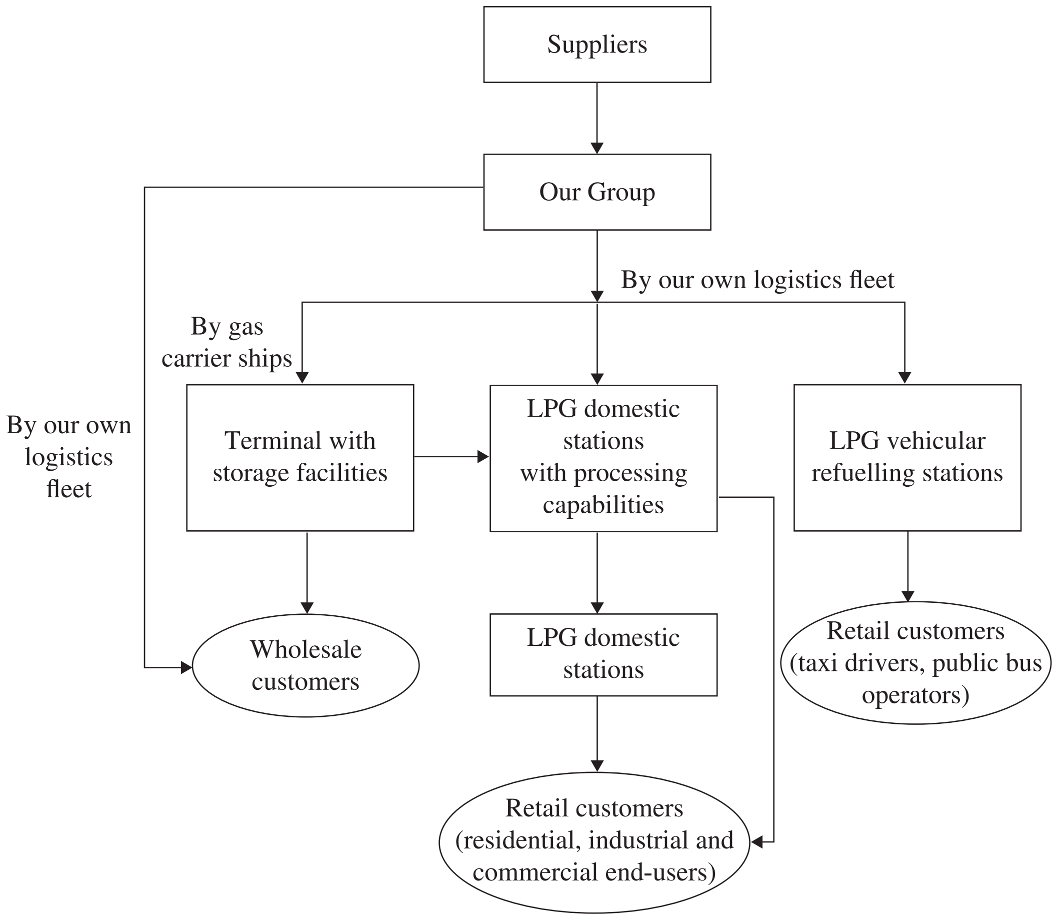
To capture business opportunities from the sustainable growth of industrial and residential LPG market in Guangdong Province, we, through JM Xinjiang Gas, a Jointly Controlled Entity, operate two LPG domestic stations and supply LPG to other LPG fuel operators on wholesale basis.

Going forward, we intend to further penetrate the LPG wholesale market in Guangdong Province in order to achieve the following business objectives:

- benefit from the growth of LPG sales of our wholesale customers in view of the sustainable growth of industrial and residential LPG market;
- build up our relationship and network with various domestic stations operators in Guangdong Province for our potential vertical expansion, reach more end customers and further pave a solid foundation for our Group to further expand into LPG domestic stations market; and
- further strengthen our bargaining power with our suppliers as a result of our further increased purchase volume such that we could continue to secure long-term cooperation with our suppliers at competitive terms going forward.

Set out below are our business model by product type:

Our LPG Business Model



The primary processes of our LPG business model consist of the below:

- ***Upstream procurement***

Our upstream suppliers consist of large scale LPG domestic gas suppliers with their own terminal and storage which mainly import LPG from overseas, and domestic petrochemical refineries. The former refers to those which possess at least 50,000 tonnes of LPG in their terminal and storage facilities within the PRC. We rely on these suppliers to source LPG from overseas and use gas carrier ships to transport the LPG to the integrated terminal and storage facilities in Jiangmen City, Guangdong Province where the Xinjiang Meiqi station is also situated. Domestic petrochemical refineries mainly refer to large scale state-owned enterprises and/or their subsidiaries.

- ***Intermediary logistics***

There are two modes of transporting LPG, one being using our own logistics fleet to transport LPG by using vehicles, and one being using gas carrier ships designated for LPG use. We have relied on our own logistics fleet to transport LPG from our suppliers to our wholesale customers and to our LPG stations. We have also relied on gas carrier ships to transport the LPG from our suppliers to the integrated terminal and storage facilities. The latter method allows us to source from suppliers which are further away from us all across the coastal areas of China due to the transporting distance allowed by gas carrier ships.

By adopting the two modes of transport, we are able to select from a bigger range of upstream suppliers in different regions and enhance our bargaining power as we are not constrained by distance when choosing our suppliers.

- ***Downstream portfolio***

Our downstream portfolio consists of LPG vehicular refuelling stations and LPG domestic stations, and our customers consist of retail and wholesale customers.

Retail customers:

(1) LPG vehicular refuelling stations

The LPG which we purchased is stored in the suppliers' gas storage facilities. During the Track Record Period, we have rented storage facilities of our suppliers located in Dongguan City and Nansha District of Guangdong Province. The storage facilities will fill the tanker (槽車) with LPG, and after the LPG is filled into the tanker (槽車), it is transported by our own logistics fleet to our 6 LPG vehicular refuelling stations. Through the dispensers, the LPG are then sold to bus operators and taxi drivers.

(2) LPG domestic stations

We possess two LPG domestic stations with refuelling capabilities, being the Xinjiang Meiqi Station and the Ganzhou Station. The LPG is transmitted using pipelines to the Xinjiang Meiqi Station and our logistics fleet will transport the LPG into the Ganzhou Station. We will process and fill the LPG into steel cylinders in these two stations and subsequently distribute the LPG cylinders for onward sales to residential, industrial and commercial end-users from all of our LPG domestic stations.

Wholesale customers:

After filling LPG into a tanker (槽車) from our LPG storage, we transport it directly to our wholesale customers using our own logistics fleet. Where the LPG is stored in our suppliers' storage facilities, we may transport the LPG to our wholesale customers through our logistics fleet or our wholesale customers will arrange their own logistics services. Our wholesale customers are mainly other LPG fuel suppliers such as LPG domestic stations operators. According to our wholesale customers, they will in turn sell LPG fuel to individual and corporate end-users such as restaurants and other vehicular and residential end-users, and our Group is not responsible to oversee and/or monitor their subsequent sales.

Our LPG vehicular refuelling stations and LPG domestic stations

Set out below is a summary of the details of our LPG stations as at the Latest Practicable Date:

	Station	Year of establishment	Station type	Ownership structure	Location	Storage capacity	Equipment	Number of dispensers installed
1.	Huangcun Station	2006	LPG vehicular refuelling station	Self-owned	Huangcun, Tianhe District, Guangzhou City — Inside maintenance grounds of a public bus operator	approximately 16 tonnes underground storage tanks	1 compressor, 2 refuelling hydrocarbon pumps	2 four-gun dispensers and 2 six-gun dispensers
2.	Jiaokou Station	2007	LPG vehicular refuelling station	Self-owned	No. 533 Fangcun Avenue West, Liwan District, Guangzhou City	approximately 16 tonnes underground storage tanks	1 compressor, 2 refuelling hydrocarbon pumps	4 six-gun dispensers
3.	Taihe Station	2009	LPG vehicular refuelling station	Self-owned	Neighbouring No.1 Wanwu Road, Xin Congguang Road, Baiyun District, Guangzhou City	approximately 16 tonnes underground storage tanks	1 compressor, 2 refuelling hydrocarbon pumps	2 six-gun dispensers
4.	Jianpanling Station	2009	LPG vehicular refuelling station	Self-owned	Taihe Town, Baiyun District, Guangzhou City — within the Jinpanling driving training centre	approximately 16 tonnes underground storage tanks	1 compressor, 2 refuelling hydrocarbon pumps	4 six-gun dispensers
5.	University Town Station	2009	LPG vehicular refuelling station	Self-owned	No. 300 Zhonghuan West Road, University Town, Panyu District, Guangzhou City	approximately 16 tonnes underground storage tanks	1 compressor, 2 refuelling hydrocarbon pumps	2 six-gun dispensers
6.	Shiliugang Station	2013	LPG vehicular refuelling station	Self-owned	Section opposite the Taichong bus stop on Shiliugang Road South, Haizhu District, Guangzhou City	approximately 16 tonnes underground storage tanks	1 compressor, 2 refuelling hydrocarbon pumps	2 six-gun dispensers
7.	Xinjiang Meiqi Station	1988	LPG domestic station with refuelling capabilities and sales function	Jointly-owned	Niuguling, Guanchong Village, Gujing Town, Xinhui District, Jiangmen City	approximately 1,660 tonnes storage tanks(1)	3 compressors, 2 refuelling hydrocarbon pumps, 6 refuelling scales	N/A
8.	Gujing Station	2015	LPG domestic station with sales function only	Jointly-owned	No. 3, Qiaolin Village, Zhuqiao Long, Gujing Town, Xinhui District, Jiangmen City	N/A, as it only has sales function of selling LPG cylinders	N/A	N/A
9.	Ganzhou Station	2000	LPG domestic station with refuelling capabilities with sales function	Self-owned	No. 13, Lingtou, Nanqiao Village, Shuinan Town, Zhanggong District, Ganzhou City, Jiangxi Province	approximately 382 tonnes storage tanks(2)	2 compressors, 2 refuelling hydrocarbon pumps, 4 refuelling scales	N/A

Notes:

1. Xinjiang Meiqi Station also encompasses LPG terminal and storage facilities.

2. Ganzhou Station also encompasses LPG storage facilities.

Our Jinpanling Station

For details of the financial information of our sales of LPG, please refer to the paragraph headed "Our products — Our Self-owned Operations and Jointly-owned Operations" in this section of this prospectus. For details on our operational process of our LPG stations, please refer to the paragraph headed "Operation process — LPG" in this section of this prospectus.

The average breakeven and investment payback periods of our self-owned LPG stations are approximately 3 and 21 months respectively and our Group has already achieved the breakeven and investment payback periods as at the Latest Practicable Date.

Storage of LPG

We have owned LPG storage facilities through JM Xinjiang Gas, a Jointly Controlled Entity, and in our Ganzhou station. There are also small amounts of LPG storage in our LPG vehicular refuelling stations. During the Track Record Period, we have also rented LPG storage facilities at our suppliers, such as Jovo Energy Company Limited (東莞市九豐能源有限公司) and Guangzhou Huakai Petroleum Gas Company Limited (廣州華凱石油燃氣有限公司). As at the Latest Practicable Date, our owned storage facilities had an aggregated storage capacity of approximately 2,138 tonnes of LPG and our average monthly storage volume at our suppliers' storage facilities amounted to approximately 8,002 tonnes during the six months ended 30 June 2018.

Set out below are details of our owned and leased LPG storage facilities during the Track Record Period:

	Storage Facilities	Location	Ownership Type	Storage Capacity as at the Latest Practicable Date *(tonnes)*	Primary supply
1	Xinjiang Meiqi Station	Niuguling, Guanchong Village, Gujing Tow, Xinhui District, Jiangmen City	Owned, through JM Xinjiang Gas, a Jointly Controlled Entity	1,660	Domestic station in Jiangmen City
2	Ganzhou station	No. 13, Lingtou, Nanqiao Village, Shuinan Town, Zhanggong District, Ganzhou City, Jiangxi Province	Owned	382	Domestic station in Ganzhou City
3	LPG vehicular refuelling stations	See above	Owned	96	6 vehicular refuelling stations in Guangzhou City, Guangdong Province
4	Suppliers	Dongguan City and Nansha District, Guangdong Province	Leased	8,002[1]	
			Total	**10,140**	

Note:

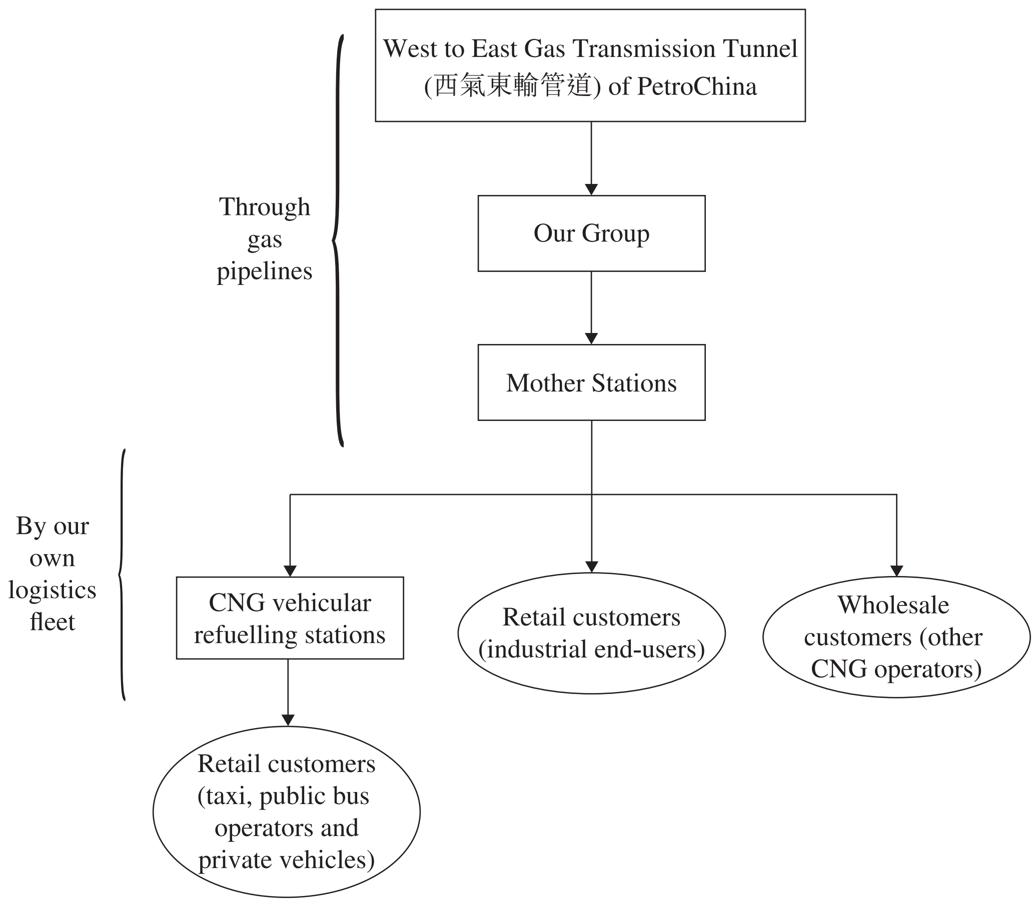
1. During the six months ended 30 June 2018, the storage capacity of facilities at our suppliers based on the average monthly storage volume of our purchased LPG with the respective suppliers is approximately 8,000 tonnes or 8,002 tonnes.

In the event where we use the storage facilities at our suppliers, we have to pay an additional fee per tonne in addition to the cost of material to our suppliers primarily for the usage of storage facilities, administration and management fees and loading and unloading charges. During the Track Record Period, we incurred additional fees of RMB3.2 million[1], RMB14.2 million, RMB12.6 million and RMB6.0 million, respectively, for using the storage facilities of our suppliers.

Note:

1. Only three months of additional fees were incurred by our Group for the year ended 31 December 2015 as a result of our Group's acquisition of GD Petrochemical (廣東中油潔能石化有限公司) on 25 September 2015.

Our CNG Business Model



The primary processes of our CNG business model consist of the below:

- ***Upstream procurement***

Our upstream suppliers primarily consist of PetroChina by utilising the West to East Gas Transmission Tunnel (西氣東輸管道) to be supplied to our CNG Mother Stations. Through the CNG Mother Stations, the CNG pressure is adjusted and it will then be transmitted into the natural gas pipeline truck (天然氣管束車).

- ***Intermediary logistics***

The logistics is mainly conducted by our own logistics fleet to the location of our CNG vehicular refuelling stations and the locations of our customers. Some of our wholesale customers may also arrange for their own logistics arrangement.

In order to lower our transportation costs of CNG to our CNG vehicular refuelling stations, we strategically placed one of our CNG vehicular refuelling stations, being the Xinzheng Daughter Station, adjacent to one of our CNG Mother Stations. The operation process of such refuelling station is essentially the same with that of our other CNG vehicular refuelling stations, save for the shortened transportation distance between the CNG supply source and the station. Unlike the other CNG vehicular refuelling stations that require our logistic fleets to deliver the CNG from our CNG Mother Stations, this CNG vehicular refuelling station obtains CNG from the pipelines connected to our Mother Station.

In respect of our CNG vehicular refuelling station located in Xinyang City, besides procuring CNG from our CNG Mother Stations, we primarily procured CNG directly from other CNG suppliers as the location of this CNG vehicular refuelling station is relatively far from our CNG Mother Stations.

- ***Downstream portfolio***

Our downstream portfolio consists of CNG vehicular refuelling stations and our customers consist of retail and wholesale customers.

Retail customers:

(1) CNG vehicular refuelling stations

We have a total of 12 CNG vehicular refuelling stations as at the Latest Practicable Date and we mainly transport the CNG from the CNG Mother Stations to the vehicular refuelling stations with our own logistics fleet using natural gas pipeline trucks for onward sales to our retail customers, such as taxi drivers, public bus operators and private vehicles drivers, through the dispensers.

(2) Other industrial end-users

After the CNG is processed at our CNG Mother Stations, the CNG pressure is reduced and can be transmitted into natural gas pipeline trucks. We, then through our own logistics fleets or those arranged by our customers, deliver the CNG to industrial end-users, such as the factories where our customers are located for their industrial use.

Wholesale customers:

Wholesale customers are mainly other CNG operators. We may deliver the CNG using our own logistics fleet or our customers will arrange the delivery of CNG themselves.

Our CNG vehicular refuelling stations and CNG Mother Stations

Set out below is a summary of the details of our CNG stations and CNG Mother Stations as at the Latest Practicable Date:

	Station	Year of establishment	Station type	Ownership structure	Location	Storage capacity	Processing capacity	Equipment	Number of dispensers installed
1.	Zhengpinglu Station	2006	CNG vehicular refuelling station	Self-owned	Intersection of University Road and South Ring Road, Erqi District, Zhengzhou City	2,200 m^3	N/A	2 compressors	3 four-gun dispensers
2.	Tongli Station	2006	CNG vehicular refuelling station	Self-owned	Intersection of Zhongyuan Road and Huashan Road, Zhongyuan District, Zhengzhou City	2,200 m^3	N/A	2 compressors	1 four-gun dispenser, 3 two-gun dispensers
3.	Chenzai Station	2006	CNG vehicular refuelling station	Self-owned	Intersection of Wenhua Road and Guoji Road, Jinshui District, Zhengzhou City	2,200 m^3	N/A	2 compressors	4 two-gun dispensers
4.	Sports Centre Station	2006	CNG vehicular refuelling station	Self-owned	Intersection of Changxing Road and Sanquan Road, Huiji District, Zhengzhou City	2,200 m^3	N/A	2 compressors	4 two-gun dispensers
5.	Economic Zone Station	2006	CNG vehicular refuelling station	Self-owned	Intersection of Fourth Avenue and South Third Ring Road, Zhengzhou Economic and Technological Development Zone, Zhengzhou City	2,200 m^3	N/A	2 compressors	4 two-gun dispensers
6.	Liuzhuang Station	2006	CNG vehicular refuelling station	Self-owned	30 meters to the North of Shaozhuang Village, Garden North Road, Zhengzhou City	1,200 m^3	N/A	1 compressor	3 two-gun dispensers
7.	Science Road Station	2006	CNG vehicular refuelling station	Self-owned	Intersection of Zhengzhou High-tech Zone Science Avenue and Shi Nan Road, Zhengzhou City	2,200 m^3	N/A	2 compressors	1 four-gun dispenser, 1 two-gun dispenser
8.	Nongye Donglu Station	2010	CNG vehicular refuelling station	Self-owned	Intersection of Agricultural East Road and Tianrui Street, Zhengdong New District, Zhengzhou City	1,800 m^3	N/A	1 compressor	3 two-gun dispensers
9.	Xinzheng Daughter Station and Xinzheng Mother Station	2017 2007	CNG vehicular refuelling station and Mother Station	Self-owned	Chengdong New District Industrial Park, Xinzheng City	N/A, as it relies on the West to East Gas Transmission Tunnel (西氣東輸管道)	200,000 m^3 per day	3 compressors, 3 dryers	2 single gun dispensers
10.	Zhumadian Mother Station	2007	Mother Station	Jointly-owned	Within the Zhumadian Blue Sky Industrial Park, Zhumadian City	N/A, as it relies on the West to East Gas Transmission Tunnel (西氣東輸管道)	150,000 m^3 per day	3 compressors,	2 single gun dispensers 1 two-gun dispenser

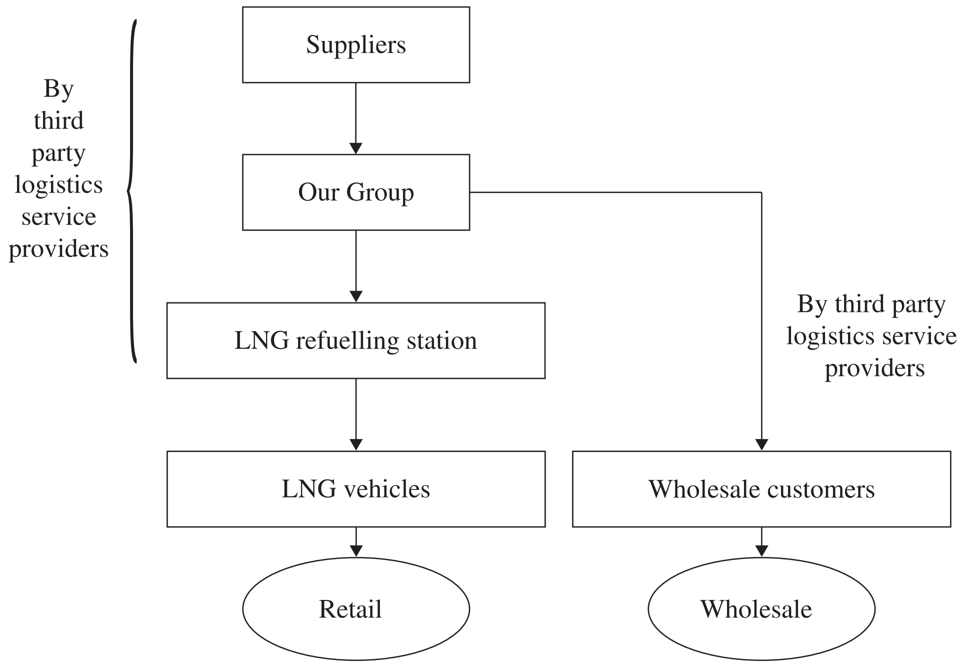
	Station	Year of establishment	Station type	Ownership structure	Location	Storage capacity	Processing capacity	Equipment	Number of dispensers installed
11.	Lianjiang Station	2007	CNG vehicular refuelling station	Jointly-owned	Linjiang Avenue, Zhumadian City	1,800 m^3	N/A	1 compressor	3 two-gun dispensers
12.	Yicheng Station	2007	CNG vehicular refuelling station	Jointly-owned	Southeast Side of the Intersection of Yicheng Avenue and Huaihe Avenue, Zhumadian City	1,800 m^3	N/A	1 compressor	3 two-gun dispensers
13.	Xinyang Station	2008	CNG vehicular refuelling station	Jointly-owned	Liuye Village, Xinyang Industrial City, Xinyang City	2,300 m^3	N/A	1 compressor	3 two-gun dispensers

Our Science Road Station

For details of the financial information of our sales of CNG, please refer to the paragraph headed "Our products — Our Self-owned Operations and Jointly-owned Operations" in this section of this prospectus. For details on our operational process of our CNG stations, please refer to the paragraph headed "Operation process — CNG" in this section of this prospectus.

The average breakeven and investment payback periods of our self-owned CNG stations are approximately 8 and 43 months respectively and our Group has already achieved the breakeven and investment payback periods as at the Latest Practicable Date.

Our LNG Business Model



The primary processes of our LNG business model consist of the below:

- ***Upstream procurement***

  Our upstream suppliers consist of large scale LNG terminal companies.

- ***Intermediary logistics***

  As we do not have vehicles which contain special cryogenic storage facilities and tanks for LNG use, we use third party logistics service providers to transport our LNG to our LNG vehicular refuelling station and to our wholesale customers.

- ***Downstream portfolio***

  Our downstream portfolio consists of a LNG vehicular refuelling station, and our customers consist of retail and wholesale customers.

  Retail customers:

  (1) LNG vehicular refuelling station

  After the LNG filled into the tanker (槽車) from the storage, it is transported by third party logistics service provider to our LNG vehicular refuelling station. Through the dispensers, the LNG are then sold to bus operators, taxi drivers and private vehicle drivers.

Wholesale customers:

After filling LNG into a tanker (槽車), we transport it directly to our wholesale customers such as other LNG suppliers through third party logistics service provider. We believe that our LNG wholesale customers would purchase from our Group primarily because they would be regarded as retail customers in the perspective of the LNG terminal companies, being our supplier, due to their relatively lower purchase volume as opposed to the purchase volume of our Group, and therefore likely be unable to obtain LNG from the LNG terminal companies or at competitive prices.

Our LNG vehicular refuelling station

Set out below is a summary of our LNG station as at the Latest Practicable Date:

Our Lixin Highway Station

Station type:	LNG vehicular refuelling station
Location:	Junction of Fuxin Road and Xinhe South Road, Shangshao Village, Xintang Town, Zengcheng District, Guangzhou City
Storage capacity:	approximately 27 tonnes LNG vertical storage tanks
Equipment:	1 compressor, 2 submersible pumps
Number of dispensers installed:	4 single gun dispensers
Year of establishment:	2016
Ownership structure:	Self-owned

For details of the financial information of our sales of LNG, please refer to the paragraph headed "Our products — Our Self-owned Operations and Jointly-owned Operations" in this section of this prospectus. For details on our operational process of our LNG station, please refer to the paragraph headed "Operation process — LNG" in this section of this prospectus.

The breakeven and investment payback periods of our self-owned LNG station are approximately 18 and 83 months respectively. Our LNG station only commenced operations in 2017 and although it is expected the LNG station requires a longer breakeven and investment payback period over our other stations, our Directors are of the view that the area surrounding Lixin Highway is expected to be developed by the government and has development potential.

OPERATION PROCESS

Despite the different composition and properties of the fuels we sell, the operation of our LPG, LNG and CNG refuelling stations is relatively similar. Our operation of refuelling stations involves the following key processes: (1) procurement of fuels from our suppliers, (2) transportation of fuels to stations, (3) sales of fuels at stations and (4) settlement.

Procurement of fuels from our suppliers

↓

Transportation of fuels to refuelling stations

↓

Sales of fuels at refuelling stations

↓

Settlement

Set out below is our operation process by product types:

LPG

1. *Procurement of LPG*

We purchase LPG mainly through using (i) our own logistics fleet and (ii) gas carrier ships.

Logistics fleet: We have established long term and stable business relationships with LPG suppliers such as Jovo Energy Company Limited (東莞市九豐能源有限公司) and Guangzhou Huakai Petroleum Gas Company Limited (廣州華凱石油燃氣有限公司) whereby we have also rented their storage facilities in the Track Record Period, and other large scale state-owned enterprise and/or their subsidiaries which are domestic petrochemical refineries. For details, please refer to the paragraph headed "Our Business Model — Storage of LPG" in this section. We designate our personnel to confirm with the suppliers on the delivery plan daily and verify the delivery situation of the previous day. We also perform monthly checks and reconciliation of the gas supply statements with the suppliers of the prior month. The suppliers will also provide inspection reports on a regular basis, stating, amongst other things, the propane and butane ratio, moisture content, saturated vapour pressure, sulfur content and copper corrosion in the LPG supplied by them.

Gas carrier ships: With the advantage of the integrated terminal and storage facilities in Jiangmen City, Guangdong Province, we are able to utilise gas carrier ships to procure LPG via sea. We have also established good and stable business relationships with our LPG suppliers that transport via gas carrier ships, such as Jovo Energy Company Limited (東莞市九豐能源有限公司) and Chaozhou Ouhua Energy Company Limited (潮州市歐華能源有限公司). We typically purchase a vessel of LPG of approximately 1,500 tonnes every week. Prior to the purchase, we are required to make a prepayment. For every vessel, we employ domestic professional inspection agencies to conduct commodity inspection on its quality and quantity.

We have also signed gas supply framework agreements with some of our suppliers. For details of our gas supply framework agreements with our suppliers, please refer to the paragraph headed "Raw materials and our suppliers" in this section of this prospectus.

We, through JM Xinjiang Gas, a Jointly Controlled Entity, operate the LPG terminal ("**Jiangmen Terminal**") located in Jiangmen City, Guangdong Province. During the Track Record Period, our Group was the only LPG supplier of JM Xinjiang Gas and originally the Jiangmen Terminal was used by our Group for the offloading and supply of LPG free of charge to JM Xinjiang Gas. According to the shipping terms agreed between our Group and JM Xinjiang Gas, all the transportation and delivery expenses before the arrival of LPG at the storage facilities of JM Xinjiang Gas were borne by our Group.

In order to supply LPG to JM Xinjiang Gas, a Jointly Controlled Entity, in November 2014, our Group has entered into an agreement with an Independent Third Party (the "**Terminal Agreemen**t") who owns and operates a terminal of a larger scale (the "**Large Terminal**"), which is located close and parallel to the Jiangmen Terminal. The Independent Third Party engages in, inter alia, the wholesale and storage of oil commodities and provision of a terminal to engage in offloading of goods for their customers. Since mid-2014, the Independent Third Party completed their extension works in regards of their terminal. Our Directors understand that the Independent Third Party mainly offloads oil products as its main business focus. Pursuant to the Port Dangerous Goods Safety Management Regulations (Order No. 27 of 2017 of the Ministry of Transport of the People's Republic of China) (港口危險貨物安全管理規定(中華人民共和國交通運輸部令2017年第27號), oil products and our gas products cannot be offloaded at the same time. Under Article 48 of the said regulation, port operators of dangerous goods such as explosives, gases, flammable liquids, substances which are prone to spontaneous combustion, the area of operation shall be delineated and unrelated personnel or vessels shall not be allowed to enter the offloading area. Furthermore, our Group's usage of the Large Terminal is limited in the event that when the Large Terminal is occupied by the Independent Third Party, who mainly offloads oil products as its main business focus, our Group will not be able to arrange the vessels to offload the gas products at the Large Terminal. As a result of the extension and the proximity and parallel location of the extended Large Terminal to Jiangmen Terminal, the operation of the Large Terminal affects our Group's loading and offloading activities at the Jiangmen Terminal. As our Group would not risk incurring demurrage charges by overextending the vessels' stay at the berths, during the Track

Record Period, we had to enquire with the Independent Third Party on all of our shipment schedules in order to avoid the conflict of offloading oil products of the Independent Third Party and gas products of our Group at the same time, and also to ensure that there is available berth for our vessel to moor. This arrangement poses burdensome administrative hurdles to our Group as we may need to reschedule the delivery schedules and/or negotiate with the Independent Third Party. In the event that we have more berth(s) which are wholly-owned by us, we would be able to resolve this undue burden.

Pursuant to the Terminal Agreement, in order to provide interim measures to alleviate the impact, it is agreed that the Independent Third Party shall construct an additional LPG pipeline at the Large Terminal which connects to the pipeline between the Jiangmen Terminal and the LPG storage facilities of JM Xinjiang Gas, a Jointly Controlled Entity, such that our Group could offload LPG at the Large Terminal where larger vessels are used and transport the LPG to the storage facilities of JM Xinjiang Gas. Based on the Terminal Agreement, the arrangement is valid for 4 years and we will pay the Independent Third Party an aggregate of RMB20.0 million ("**Berth Usage Charge**") prior to the expiration of the Terminal Agreement in the form of one off payment. During the Track Record Period and up to the Latest Practicable Date, we had not paid any Berth Usage Charge to the Independent Third Party. During the Track Record Period, the capacities of the Jiangmen Terminal and the Large Terminal were approximately 1,000 tonnes and 10,000 tonnes respectively.

Negotiation had been undergone among our Group, JM Xinjiang Gas, a Jointly Controlled Entity, and the Independent Third Party to resolve the abovementioned issues and, in August 2018, the Independent Third Party and our Group have further reached an agreement on waiving the Berth Usage Charge after considering the ongoing impact the Large Terminal has on the Jiangmen Terminal (the "**Supplemental Terminal Agreement**"). In order to fully resolve the issue going forward, the Independent Third Party and JM Xinjiang Gas have established a joint venture in June 2018. It is intended that the joint venture can enable the two terminals to operate more effectively by having the joint venture manage the use of the Jiangmen Terminal and the Large Terminal according to the agreed schedules which are primarily based on the size of the ships and the needs of the two parties. More importantly, the function of the joint venture company is to consolidate the resources of both the Large Terminal and the Jiangmen Terminal, such that the joint venture company has the operational rights and allocation rights over the two terminals in order to ensure a fair distribution of use of the terminal facilities between the two parties. Given that representatives of JM Xinjiang Gas will be part of the management board of the joint venture company, we believe that a fair distribution will be ensured. Having also considered (i) our Group was historically only able to rent the berth at the Large Terminal for our offloading activities; and (ii) the aforementioned berthing constraints being that oil products and gas products cannot be offloaded at the same time, we believe that the setting up of the joint venture company will assist in smoother berthing of the LPG vessels arranged by our Group and therefore increase our utilisation of the berths. Together with our Group's intention to acquire more berth(s) as illustrated in the subsection "Our business strategies — LPG — (ii) To further strengthen our LPG logistics and storage capacity in Guangdong Province" in this section of this prospectus, we anticipate this will effectively resolve the tensions of the current berths as our Group will have more choices, flexibility and control, over all the berths.

According to the articles of association of the joint venture, the Independent Third Party owned approximately 74.4% of the shareholding and JM Xinjiang Gas, a Jointly Controlled Entity, owned approximately 25.6% of the shareholding of the joint venture, which is based on the contribution to the registered capital by both parties. The amount of capital contribution contributed by JM Xinjiang Gas amounted to RMB17.22 million and shall be funded by way of asset contribution, which refers to the contribution of the Jiangmen Terminal. The proportion of contribution to the registered capital also dictates the portion of profit/loss sharing arrangement and the amount of dividend entitled (if any). The articles of association also stated for the board of directors of the joint venture to be consisted of five directors, whereby two are from representatives from JM Xinjiang Gas, and three are from the Independent Third Party, with a tenure of three years each. A representative from the Independent Third Party will first serve as the chairman and a representative of JM Xinjiang Gas will first serve as the vice chairman, also with a tenure of three years each. The rights and obligations of the shareholders are also set out in the articles of association.

Although our Group has set up a joint venture with an Independent Third Party regarding the use of the Large Terminal and Jiangmen Terminal, the deliveries to JM Xinjiang Gas, a Jointly Controlled Entity, may still be affected and the arrangements pursuant to the joint venture is still not sufficient to satisfy our Group's anticipated demand. Despite the function of the joint venture is to, inter alia, ensure a fair distribution of the use of the terminals, there is no guarantee that the delivery schedules of those of JM Xinjiang Gas will not conflict with the Independent Third Party, owing to bad weather conditions and actual transportation conditions which may hinder the travel time and process. We believe that should this situation arise, the joint venture will place priority to the vessel who first made the booking as its scheduling method and thus this may not guarantee the timely berthing of the vessels arranged by JM Xinjiang Gas. Upon expansion of the business operations of our Group, assuming we primarily rely on the transportation of LPG through the Large Terminal, we estimate that the utilisation rate(1) of the Large Terminal would then exceed 140%. This in effect means that the Large Terminal is not able to satisfy the anticipated demand and expansion plan of our Group. Once we acquire new berth(s), we will be able to arrange deliveries and offloading of LPG through more than one larger vessel at the same time which would in turn reduce our costs.

In addition, during the Track Record Period, we have provided 5 short-term and interest-bearing loans (including four short term loans each in the amount of RMB20.0 million and one short term loan in the amount of RMB10.0 million) to the aforementioned Independent Third Party for use as their short-term working capital from time to time. The short term loans bear an interest rate of 13.8% per annum. The loan agreements also provided the principal to be repaid on the day of maturity of the respective short term loans and interest accrued for the previous month to be paid on or before the fifth day of each month. Such loans were granted to the Independent Third Party after considering (i) the understanding of the background of the Independent Third Party as a result of long-term business relationship in terms of berth usage between our Group and the Independent Third Party; (ii) the interest income received to expand our Group's source of revenue; and (iii) the fact that the loans were on short-term basis from 7 to 90 days. As advised by our PRC Legal Adviser, the loans granted to such third party do not contravene the relevant laws in the PRC on the basis that each loan represents a short term loan agreement between enterprises to satisfy ordinary funding needs for its operations. In 2015, the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Laws in the Trial of Private

Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) clearly stipulates that a loan agreement to satisfy funding needs for ordinary operations between legal entities is valid, except if it violates mandatory provisions of laws and administrative regulations and provided that the interest rate charged is below 24.0% per annum.

Note:

1. The utilisation rate is calculated by the total hours of offloading of the vessels arranged by our Group divided by the total number of hours the berth at the Large Terminal is available for use, taking into account the anticipated demand based on the current expansion plan and on the assumption that our Group is allocated an equal share of 50% usage of the available hours of the Large Terminal, being 3,600 hours (i.e. half of 300 days in hours, 300 days is calculated through estimation by the deduction of estimated typhoon days, bad weather days and maintenance days). For details of our joint venture arrangement, please refer to "Operation Process — LPG — 1. Procurement of LPG" in this section of the prospectus.

During the Track Record Period, we generated other income of approximately RMB1.9 million in aggregate from the provision of short-term loans to the Independent Third Party and as at 30 June 2018, the loans to the Independent Third Party have been fully settled. Our Directors confirm that the Terminal Agreement and the relevant arrangement aforementioned are independent to the short-term loans provided to the Independent Third Party. For details of the short-term loans, please refer to the section headed "Financial Information — Description of consolidated statements of profit or loss and other comprehensive income line items — Other income". Our Directors confirm that save for the Terminal Agreement and the short-term loans as disclosed above, there are no other past or present relationships between the Independent Third Party and our Group, our subsidiaries, shareholders, directors, senior management or any of our respective associates. After conducting credit assessment on the Independent Third Party, our Directors consider that the short term loans granted to the Independent Third Party represent a low risk and relatively high return investment. As such, our Directors confirm that our Group will continue to consider granting new loans to this Independent Third Party if the terms and conditions fulfil our credit assessment and our Group has sufficient working capital going forward given that this activity does not contravene any applicable PRC laws and regulations.

2. Transportation of LPG

There are two modes of transporting LPG, one being using our own logistics fleet to transport LPG, and one being using gas carrier ships designated for LPG use.

Logistics fleet: Our LPG vehicle's main structure consists of a propane tank, which can be loaded with about 24 to 25 tonnes of LPG each time. The vehicle is equipped with a special safety valve, quick fitting joint, hydraulic valve control device and emergency cut-off devices. We have 24 professional LPG tractor units and semitrailers as at the Latest Practicable Date.

Gas carrier ships: There are a variety of gas carrier ships designated for LPG use with different capacities. We have been cooperating mainly with vessels of a cargo weight of approximately 1,000–1,500 tonnes.

3. Sales of LPG

The sales process is divided into retail and wholesale businesses, of which:

Retail is divided into two types: LPG vehicular refuelling stations and LPG domestic stations.

The LPG vehicular refuelling stations service LPG to public buses and taxis. Our LPG vehicular refuelling stations are equipped with 1 to 2 compressors, 2 refuelling hydrocarbon pumps, and 2 to 4 six-gun dispensers. Each gun is operated independently and is connected to the central system of each station for settlement purpose.

We possess two LPG domestic stations with refuelling capabilities, being the Xinjiang Meiqi Station and the Ganzhou Station. The LPG is transmitted using pipelines to our Xinjiang Meiqi Station and our logistics fleet will transport the LPG into the Ganzhou Station. We will fill the LPG into steel cylinders of 5kg, 15kg and 50kg from these two stations and deliver these LPG cylinders to all of our LPG domestic stations using our own logistics fleet for onward sales to residential, industrial and commercial end-users.

Wholesale business refers to the use of our logistics fleet or our customer arrange for logistic services to transport LPG to customers which are not end-users of LPG, such as other LPG operators and suppliers.

Generally speaking, we do not enter into long-term written agreements with our individual retail customers such as taxi drivers. However, during the Track Record Period, we have entered into legally binding long term refuelling service and gas provision agreements with public transport companies and other types of companies. For details of the agreements, please refer to the paragraph headed "Our Customers" in this section in this prospectus.

4. Settlement

We provide different settlement methods for different customers. In respect of our individual retail customers which did not enter into long-term written agreements with us, our individual retail customers such as taxi drivers will pay using electronic payment methods via near field communication system, IC card or cash after LPG is supplied to them. In respect of our retail customers that entered into long-term written agreements with us such as public transport companies, we provide monthly settlement services based on the terms of the agreements with them. We maintain logbooks which keep records of the licence plate, sales volume and sales amount of each transaction. In respect of our wholesale customers of LPG, although we require customers to prepay for the goods prior to its delivery, we usually provide a credit period of one month during the Track Record Period as we consider those customers to have a good business relationship with our Group.

CNG

1. Procurement of CNG

We have entered into long term gas supply agreements with PetroChina and Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司) (who also ultimately source CNG from PetroChina) to procure CNG from them. For details of the long term gas supply agreements, please refer to the paragraph headed "Raw materials and our suppliers" in this section in this prospectus.

By utilising the West to East Gas Transmission Tunnel (西氣東輸管道) supplied to our CNG Mother Stations, the CNG Mother Stations can continuously collect CNG. Through the CNG Mother Stations, the CNG pressure is adjusted and it will then be transmitted into the natural gas pipeline truck (天然氣管束車). We monitor the pressure of our CNG closely and request them to supply gas quality reports regularly. We designate our personnel to confirm with the suppliers on the delivery plan daily and verify the delivery situation of the previous day. We also perform monthly checks and reconciliation of the gas supply statements with the suppliers of the prior month.

2. Transportation of CNG

We usually transport our CNG using natural gas pipeline truck (天然氣管束車). We have 35 professional CNG tractor units and semitrailers as at the Latest Practicable Date, which are mainly used for transporting CNG from our CNG Mother Stations to our CNG vehicular refuelling stations.

In respect of the transportation of CNG from our CNG Mother Stations to other customers, we may provide logistics services using our own logistics fleet if we have sufficient capacity or if our customers have not arranged for delivery themselves. Our customers may also arrange the delivery themselves.

3. Sales of CNG

The sales process is divided into retail and wholesale businesses, of which:

The CNG vehicular refuelling stations service CNG to public buses, taxis and private vehicle drivers and mainly represent our CNG retail business. Our CNG vehicular refuelling stations are equipped with 1 to 2 compressors, 1 to 4 four-gun dispensers and two-gun dispensers. Each gun is operated independently and is connected to the central system of each station for the purpose of settlement.

Wholesale business is that which requires our own logistics fleet or those arranged by our customers to deliver the CNG to our customers that then resell the CNG to other parties, such as other CNG operators.

Generally speaking, we do not enter into long-term written agreements with our individual retail customers such as taxi drivers and private vehicle drivers. However, during the Track Record Period, we have entered into legally binding long term refuelling service and gas provision agreements with public transport companies and other companies and factories. For details of the agreements, please refer to the paragraph headed "Our Customers" in this section in this prospectus.

4. Settlement

We provide a variety of settlement methods for different customers. In respect of our individual retail customers which did not enter into long-term written agreements with us, our individual retail customers such as taxi drivers and private vehicle users will pay using electronic payment methods via near field communication system, IC card or cash after CNG is supplied to them. In respect of our retail customers that entered into long-term written agreements with us such as public transport companies, we provide monthly settlement services based on the terms of the agreements with them. In respect of our wholesale customers of CNG, we generally require them to prepay for the goods prior to delivering the same.

LNG

1. Procurement of LNG

We have established long term business relationships with large scale state-owned enterprises and large scale domestic gas suppliers with their own terminal and storage such as Jovo Energy LNG terminal (東莞市九豐液化天然氣碼頭). We regularly purchase a certain amount of LNG each month, being approximately 100 tonnes a month. We designate our personnel to confirm with the suppliers on the delivery plan daily and verify the delivery situation of the previous day. We also perform monthly checks and reconciliation of the gas supply statements with the suppliers of the prior month.

2. Transportation of LNG

We use third party logistics service providers to transport the LNG in LNG transport semitrailers which can be loaded with approximately 24.6 tonnes of LNG each time.

3. Sales of LNG

The sales process is divided into retail and wholesale businesses, of which:

The LNG vehicular refuelling station services LNG to public buses, taxis and private vehicle drivers. Our LNG vehicular refuelling station is equipped with 4 single gun dispensers. Each gun is operated independently and is connected to the central system of each station for settlement purposes.

Wholesale business refers to the use of third party logistics service provider to transport LNG to customers which will resell the LNG to other parties.

Generally speaking, we do not enter into long-term written agreements with our individual retail customers such as taxi drivers and private vehicle drivers. During the Track Record Period, we have entered into a legally binding long term refuelling service agreement with a factory. For details of the agreement, please refer to the paragraph headed "Our Customers" in this section in this prospectus.

4. Settlement

We provide a variety of settlement methods for different customers. In respect of our individual retail customers which did not enter into long-term written agreements with us, our individual retail customers such as taxi drivers and private vehicle users will pay using electronic payment methods via near field communication system, IC card or cash after LNG is supplied to them. In respect of our wholesale customers of LNG, we generally require them to prepay for the goods prior to delivering the same.

INVENTORY CONTROL

Our inventory mainly comprises LPG, CNG and LNG contained in (i) the storage tanks at the vehicular refuelling stations for LPG, CNG and LNG; (ii) storage cylinders at the LPG domestic stations; (iii) the CNG Mother Stations for CNG; and (iv) the LPG storage facilities in Jiangmen City, Guangdong Province and Ganzhou City, Jiangxi Province and spare parts for maintenance of our station facilities. We do not consider those stored in the rented storage facilities of our suppliers as our inventory as the risks of the goods still lie with the suppliers for as long as they remain in their storage facilities.

Our operation team is responsible for reviewing the sales performance of each station and wholesale operation under his/her supervision and prepares sales forecast and fuel procurement plan for the upcoming week or month based on past sales performance. The draft procurement plan would then be sent to the senior management for approval. Upon approving the procurement plan, corresponding purchase orders would be placed with our suppliers and logistics would be arranged, as the case may be. Since a majority of our customers are public transportation drivers whose demand for gas and refuelling pattern is relatively stable, we are able to estimate when inventory at each station would be depleted and delivery of a new inventory would be required. Our operation team monitors our inventory level regularly and adjusts the purchase orders to meet the actual reported demand of fuel at each station. As such, our operation team is poised to identify unusual demand for fuel at certain station at times and order additional fuel to fulfill the demands and we are able to maintain a low level of inventory of fuels.

Our operation department is also responsible for procuring the spare parts required for our station facilities. The technicians in each station, after consulting with our warehouse personnel, will notify our operation department on what is required to be replenished according to the inventory stock consumption. Where the parts are non-standard in nature and have high technical requirements, our technicians may assist in the procurement process.

Our average turnover days of inventory for LPG, CNG and LNG were approximately 1.6 days, 1.9 days, 1.7 days and 1.3 days for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018.

MAINTENANCE OF OUR FACILITIES AND IT SYSTEMS

We consider proper maintenance and management of our facilities essential to our operation. We have in place procedure manuals and policies to cover the maintenance of our infrastructures and facilities, such as, fuel dispensers, compressors, gas cylinders, at our stations. Depending on the nature and type of the facilities, our staff is required to examine the facilities regularly in accordance with the procedures set out in the manual and record the results in a registry for proper record keeping. For example, according to our manuals and policies, most of our facilities will undergo a safety check in every four hours. For some facilities, such as pipelines and gas cylinders, on top of the safety check, an annual inspection shall be conducted every year and a thorough comprehensive check every three to five years. Only staff who possess the necessary qualifications are allowed to perform maintenance work.

Our IT system is crucial to our daily operation as some of our retail sales are settled by our IT system. Our retail sales IT system is primarily used for our settlement function and comprises (i) deduction of purchase sum from pre-paid accounts and (ii) electronic payment methods using near field communication. The latter is maintained by a third party electronic payment service provider. Our retail sales IT system is also capable of adjusting our price as displayed.

As at the year-end of each financial year during the Track Record Period and as at 30 June 2018, we had a team of over 40 personnel who are responsible for safely and performing maintenance of our facilities. They are specialised in mechanics or low voltage electrical works maintenance and are responsible for (i) maintenance of gas refuelling stations; (ii) deployment of safety monitoring systems; and (iii) methods to raise safety standards.

QUALITY CONTROL

We believe the quality of our products and service is essential to our business growth. CNG, LPG and LNG are our principal raw materials and their quality is a determinative factor for the quality of our services. As such, we primarily source our fuels from reputable suppliers who could meet our quality requirements and pass our qualified suppliers evaluation. We generally require our gas suppliers to conduct product tests on their products or provide us with the relevant test results as required. It is our policy that assessments on the potential suppliers' reputation, product quality, and production capacity are carried out prior to engaging any suppliers. Such assessments are reviewed by our senior management and approvals from the responsible senior management personnel are required before any formal purchase agreement is entered into. We maintain a registry of approved suppliers for equipment related to our operation. Furthermore, we will conduct routine inspection on each batch of LPG and LNG received and send them for lab testing monthly. As such, our Directors believe the above measures guarantee the quality of the LPG and LNG procured.

In respect of CNG, our Directors are of the view that as the gas is directly supplied through the West to East Gas Transmission Tunnel (西氣東輸管道), and that PetroChina will issue gas quality reports daily, the quality of CNG has been guaranteed.

In the event that raw materials are defective, we have a policy which requires our quality control personnel to differentiate and segregate the defective raw materials. Under such circumstances, we will usually return the raw materials to the suppliers. Our Directors confirm that we have not received defective raw materials and returned the gas to our suppliers during the Track Record Period as all of the gas are required to pass the lab tests prior to their delivery to our Group.

HEALTH AND WORK SAFETY CONTROL

Our operations of CNG Mother Stations, vehicular refuelling stations and domestic stations involve risks and hazards inherent in providing our services, which could result in possible legal liability and business interruption arising from destruction of property or production facilities, environmental damage and personal injury. For details of the risks relating to our operation, please refer to the section headed "Risk factors — Risks relating to our business and industry — Our assets and operations are subject to hazards customary to the gas refuelling industry, and we may not have adequate insurance to cover all these hazards" in this prospectus. To minimise the health and safety risks and hazards, we have adopted various internal policies and preventative measures, such as setting up a safety management team to provide training on safety issues to our staff, installing fire extinguishers according to the industry standard and conducting regular inspections on the enforcement of safety standard at our stations.

Since the fuels we sell are explosive and inflammable, we have put in place various measures to minimise the chances of accidents and hazards. For all of our refuelling stations, we have cordoned off a specific area for storage of fuels where no other inflammable products are allowed. Access to the storage area is restricted to the relevant staff who is required to put on protective workwear and remove his body electrostatic by a specific electrostatic eliminator device before entering into the area.

We place strong emphasis on the safety of our staff. We have issued a safety gear guideline setting out the safety gear and equipment required and assigned for each position at the refuelling station, including safety goggles and masks. Safety gear and equipment are stored properly at an accessible location. To ensure safe and smooth operation, we have prepared an operational manual for our staff that provides a detailed, step-by-step guideline on the operation of various machines for the process of off-loading, gasification, storage and refuelling. Each month, personnel training will be conducted and an assessment will take place once every six months in order to allow them to understand the safety technical knowledge, regulations and standards.

Apart from endeavouring to reduce the chances of accidents, we have also undertaken various measures to prepare ourselves for any safety emergencies. We have issued a fire safety policy which specifies the fire service equipment required for the stations of different scale and illustrates the usage and maintenance of such equipment. We also carry out accident emergency response plan exercises and fire drills every month. All of our stations are equipped with fire service equipment, including but not limited to, fire extinguisher, fire blanket and sand bucket. Our safety department is responsible for regular inspection whilst our procurement department is responsible for purchase and maintenance of our fire service equipment. Further, we have issued a safety emergency policy for our staff setting out the evacuation route and displayed an evacuation map in a prominent place of our stations. In each quarter, we organise rescue drills for all our management and staff of the stations.

Our PRC Legal Adviser is of the view that we have complied with the applicable PRC laws and regulations on health and safety, and there are no major production safety accidents, records of accidents involving the death of production safety in the municipality's jurisdiction in all material respects. In respect of special equipment, no problems were recorded in our Group's usage of special equipment. We had not been subject to any material legal or administrative actions arising from material non-compliance with any relevant laws or regulations regarding health and work safety control. Our Directors confirm that we have not experienced any material safety accident during the Track Record Period.

SALES AND MARKETING

During the Track Record Period, we did not incur significant marketing costs as our primary marketing activities take place at our stations where posters of promotions were shown in public area. Our station managers are responsible for collecting information and feedback from our customers and provide solutions to their complaints. In addition, in Guangdong Province, we encourage our customers to enroll in our customer loyalty programme. As at the Latest Practicable Date, we have approximately issued over 6,000 cards.

Customer Loyalty Programme

In respect of our retail sales, to improve the loyalty of our customer, we implemented our customer loyalty programme. We offer two types of cards, one being purely for accumulating points and one with a prepay function which also accumulates points. As at the Latest Practicable Date, we have registered approximately over 6,000 cards. The cards are identified by the car license plate number and the driver's identity. Our members generally receive points upon purchasing fuels at our refuelling stations. The points could be used to redeem complimentary gifts. For those that applied for cards with prepay functions, they may receive complimentary gas in accordance with our promotional activities at the time.

PRICING

Our pricing are largely affected by whether there are government policies which regulate our sales price. Set out below is a summary of whether our sales prices is affected by government policies during the Track Record Period and as at the Latest Practicable Date:

		Residential use	Commercial and industrial use	Vehicular use
LPG	**Guangdong Province**	Prior to 15 August 2015: government guided price After 15 August 2015: market price		
	Ganzhou City, Jiangxi Province	Market price	N/A, as we did not engage in sales for commercial and industrial use	N/A, as we did not engage in sales for vehicular use
CNG	**Henan Province**	N/A, as we did not engage in sales to residential end-users	Market price	Zhengzhou City: the Zhengzhou Public Utilities Association (鄭州市公用業協會) provides a suggested sales price; Xinyang City and Zhumadian City: market price
LNG	**Guangzhou City, Guangdong Province**	N/A, as we did not engage in sales to residential end-users	Market price	Market price

During the Track Record Period, the Zhengzhou Public Utilities Association (鄭州市公用業協會) adjusted the price three times, from RMB3.66/m^3 in December 2015, to RMB4.08/m^3 in November 2017, to RMB3.80/m^3 in April 2018. As confirmed by our PRC Legal Adviser, they do not have pricing control over the sales of CNG and therefore their pricing are only a suggested sales price for the members of the association to adhere to.

For discussions of our average selling price during the Track Record Period, please refer to the section headed "Financial information — Description of consolidated statements of profit or loss and other comprehensive income line items — Revenue — Average selling price of LPG, CNG and LNG" in this prospectus.

We have a standardized procedure for our employees to follow when monitoring the market price and setting the selling price. For our LPG products, we have a designated personnel at different regions who is responsible for informing our prices to our wholesale customers. Our personnel will estimate the daily demands, and consolidate the refinery listing prices and those of our competitors and report the same to a price setting group. The sales manager will then, based on the reports and estimated demand, provide the daily market price after the same has been approved by the regional managers and senior management. Our retail price will then be reflected in our stations after being approved internally. For our CNG products, our wholesale price and retail price are both determined by our operations department which has to be approved by the general manager. Both the wholesale and retail price take into account the electricity costs, labour costs and transportation costs or gas pipeline costs together with demands.

In general, apart from observing the suggested sales price as recommended by local association (where applicable) and any pricing regulations that may have been in force and prescribed by the local pricing authorities (where applicable), we adjust and set our selling price by taking into consideration (i) the procurement cost (including the transportation cost) of the fuels; (ii) our business relationship with the relevant customers; and (iii) payment method chosen by the customers. Generally speaking, when the purchase price of the fuels increases, the sales price of the fuels also increases in an attempt to shift the burden to the end customers. On the other hand, when purchase price of the fuels decreases, we are able to adjust the sales price correspondingly. However, there is no guarantee that we will be successful. For details of the relevant risks, please refer to section headed "Risk factors — Risks relating to our business and industry — Our 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" in this prospectus. As such, a universal upward or downward adjustment of price is likely to ensue, without contravening the pricing regulations that may have been in force at the time (where applicable). Our PRC Legal Adviser confirms that there is no difference in the degree and extent of government control between retail and wholesale nature of gas products. Our Directors confirm that the pricing of our products conform with the pricing regulations in force so far as they are applicable during the Track Record Period. Where the pricing of the products are not governed by the government, we usually price our products based on market price on a cost plus basis. For details of our gross profit margin, please refer to the section headed "Financial information — Description of consolidated statements of profit or loss and other comprehensive income line items — Gross profit and gross profit margin" in this prospectus.

SEASONALITY

The demand for our gas products is affected by seasonality. During the Track Record Period, we generally recorded relatively lower sales volume in the first quarter of each year due to the Chinese New Year holiday where public transport operators may not operate during this period. We experience a higher sales volume in the second and third quarter due to a higher demand to use air conditioning in vehicles in general. Our sales volume will experience a slight drop in sales volume in the fourth quarter as the demand to use air conditioning decreases.

OUR CUSTOMERS

Our retail customers primarily comprise operators of public transport vehicles, such as taxis, buses and private vehicles users which purchase LPG, CNG and LNG from our refuelling stations under our operation. Our wholesale customers primarily comprise other LPG, CNG and LNG operators. For the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, our five largest customers in aggregate contributed to approximately 33.4%, 41.1%, 46.4% and 47.4%, of our total revenue of the respective years. Our largest customer contributed to approximately 17.7%, 14.4%, 16.7% and 17.9% of our total revenue during the year ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively.

To the best knowledge of our Directors, save for JM Xinjiang Gas, a Jointly Controlled Entity, none of our Directors and their respective close associates or any of our Shareholders holding more than 5% of the number of issued shares of our Company as at the Latest Practicable Date has any interest in any of our five largest customers during the Track Record Period. During the Track Record Period, we have engaged in sales to Zhengzhou Public Transportation and GZ Jiahexing Development, being connected persons of our Group at subsidiary level. For details of the sales, please refer to the section headed "Connected transactions" in this prospectus.

Set forth below is the details of our five largest customers during the Track Record Period:

For the year ended 31 December 2015

Rank	Customer's name	Connected person (Y/N)	Type of purchase	Approximate years of business relationship with our Group	Sales amount (excluding tax)	% of our total revenue
					(RMB'000)	*(%)*
1	Zhengzhou Public Transportation	Y[3]	CNG	13	116,951	17.7
2	Guangzhou City Third Bus Company Limited (廣州市第三公共汽車公司)	N	LPG	9	31,579	4.8
3	Customer A[1]	N	LPG	11	27,304	4.1
4	JM Xinjiang Gas[2]	N	LPG	3	25,824	3.9
5	GZ Jiahexing Development	Y[4]	LPG	4	19,316	2.9
				Subtotal	220,974	33.4
				Total	662,428	100

Notes:

1. Customer A is a bus operator in Guangzhou City, Guangdong Province.

2. JM Xinjiang Gas is one of the Jointly Controlled Entities which our Group is interested in 50% of its equity interest.

3. By virtue of holding 38% of the registered capital of Zhengzhou Sino Gas, one of our subsidiaries, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level.

4. By virtue of holding 49% of the registered capital of GZ Jiahexing, one of our subsidiaries, GZ Jiahexing Development is a connected person of our Company at the subsidiary level.

For the year ended 31 December 2016

Rank	**Customer's name**	**Connected person (Y/N)**	**Type of purchase**	**Approximate years of business relationship with our Group**	**Sales amount (excluding tax)**	**% of our total revenue**
					(RMB'000)	*(%)*
1	JM Xinjiang Gas[1]	N	LPG	3	126,317	14.4
2	Zhengzhou Public Transportation	Y[3]	CNG	13	113,711	12.9
3	GZ Jiahexing Development	Y[4]	LPG	4	45,318	5.2
4	Customer B[2]	N	LPG	3	45,130	5.1
5	Guangzhou City Third Bus Company Limited (廣州市第三公共汽車公司)	N	LPG	9	30,975	3.5
				Subtotal	361,451	41.1
				Total	878,373	100

Notes:

1. JM Xinjiang Gas is one of the Jointly Controlled Entities which our Group is interested in 50% of its equity interest.

2. Customer B is a company that engages in the trading of fuels such as LPG and natural gas.

3. By virtue of holding 38% of the registered capital of Zhengzhou Sino Gas, one of our subsidiaries, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level.

4. By virtue of holding 49% of the registered capital of GZ Jiahexing, one of our subsidiaries, GZ Jiahexing Development is a connected person of our Company at the subsidiary level.

For the year ended 31 December 2017

Rank	**Customer's name**	**Connected person (Y/N)**	**Type of purchase**	**Approximate years of business relationship with our Group**	**Sales amount (excluding tax)**	**% of our total revenue**
					(RMB'000)	*(%)*
1	JM Xinjiang Gas[1]	N	LPG	3	183,346	16.7
2	Zhengzhou Public Transportation	Y[3]	CNG	13	122,864	11.2
3	Customer C[2]	N	LPG	1	75,609	6.9
4	GZ Jiahexing Development	Y[4]	LPG	4	66,455	6.1
5	Guangzhou Jinwan Gas Company Limited (廣州金灣燃氣有限公司)	N	LPG	2	60,130	5.5
				Subtotal	508,404	46.4
				Total	1,095,339	100

Notes:

1. JM Xinjiang Gas is one of the Jointly Controlled Entities which our Group is interested in 50% of its equity interest.

2. Customer C is a company that engages in the sale of fuel such as LPG and other liquefied gas.

3. By virtue of holding 38% of the registered capital of Zhengzhou Sino Gas, one of our subsidiaries, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level.

4. By virtue of holding 49% of the registered capital of GZ Jiahexing, one of our subsidiaries, GZ Jiahexing Development is a connected person of our Company at the subsidiary level.

For the six months ended 30 June 2018

Rank	**Customer's name**	**Connected person (Y/N)**	**Type of purchase**	**Approximate years of business relationship with our Group**	**Sales amount (excluding tax)**	**% of our total revenue**
					(RMB'000)	*(%)*
1	JM Xinjiang Gas[1]	N	LPG	3	99,653	17.9
2	Zhengzhou Public Transportation	Y[3]	CNG	13	55,206	9.9
3	Customer C[2]	N	LPG	1	38,660	7.0
4	GZ Jiahexing Development	Y[4]	LPG	4	36,911	6.6
5	Guangzhou Jinwan Gas Company Limited (廣州金灣燃氣有限公司)	N	LPG	2	33,458	6.0
				Subtotal	263,888	47.4
				Total	557,168	100

Notes:

1. JM Xinjiang Gas is one of the Jointly Controlled Entities which our Group is interested in 50% of its equity interest.

2. Customer C is a company that engages in the sale of fuel such as LPG and other liquefied gas.

3. By virtue of holding 38% of the registered capital of Zhengzhou Sino Gas, one of our subsidiaries, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level.

4. By virtue of holding 49% of the registered capital of GZ Jiahexing, one of our subsidiaries, GZ Jiahexing Development is a connected person of our Company at the subsidiary level.

Generally speaking, we do not enter into long-term written agreements with our individual customers such as taxi drivers. However, during the Track Record Period, we have entered into legally binding long term refuelling service agreements with public transport companies. Salient terms of the agreements relating to provision of LPG to public transport companies are set forth below:

Services:	Provision of LPG refuelling services in the LPG vehicular refuelling stations
Product requirements:	Quality of the LPG shall fulfill industry standard
Duration:	2 to 2.5 years

Price:	Based on government guided price (if any) and market demands. In the event of any price adjustment made by our Group, a separate pricing confirmation shall be signed between parties.
Purchase amount:	Usually there is no minimum purchase commitment.
Payment:	Parties to this agreement will confirm the total sales volume of LPG at the end of each month. Upon confirmation, we will issue an invoice and payment shall be made with a ranging period 2 business days to 10 business days.
Termination:	Parties are entitled to terminate the agreement after a notice in writing has been issued in 10 days.

In respect of CNG, we also do not enter into long-term written agreements with our individual customers such as taxi drivers. However, we have entered into an investment cooperation agreement in January 2005 with Zhengzhou Public Transportation, being one of our customers, amongst which, our subsidiary, namely Zhengzhou Sino Gas, was set up between the contracting parties to offer a discount of approximately RMB0.32 per m^3 to the prevailing market prices of CNG in Zhengzhou City to public bus customers in respect of CNG. For details of the investment cooperation agreement and the continuing connected transaction with Zhengzhou Public Transportation, please refer to the section headed "Connected transactions — Continuing connected transactions which are exempt from circular and the independent Shareholders' approval requirements ("Partially Exempt CCTs") — 1. Supply of CNG by our Group" in this prospectus.

We have also entered into long-term written agreements with public transport companies for LNG during the Track Record Period. Save for the payment terms where we require prepayment upon signing of the agreement, the other terms remain similar as the agreements for LPG above. Based on the agreement, where there is no balance left in the designated account, we shall not provide LNG to the public transport companies.

The revenue contribution from public transport companies who entered into long term refuelling service agreements (i.e. more than one year) with us (being Guangzhou City Third Bus Company Limited (廣州市第三公共汽車公司), Customer A, and eight other companies primarily being bus operators in Guangzhou City, Guangdong Province) represented approximately 17.9%, 13.3%, 15.5% and 13.4% of our revenue during the Track Record Period. The above revenue contribution does not include those derived from Zhengzhou Public Transportation, a connected person of our Company at the subsidiary level, in order to reflect a more accurate presentation of our Group's revenue contribution from our independent customers with long term agreements with us. For details of the continuing connected transaction with Zhengzhou Public Transportation, please refer to the section headed "Connected transactions — Continuing connected transactions which are exempt from circular and the independent Shareholders' approval requirements ("Partially Exempt CCTs") — 1. Supply of CNG by our Group" in this prospectus. Our Directors confirm that there had not been any material breach of the above long-term refuelling service agreements during the Track Record Period.

In addition, we have entered into legally binding long term as well as one year gas provision agreements with other types of companies such as other gas suppliers, beverage manufacture company, medicine manufacture company and research and development company during the Track Record Period for the sales of LPG, CNG and LNG. For illustration purposes, the typical and salient terms of the agreements are set forth below:

Services:	Provision of LPG, CNG and LNG at the designated location as agreed by the parties
Product requirements:	Quality may or may not be specified in the agreement
Duration:	LPG and CNG: 1 year LNG: 3 years
Price:	LPG: Our Group will send our prices to the contracting parties daily or specify in the agreement to be based on the daily market price and add on a specified amount of fees per tonne. CNG and LNG: At a fixed price per normal m^3 subject to any future adjustments.
Purchase amount:	In respect of LPG, it may range from: (a) 700 tonnes/month to 750 tonnes/month, with at least one vehicle requiring 25 tonnes/vehicle a day; or (b) at least 1,500 to 2,000 tonnes/month. In respect of CNG, it may range from 4,000 to 6,000 m^3/month. In respect of LNG, we did not require a minimum purchase amount but we require the customer to inform us their range of daily amount of gas required.
Pre-order notice:	LPG: Usually there is no fixed number of days stipulated. CNG: We require our customers to provide a weekly estimate of CNG required 3 days in advance. LNG: We require our customers to provide a monthly estimate and confirm the amount 3 days in advance.
Payment:	The payment clauses vary and is on a case by case basis.

	LPG: Parties to this agreement will confirm the total sales volume of LPG daily and our Group requires prepayment prior to the delivery. In respect of our sales to GZ Jiahexing Development, we have allowed for the fees to be settled annually within the month immediately following the financial year. For details of the payment arrangement and the continuing connected transaction with GZ Jiahexing Development, please refer to the section headed "Connected transactions — Continuing connected transactions which are exempt from circular and the independent Shareholders' approval requirements ("Partially Exempt CCTs") — 2. Wholesale of LPG by our Group".
	CNG: Within 3 days of signing the agreement, a prepayment is payable to our Group. After the prepayment is fully deducted, payment is made on a weekly basis.
	LNG: We require prepayment to be first paid to our Group prior to the delivery of LNG. Deduction is made on a monthly basis and the customer must maintain a certain level of prepayment at a designated account.
Termination:	The termination clauses vary and is on a case by case basis.
	Our Group is entitled to terminate the agreement (a) if the contracting party defaults in payment; (b) if the contracting party is unable to meet our minimum purchase amount in two consecutive months; or (c) if our Group discovers that the contracting party has resold our products to other companies which also provide the same type products.

The revenue contribution from customers who entered into long term gas provision agreements (i.e. more than one year) with us (being Guangzhou Jinwan Gas Company Limited (廣州金灣燃氣有限公司), two medicine manufacture companies, a medicine packaging company, a home decoration and real estate company, a construction company, a logistics company, a textiles company and two gas suppliers operating in Henan Province) represented approximately 0.7%, 3.8%, 5.7% and 6.9% of our revenue during the Track Record Period. Our Directors confirm that there had not been any material breach of the above long-term wholesale service agreements during the Track Record Period.

RAW MATERIALS AND OUR SUPPLIERS

Our operation incurs costs for procuring LPG, CNG and LNG and for spare parts for equipment maintenance. LPG, CNG and LNG is the primary raw material for our business. Procurement of LPG, CNG and LNG represented approximately 97.4%, 97.9%, 98.6% and 98.7% of our total cost of sales for the years ended 31 December 2015, 2016 and 2017, respectively. Although LPG and LNG supplied by our suppliers were mainly sourced from overseas, we have purchased all of our raw materials in RMB during the Track Record Period. According to F&S, the purchase price of natural gas is affected by various factors. Please refer to the sections headed "Industry overview — The LPG industry in China — Price analysis" and "Industry overview — The natural gas industry in China — Pricing system of natural gases in China" for details.

Our operation department is responsible for collecting and updating the information of gas suppliers in the vicinity of our refuelling stations by conducting market research and seeking quotations from these suppliers. After comparison, the supplier is selected by a committee formed for such purpose and our operation department personnel will negotiate terms such as pricing with the selected supplier. During the Track Record Period, we procured gases from suppliers with whom we had multiple years of business relationship. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group had not encountered any difficulty in procuring suppliers for our Gas Retail Business and Gas Wholesale Business. During the Track Record Period, our largest supplier accounted for approximately 43.0%, 25.8%, 38.2% and 51.8% of our total costs of sales for the years ended 31 December 2015, 2016, 2017 and the six months ended 30 June 2018, respectively. Our five largest suppliers in aggregate accounted for approximately 81.0%, 80.8%, 76.4% and 85.7%, of our costs of sales during the same periods respectively. Set forth below is the profile of our five largest suppliers during the Track Record Period:

For the year ended 31 December 2015

Rank	Supplier's name	Connected Person (Y/N)	Type of purchase	Appropriate years of business relationship with our Group	Cost of sales	% of total costs of sales
					(RMB'000)	*(%)*
1	GD Petrochemical (廣東中油潔能石化有限公司)[1]	N	LPG	4	231,074	43.0
2	Henan Yonghui (河南中油潔能永輝天然氣有限公司)[1]	N	CNG	3	82,543	15.4
3	Guangzhou Huakai Petroleum Gas Company Limited (廣州華凱石油燃氣有限公司)	N	LPG	11	45,095	8.4
4	Jovo Energy Company Limited (東莞市九豐能源有限公司)	N	LPG	8	40,695	7.6
5	PetroChina (中石油天然氣銷售東部分公司)	N	CNG	8	35,478	6.6
				Sub-total	434,885	81.0
				Total	537,310	100

Note:

1. GD Petrochemical (廣東中油潔能石化有限公司) was a joint venture of our Group before 25 September 2015 and became one of our subsidiaries after 25 September 2015. Henan Yonghui (河南中油潔能永輝天然氣有限公司) is a subsidiary of GD Petrochemical (廣東中油潔能石化有限公司). After 25 September 2015, transactions with these companies are classified as intragroup transactions.

For the year ended 31 December 2016

Rank	Supplier's name	Connected Person (Y/N)	Type of purchase	Appropriate years of business relationship with our Group	Cost of sales	% of total costs of sales
					(RMB'000)	*(%)*
1	Jovo Energy Company Limited (東莞市九豐能源有限公司)	N	LPG	8	168,785	25.8
2	Guangzhou Huakai Petroleum Gas Company Limited (廣州華凱石油燃氣有限公司)	N	LPG	11	139,297	21.3
3	Supplier A[1]	N	LPG	2	80,477	12.3
4	Chaozhou Ouhua Energy Company Limited (潮州市歐華能源有限公司)	N	LPG	3	76,137	11.7
5	PetroChina (中石油天然氣銷售東部分公司)	N	CNG	8	63,398	9.7
				Sub-total	528,094	80.8
				Total	653,308	100

Note:

1. Supplier A is a company that engages in the production and sales of asphalt and other petrochemical materials.

For the year ended 31 December 2017

Rank	Supplier's name	Connected Person (Y/N)	Type of purchase	Appropriate years of business relationship with our Group	Cost of sales	% of total costs of sales
					(RMB'000)	*(%)*
1	Jovo Energy Company Limited (東莞市九豐能源有限公司)	N	LPG	8	335,692	38.2
2	Chaozhou Ouhua Energy Company Limited (潮州市歐華能源有限公司)	N	LPG	3	102,624	11.7
3	Supplier A[(1)]	N	LPG	2	97,832	11.1
4	Guangzhou Huakai Petroleum Gas Company Limited (廣州華凱石油燃氣有限公司)	N	LPG	11	71,251	8.1
5	PetroChina (中石油天然氣銷售東部分公司)	N	CNG	8	64,444	7.3
				Sub-total	671,843	76.4
				Total	879,680	100

Note:

1. Supplier A is a company that engages in the production and sales of asphalt and other petrochemical materials.

For the six months ended 30 June 2018

Rank	**Supplier's name**	**Connected Person (Y/N)**	**Type of purchase**	**Appropriate years of business relationship with our Group**	**Cost of sales** *(RMB'000)*	**% of total costs of sales** *(%)*
1	Jovo Energy Company Limited (東莞市九豐能源有限公司)	N	LPG	8	236,845	51.8
2	Supplier A[1]	N	LPG	2	51,394	11.2
3	Chaozhou Ouhua Energy Company Limited (潮州市歐華能源有限公司)	N	LPG	3	35,416	7.7
4	China National Offshore Oil Corporation Energy Development Zhuhai Petrochemical Sales Co., Ltd. Zhanjiang Branch (中海油能源發展珠海石化銷售有限公司湛江分公司)	N	LPG	4	35,221	7.7
5	PetroChina (中石油天然氣銷售東部分公司)	N	CNG	8	33,100	7.2
				Subtotal	391,976	85.7
				Total	457,412	100

Note:

1. Supplier A is a company that engages in the production and sales of asphalt and other petrochemical materials.

To the best knowledge of our Directors, save for GD Petrochemical and Henan Yonghui which at the relevant point in time were not our subsidiaries, none of our Directors and their respective close associates or any of our Shareholders holding more than 5% of the number of issued shares of our Company as at the Latest Practicable Date has any interest in any of our five largest suppliers during the Track Record Period. For details of the change in shareholding of GD Petrochemical and Henan Yonghui, please refer to the section headed "History, Reorganisation and development — Change of Group structure during the Track Record Period" in this prospectus.

Supplier concentration

It is noted that for the three years ended 31 December 2017, purchases from our five largest suppliers accounted for approximately 81.0%, 80.8%, 76.4% and 85.7% of our total costs of sales, and the purchases from our single largest supplier of the corresponding period accounted for approximately 43.0%, 25.8%, 38.2% and 51.8% of our total costs of sales for the three years ended 31 December 2017 and the six months ended 30 June 2018.

Our Directors' views

Despite the aforesaid figures during the Track Record Period suggest supplier concentration, in particular for CNG, our Directors are of the view that the risk relating to the supplier concentration can be controlled and that it would not impact our Group's suitability for the Listing based on the following reasons:

(a) Industry landscape and business nature

Due to the dominance of the upstream oil and natural gas companies which controlled majority of the supply for the operation of LPG, CNG and LNG vehicular refuelling stations and LPG domestic stations, it is common to procure raw materials from a few suppliers to ensure consistency in quantity and quality of the raw materials. According to F&S, the suppliers which our Group mainly purchase LPG from during the Track Record Period are the few major upstream LPG suppliers in Guangdong Province that sell domestic LPG as well as imported LPG, and they form approximately 75% of the upstream LPG supply in Guangdong Province. Our LPG vehicular refuelling stations usually source from independent LPG suppliers which import overseas, and our LPG domestic stations usually source from independent LPG suppliers which source LPG domestically as well as those which import overseas. According to the F&S Report, the PRC had always maintained a high import to export ratio of LPG and for the year ending 31 December 2018, it is expected that imported LPG is approximately 15.8 times of exported LPG. The leading LPG importers in Guangdong therefore also help to drive the LPG penetration within many application aspects including vehicular, industrial as well as residential sectors. For the three years ended 31 December 2017 and the six months ended 30 June 2018, we had purchased from more than 10 suppliers per year or period and in aggregate, over 20 unique suppliers for procuring raw materials.

(b) Flexibility in sourcing from other suppliers and expanding supplier base

Our Group maintains flexibility in supplier selection since we, through JM Xinjiang Gas, a Jointly Controlled Entity, have storage facilities and a terminal which allow us to have flexibility in the amount of inventory that we accumulate and our selection of suppliers. We also leased storage facilities from our suppliers to facilitate our bulk purchase. In respect of LPG, in the event that a supplier ceases to supply to our Group, our Group could order more raw materials from our other suppliers who are comparable in nature and size and store the same in our storage facilities to cope with any sudden loss of supply. In addition, the terminal enables us to source for other suppliers even though they may be far away from the locations that we operate in as the vessels can transport LPG for a vast distance. According to F&S, since LPG procurement can be relied through imported LPG, the terminal becomes of vast importance to our flexibility in choosing other suppliers. Due to our bulk purchase volume, we believe that it attracts LPG suppliers willing to enter into long-term agreements with us and aids our bargaining power over pricing. In addition, our purchase volume could enable us to find other suppliers at quality prices and terms without much difficulties.

In respect of CNG, according to F&S, the gas source is mainly concentrated in state owned energy companies such as PetroChina, who we have already entered into a long term agreement with given our advantages of possessing Mother Stations which are connected to the West to East Gas Transmission Tunnel (西氣東輸管道). As such, we believe we have already secured the abundant and primary source of CNG from PetroChina, which also means that our procurement price is very competitive since the source is primary from PetroChina. Although PetroChina has the exclusive operational rights of the West to East Gas Transmission Tunnel (西氣東輸管道) in Henan Province, there are other secondary gas source providers similar to Henan Blue Sky who are able to provide CNG to our Group as well. Since Henan Blue Sky is one of our Jointly Controlled Entities, we are also able to procure CNG at a competitive price. We believe that if there is a need for our Group to purchase from such secondary gas source providers, we are still able to procure CNG at competitive prices as we purchase in large quantities, to which F&S concurs. However, our Group is unable to guarantee that their prices are as competitive as PetroChina, who has the primary gas source, and Henan Blue Sky, who is one of our Jointly Controlled Entities. Based on multiple research methodologies of F&S, such as conducting in depth interviews with industry stakeholders and other secondary gas source providers and vehicular gas providers, the majority confirmed their willingness to sell CNG at competitive prices with large quantities to companies who have a well-established distribution and sales network, well-recognized brand image and proven market positioning and competitiveness. Hence, F&S is of the view that our Group would still be able to procure CNG in large quantities at competitive prices from other secondary gas source providers.

During the Track Record Period, save for our Group purchasing CNG from other CNG suppliers for our Xinyang vehicular refuelling station due to its location we did not purchase from other secondary gas source providers due to supply issues as the supply from PetroChina and

Henan Blue Sky, a Jointly Controlled Entity, was sufficient. In the event that we are unable to satisfy our demands through PetroChina and Henan Blue Sky, we believe we may purchase CNG at comparable quantities by purchasing from more secondary gas source providers. In respect of the pricing of other secondary gas source providers, we are unable to guarantee their price would be as competitive as PetroChina and Henan Blue Sky, given that there is a certain buffer of up to 20% which these secondary gas source providers are legally allowed to add on to their price quotations to us. Currently, the price charged by Henan Blue Sky is comparable to the price charged by PetroChina, as their gas price is the same as PetroChina.

Also, while our Group endeavours to maintain the established business relationships with our existing suppliers, we also recognise the importance of expanding our supplier base with a view to sustaining long-term growth. Our Directors believe that where there are alternative suppliers available in the market which can supply products at comparable market prices and qualities, our Group should not have any difficulty in purchasing from alternative suppliers. Our Group will continue to identify and approach suitable suppliers to expand our supplier base as well as to cope with our Group's expansion plan.

(c) We have entered into a long-term supply agreement with PetroChina, which is our ultimate sole supplier of CNG in Henan Province

According to the F&S Report, natural gas is a strategic resource in China that is controlled by a few state-owned enterprises. Due to its inland geographic location, the upstream supply of natural gas in Henan Province is mainly sourced from West to East Gas Transmission Tunnel (西氣東輸管道) exclusively operated by PetroChina. As such, it is the industry norm to rely on PetroChina in respect of our CNG procurement.

Although we have entered into a long term agreements with Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司) for CNG procurement, the latter also procures CNG from PetroChina. As such, PetroChina is our ultimate sole supplier of CNG in the Henan Province. We have entered into a long-term supply agreement with PetroChina for a term of August 2009 to December 2023 which will guarantee their supply of CNG to our CNG Mother Stations in the long term. Our Directors believe that due to the long-term supply agreement, despite our reliance on PetroChina, our CNG procurement will remain stable and there are no foreseeable factors which will affect our business with PetroChina. Our Group will also endeavor to maintain our established business relationship with PetroChina and should there be an alternative source to CNG procurement, our Group will actively consider to expand our supplier base for CNG if CNG are offered at comparable market prices and qualities.

To secure a stable and sufficient fuel supply for our operation, we typically enter into gas supply framework agreements with our suppliers, which is an industry norm according to F&S. These framework agreements generally set out the pricing mechanism, procurement, delivery and payment arrangements and we are required to notify our suppliers of our expected demands for fuels in advance under most of our gas supply framework agreements, which assist our suppliers to allocate sufficient fuels to accommodate to our demand. The key aspects of our typical agreements are set forth below:

Products:	LPG and LNG
Product requirements:	National LPG and LNG standard of the PRC, as substantiated by quality reports prepared by the supplier
Duration:	1 year
Price:	The unit price of LPG and LNG is generally fixed with reference to market price as at the date of purchase and subject to adjustments to any relevant government pricing policies (if any).
Delivery:	Where the LPG is stored in the suppliers' storage, our logistics fleet is responsible for picking up the LPG at the designated location. Where the LPG is transported by sea, the supplier is responsible for offloading the LPG in the terminal in Jiangmen City or at a designated terminal agreed between the parties. The supplier will deliver the LNG at the designated location.
Measurement:	Quantity of purchase is recorded by measurement tools as mutually agreed.
Pre-order:	We are usually required to notify the suppliers in advance of the estimated upcoming demand for fuel per month or agree on the quantity of fuel per month in the agreement.
Purchase amount:	There is usually a minimum purchase amount for LPG. There is usually no minimum purchase amount for LNG.
Payment:	We are required to prepay for the estimated quantity of fuel to be ordered.
Termination:	Upon breach of either party's contractual obligations

As advised by our PRC Legal Adviser, the framework agreements we entered into with our suppliers are legally binding. Our Directors confirm that there had not been any material breaches of the above long-term gas supply framework agreements during the Track Record Period and that there were not material shortfalls in our LPG purchases from the minimum purchase amount during the Track Record Period.

One of our subsidiaries, Henan Yonghui, has entered into a natural gas supply agreement with PetroChina in order to ensure the stability of CNG to be transmitted to our CNG Mother Station located in Xinzheng City. Key terms of the natural gas supply agreement are set forth below:

Product:	CNG
Product requirements:	National natural gas standard of the PRC with test reports issued quarterly
Duration:	18 August 2009 to 31 December 2023
	Parties may negotiate an extension of term 12 to 24 months prior to the expiration of the agreement.
Price	The unit price of natural gas is determined by a formulae which takes into consideration government pricing policies.
	The cost of transmission is determined by government pricing policies.
Purchase amount:	For 2009 to 2011: 5 million m^3 per year but can be varied under mutual agreement from time to time.
	From 2012 onwards: (i) 36.5 million m^3 per year and (ii) natural gas delivery for each of the years subsequent to 2012 shall be determined by both parties subject to adjustment at 5 year intervals. If both parties cannot reach a consensus as to the specified purchase amount, the specified purchase amount of the final year of the previous 5 year interval shall be adopted as the specified purchase amount for each year in the upcoming 5 year interval.

Under the agreement, if our actual purchase volume in the relevant year is less than 90% of the specified purchase amount (the "**minimum purchase amount**"), i.e. 4.5 million m^3 per year for 2009 to 2011 and 32.85 million m^3 per year from 2012 onwards, we have a take-or-pay obligation for the difference, which is the minimum purchase amount minus the actual amount volume in such year (the "**Purchase Shortfall**"), and in such case, we have the right to require PetroChina to supply the volume of natural gas which is equivalent to the amount of Purchase Shortfall in that year, subject to, inter alia, the conditions that (i) we have made the payment for such Purchase Shortfall to PetroChina; (ii) we are able to require PetroChina to supply such shortfall volume of natural gas in any year within the three years after the year in which the relevant Purchase Shortfall occurs provided that our actual purchase volume of that year has fulfilled the relevant minimum purchase volume; and (iii) such right is exercisable by us within three years after the year in which the relevant Purchase Shortfall occurs. If our actual purchase volume is more than the specified purchase volume in a relevant year, there is no obligation for PetroChina to supply us with the additional gas demanded in excess of the specified purchase volume ("**Excess Volume**") according to the agreement. In the event that PetroChina decides to supply us with the Excess Volume, the unit price shall be 110% of the price as determined by the formulae as mentioned in "Price" above.

Delivery:	Delivered at PetroChina's transmission substation in Xinzheng City, Henan Province.
Measurement:	Quantity of purchase is recorded by measurement tools operated by PetroChina's subsidiary which is responsible for gas transmission.
Pre-order:	We are required to notify PetroChina in advance of the estimated upcoming yearly, quarterly, monthly and weekly demand for natural gas.
Payment:	We are required to make 100% monthly prepayment for the estimated quantity of natural gas to be ordered for the subsequent month.
Termination:	Upon occurrence of any termination events, including (i) breach of either party's contractual obligations; (ii) failure by either party to supply or to procure natural gas for 120 days consecutively or an accumulation of 180 days; (iii) bankruptcy of either party; (iv) our Group defaults payment after 30 days past due date; and (v) revocation of business licenses, etc.

Our Directors confirmed that there were no material Purchase Shortfall prior to the Track Record Period which affected our Group's purchase amount with PetroChina during the Track Record Period.

A long term agreement was entered into between Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司), being one of our joint venture partners, and Henan Blue Sky, being one of the Jointly Controlled Entities, in September 2007 in respect of the CNG supply to our Zhumadian Mother Station.

Product requirements:	National natural gas standard of the PRC
Duration:	The first agreement specifies the gas volume for two years and is renewed annually.
Price:	The unit price of natural gas is determined by a formulae which takes into consideration government pricing policies. The cost of transmission is determined by government pricing policies.
Purchase amount:	Historically, the amount per year was fixed and is subject to the supply of PetroChina to decide on the supply volume annually unless those already specified in the agreement. Since 2013, it shall be determined by both parties subject to an adjustment at 5 year intervals. If both parties cannot reach a consensus as to the specified purchase amount, the specified purchase amount of the final year of the previous 5 year interval shall be adopted as the specified purchase amount for each year in the upcoming 5 year interval.
Delivery:	Delivered at the substation of Henan Blue Sky Corporation (河南藍天燃氣股份有限公司) in Zhumadian City, Henan Province.
Prepayment:	We are required to prepay a weekly amount.
Pre-order:	We are required to inform Henan Blue Sky Corporation (河南藍天燃氣股份有限公司) of our demands daily and weekly.

A long term agreement was also entered into in July 2007 between Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司), being one of our joint venture partners, and Xinzheng Yonghui Natural Gas Company Limited (新鄭永輝天然氣有限公司) for the procurement of CNG to our Xinzheng Mother Station. The contracting party was subsequently changed from Xinzheng Yonghui Natural Gas Company Limited (新鄭永輝天然氣有限公司) to Henan Yonghui after it was established in September 2013. The main differences with the long term agreement above are set out below:

Duration:	From March 2008, being the date of business operations of Xinzheng Yonghui Natural Gas Company Limited (新鄭永輝天然氣有限公司), until 31 December 2023.
Purchase amount:	Historically, the amount per year was fixed and is subject to the supply of PetroChina to decide on the supply volume annually. In January 2013, the supply was increased to 13 million m^3 per year after mutual agreement.
Delivery:	Delivered at the substation of Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司) in Xinzheng City, Henan Province.

During the Track Record Period, in respect of the natural gas agreement with PetroChina, our Directors confirm that we have purchased in accordance with the specified purchase amount and did not trigger the take-or-pay obligation, and in respect of the long term agreements with Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司), we have been able to agree on the specified purchase amount and as such, we were able to purchase according to the specified purchase amount.

As advised by our PRC Legal Adviser, the natural gas supply agreements we entered into with PetroChina and Henan Blue Sky Gas Corporation (河南藍天燃氣股份有限公司) are legally binding. Our Directors confirm that there had not been any material breaches of the above long-term natural gas supply agreements during the Track Record Period.

PERMITS, LICENCES AND APPROVALS

The gas supply industry is regulated in China and gas suppliers are required to obtain requisite permits, licences, and approvals from the relevant government authorities. Please refer to the section headed "Regulatory overview" in this prospectus for details of the permits, licences, and approvals required for our operations.

Our Directors, as advised by our PRC Legal Adviser, confirm that the during the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant laws and regulations in all material respects and had obtained and maintained the validity of all material permits, licences, and approvals from the relevant PRC authorities for our operation in China, save for the non-compliance incidents disclosed in the paragraph headed "Legal proceedings and non-compliance matters" in this section below. The following table sets out certain information in relation to our material permits, licences, and approval as at the Latest Practicable Date:

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
Gas Operating Licence (燃氣經營許可證)	GZ Sino Gas	Urban Management Committee in Guangzhou (廣州市城市管理委員會)	11 May 2017	11 May 2017 to 10 May 2022	N/A
	Ganzhou Gas	Bureau of Housing and Urban in Ganzhou (贛州市城鄉建設局)	30 March 2016	30 March 2016 to 29 March 2019	N/A
	GZ New Energy	Urban Management Bureau in Zengcheng District of Guangzhou (廣州市增城區城市管理局)	23 November 2017	23 March 2017 to 23 March 2022	N/A
	JM Xinjiang Gas, a Jointly Controlled Entity, Gujing Station	Urban General Management Bureau in Xinhui District of Jiangmen (江門市新會區城市綜合管理局)	21 July 2016	21 July 2016 to 21 July 2021	N/A
	Zhengzhou Sino Gas, Economic Zone Station, Zhengpinglu Station, Chenzhai Station, Science Road Station, Sports Centre Station, Tongli Station, Liuzhuang Station	Urban Management Bureau in Zhengzhou (鄭州市城市管理局)	19 March 2014	19 March 2014 to 18 March 2019	N/A

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
	Nongye Donglu Station	Urban Management Bureau in Zhengzhou (鄭州市城市管理局)	25 March 2015	25 March 2015 to 24 March 2020	N/A
	Xinzheng Sino Gas	Urban Management Bureau in Zhengzhou (鄭州市城市管理局)	17 April 2014	17 April 2014 to 16 April 2019	N/A
	Henan Blue Sky, a Jointly Controlled Entity, Zhumadian Mother Station, Yicheng Station, Lianjiang Station	Bureau of Housing and Urban-Rural in Zhumadian of Henan (河南省駐馬店市住房和城鄉建設局)	23 May 2014	23 May 2014 to 22 May 2019	N/A
	Xinyang Station	Bureau of Housing and Urban-Rural in Zhumadian of Henan (河南省駐馬店市住房和城鄉建設局)	16 January 2014	16 January 2014 to 15 January 2019	N/A
Usage of special equipment registration certificate (特種設備使用登記證)	Shiliugang Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	(1) 16 October 2013	N/A	3 April 2019
			(2) 13 December 2013	N/A	6 March 2019
	University Town Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	(1) 24 August 2012	N/A	4 May 2019
			(2) 19 November 2013	N/A	24 May 2019
	Jinpanling Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	(1) 1 November 2010	N/A	16 June 2019
			(2) 18 August 2017	N/A	14 June 2019
	Taihe Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	(1) 30 November 2012	N/A	31 December 2018
			(2) 28 April 2016	N/A	22 December 2018

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
	Jiaokou Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	(1) 1 November 2010	N/A	25 May 2019
			(2) 27 July 2017	N/A	24 May 2019
	Huangcun Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	(1) 1 November 2010	N/A	9 April 2019
			(2) 27 July 2017	N/A	6 March 2019
	Lixin Highway Station	Market and Quality and Technology Supervision Bureau in Zengcheng of Guangzhou (廣州市增城區市場和質量技術監督局)	25 January 2017 *(Note 1)*	N/A	12 December 2019
	Lixin Highway Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	3 February 2017	N/A	30 November 2019
	JM Xinjiang Gas, a Jointly Controlled Entity	Quality and Technology Supervision Bureau in Jiangmen of Guangdong (廣東省江門市質量技術監督局)	(1) 19 September 2018	N/A	N/A
			(2) 5 March 2007	N/A	October 2020
			(3) 5 March 2007	N/A	June 2019
	JM Xinjiang Gas, a Jointly Controlled Entity	Quality and Technology Supervision Bureau in Xinhui (新會區質量技術監督局)	27 July 2016	N/A	N/A
	Nongye Donglu Station	Quality and Technology Supervision Bureau in Zhengzhou (鄭州市質量技術監督局)	5 August 2016	N/A	9 April 2018 (inspection is in progress)

Note 1: Three usage of special equipment registration certificates (特種設備使用登記證) were issued on the same date.

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
	Economic Zone Station, Zhengpinglu Station	Quality and Technology Supervision Bureau in Zhengzhou (鄭州市質量技術監督局)	(1) 23 December 2015	N/A	7 December 2018 (annual inspection is in progress)
			(2) 5 June 2015	N/A	1 May 2019
	Chenzhai Station, Liuzhuang Station	Quality and Technology Supervision Bureau in Zhengzhou (鄭州市質量技術監督局)	5 June 2015	N/A	4 May 2019
	Science Road Station	Quality and Technology Supervision Bureau in Zhengzhou (鄭州市質量技術監督局)	(1) 5 June 2015	N/A	17 May 2019
			(2) 23 December 2015	N/A	7 December 2018 (annual inspection is in progress)
	Sports Centre Station	Quality and Technology Supervision Bureau in Zhengzhou (鄭州市質量技術監督局)	5 June 2015	N/A	5 May 2019
	Tongli Station	Quality and Technology Supervision Bureau in Zhengzhou (鄭州市質量技術監督局)	5 June 2015	N/A	6 May 2019
	Xinzheng Sino Gas	Quality and Technology Supervision Bureau in Xinzheng (新鄭市質量技術監督局)	(1) 29 April 2008	N/A	19 September 2020
			(2) 17 September 2008	N/A	19 September 2020
			(3) 30 March 2010	N/A	19 September 2020
			(4) 10 November 2008	N/A	21 September 2018 (the renewal of licence is in progress)

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
	Zhumadian Mother Station	Quality and Technology Supervision Bureau in Zhumadian (駐馬店市質量技術監督局)	(1)–(3) 29 July 2008 (4)–(7) 1 August 2008 (8)–(9) 13 August 2008 (10)–(13) 14 December 2015	N/A N/A N/A N/A	31 March 2020
	Zhumadian Mother Station	Quality and Technology Supervision Bureau in Zhumadian (駐馬店市質量技術監督局)	19 June 2018	N/A	18 April 2019
	Lianjiang Station, Yicheng Station	Quality and Technology Supervision Bureau in Zhumadian (駐馬店市質量技術監督局)	29 July 2008	N/A	30 July 2027
	Lianjiang Station, Yicheng Station	Quality and Technology Supervision Bureau in Zhumadian (駐馬店市質量技術監督局)	19 June 2018	N/A	18 April 2019
	Xinyang Station	Quality and Technology Supervision Bureau in Xinyang (信陽市質量技術監督局)	10 July 2013	N/A	April 2020
Usage of special equipment registration certificate (Gas Cylinder) (特種設備使用登記證(氣瓶))	JM Xinjiang Gas, a Jointly Controlled Entity	Quality and Technology Supervision Bureau in Xinhui District (新會區質量技術監督局)	24 September 2014	N/A	N/A

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
Transportable pressure vessel (移動式壓力容器)	Xinzheng Sino Gas	Quality and Technology Supervision Bureau in Henan (河南省質量技術監督局)	7 December 2017	7 December 2017 to 14 May 2022	N/A
	Zhumadian Mother Station	Quality and Technology Supervision Bureau in Zhumadian (駐馬店市質量技術監督局)	12 June 2017	12 June 2017 to 11 June 2021	N/A
Cylinder filling permit (氣瓶充裝許可證)	Shiliugang Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	19 October 2017	19 October 2017 to 24 November 2021	N/A
	University Town Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	29 July 2016	29 July 2016 to 25 September 2020	N/A
	Jinpanling Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	5 March 2018	5 March 2018 to 4 March 2022	N/A
	Taihe Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	26 July 2017	26 July 2017 to 13 September 2021	N/A
	Jiaokou Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	2 November 2016	2 November 2016 to 22 December 2020	N/A
	Huangcun Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	27 April 2015	27 April 2015 to 29 May 2019	N/A

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
	Ganzhou Gas	Quality and Technology Supervision Bureau in Jiangxi (江西省質量技術監督局)	11 April 2018	11 April 2018 to 10 April 2022	N/A
	Lixin Highway Station	Quality and Technology Supervision Bureau in Guangzhou (廣州市質量技術監督局)	5 June 2017	5 June 2017 to 5 June 2021	N/A
	JM Xinjiang Gas, a Jointly Controlled Entity	Quality and Technology Supervision Bureau in Jiangmen of Guangdong (廣東省江門市質量技術監督局)	16 November 2015	16 November 2015 to 22 November 2019	N/A
	Nongye Donglu Station	Quality and Technology Supervision Bureau in Henan (河南省質量技術監督局)	6 November 2014	6 November 2014 to 5 November 2018 (the renewal of licence is in the progress[Note (2)])	N/A
	Economic Zone Station	Quality and Technology Supervision Bureau in Henan (河南省質量技術監督局)	24 November 2014	24 November 2014 to 21 November 2018 (the renewal of licence is in the progress[Note (2)])	N/A
	Zhengpinglu, Chenzhai Station, Science Road Station, Sports Centre Station, Tongli Station, Liuzhuang Station	Quality and Technology Supervision Bureau in Henan (河南省質量技術監督局)	24 November 2014	24 November 2014 to 20 November 2018 (the renewal of licence is in the progress[Note (2)])	N/A
	Xinzheng Sino Gas	Quality and Technology Supervision Bureau in Henan (河南省質量技術監督局)	25 September 2017	25 September 2017 to 24 September 2021	N/A

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
	Yicheng Station, Lianjiang Station	Quality and Technology Supervision Bureau in Henan (河南省質量技術監督局)	16 May 2016	16 May 2016 to 24 September 2020	N/A
	Xinyang Station	Quality and Technology Supervision Bureau in Henan (河南省質量技術監督局)	23 May 2018	23 May 2018 to 16 June 2022	N/A
Cylinder filling permit of transportable Pressure Vessel (移動式壓力容器充裝許可證)	Ganzhou Gas	Quality and Technology Supervision Bureau in Jiangxi (江西省質量技術監督局)	14 January 2015	14 January 2015 to 18 January 2019	N/A
	Xinzheng Sinogas	Quality and Technology Supervision Bureau in Zhengzhou (鄭州市質量技術監督局)	7 December 2017	14 May 2022	N/A
	Zhumadian Mother Station	Quality and Technology Supervision Bureau in Zhumadian (駐馬店市質量技術監督局)	12 June 2017	11 June 2021	N/A
Road transport business licence (道路運輸經營許可證)	GZ Logistics	Road Transport Administrative Bureau in Guangzhou (廣州市交通運輸管理局)	26 June 2018	26 June 2018 to 30 June 2022	N/A
	Henan Transportation	Road Transport Administrative Bureau in Zhengzhou (鄭州市交通運輸管理局)	14 June 2018	14 June 2018 to 13 June 2022	N/A
	ZH Transportation	Road Transport Administrative Bureau in Zhuhai (珠海市交通運輸管理局)	30 December 2016	30 December 2016 to 31 December 2020	N/A
	JX Logistics	Road Transport Administrative Bureau in Ganzhou (贛州市交通運輸管理局)	1 November 2018	1 November 2018 to 31 October 2022	N/A

Type of permit/ licence/approval	Group being holder of permit/licence/approval	Issuing authority	Issuing date	Valid period (note)	Next Inspection Date
Hazardous chemical business licence (危險化學品經營許可證)	Jiaokou Station	Bureau of Administration and Supervision on Work Safety in Guangzhou (廣州市安全生產監督管理局)	9 June 2017	9 June 2017 to 8 June 2020	N/A
	GD Petrochemical	Bureau of Administration and Supervision on Work Safety in Zhuhai (珠海市安全生產監督管理局)	11 April 2017	11 April 2017 to 10 April 2020	N/A
	Huajun Road Station	Bureau of Administration and Supervision on Work Safety in Zhumadian (駐馬店市安全生產監督管理局)	27 August 2018	27 August 2018 to 26 August 2021	N/A
	Lianjiang Station	Bureau of Administration and Supervision on Work Safety in Zhumadian (駐馬店市安全生產監督管理局)	7 January 2016	7 January 2016 to 6 January 2019	N/A
Permit for port operation (港口經營許可證)	JM Xinjiang Gas, a Jointly Controlled Entity	Road Transport Bureau in Xinhui District of Jiangmen (江門市交通運輸局)	10 March 2017	10 March 2017 to 10 March 2020	N/A
Certificate of dangerous goods operation in port (港口危險貨物作業附證)	JM Xinjiang Gas, a Jointly Controlled Entity	Road Transport Bureau in Xinhui District of Jiangmen (江門市新會區交通運輸局)	10 March 2017	10 March 2017 to 10 March 2020	N/A

Notes:

(1) Items with "N/A" under "Valid period" refer to no expiry date of the licences while subject to annual inspection unless otherwise stated.

(2) Our Directors confirm that relevant materials for renewal of the relevant licence have been submitted to and accepted by the relevant authority for ongoing renewal procedures. Our PRC Legal Advisor is of the view that we have the right to continue our operation during the interim period and will not be considered in operation without a valid licence, in light that (1) we have submitted all requisite documents to the relevant authority within the prescribed timeframe for application of renewal; and (2) the relevant authority has accepted our application and is considering the application, which is subject to, amongst others, internal procedures of the relevant authority. Our PRC Legal Advisor is of the view that there is no legal impediment to obtain the renewal of the relevant licence and it is expected the relevant licence will be obtained by January 2019. Therefore, our Directors consider that there neither is nor will be any adverse impact on our business operation.

In October 2017, Zhengzhou Sino Gas received an administrative penalty decision (行政處罰決定書) issued by AIC of Zhengzhou City, Huiji Branch for its failure to obtain the cylinder filling permit (氣瓶充裝許可證) for engaging refuelling activities for Zhengzhou Public Transportation in bus exchanges where the cylinder filling permit was absent. As far as our Directors are aware, the non-compliance was due to request from Zhengzhou Public Transportation to provide certain prompt refuelling services to buses near one bus exchange. The penalty amounted to RMB100,000 and has been settled by our Group in November 2017, and our Group confirmed that it no longer provided services at area in the absence of the cylinder filling permit. As advised by our PRC Legal Advisers, our Company has paid the penalty and rectified the irregularities, and the incident has not led to any adverse effect on the continuous operation of our Company.

EMPLOYEES

We had 681 full-time employees as at 30 June 2018. As at the Latest Practicable Date, our Group had a total of 679 employees in the PRC. The following table sets forth a breakdown of the number of our employees by function as at 30 June 2018, and as at the Latest Practicable Date:

	As at 30 June 2018	As at the Latest Practicable Date
Senior management	29	28
Administration	28	31
Finance	26	23
Safety and equipment	42	41
Human resources	6	6
IT	2	2
Operation	548	548
Total	**681**	**679**

According to the PRC Labour Law (《中華人民共和國勞動法》) and the Labour Contract Law of PRC (《中華人民共和國勞動合同法》), we are required to enter into labour contracts with individual workers we hired. The wages we paid to our employees and workers cannot be lower than the local minimum wage standards specified by the government from time to time. We are also required to make severance payments to an employee when the term of their employment contract expires, unless the employee voluntarily terminates the contract or voluntarily rejects an offer to renew the contract in circumstances where the conditions offered by the employer are the same as or better than those stipulated in the existing contract.

Furthermore, in accordance with relevant national and local social welfare laws and regulations in the PRC, we are required to pay in respect of our employees in the PRC various social security funds including basic pension insurance, unemployment insurance, occupational injury insurance, medical insurance, maternity insurance and housing provident fund. Our PRC Legal Adviser has advised us that contributions to these social security funds have been made as required by applicable PRC laws and regulations and relevant local regulations during the Track Record Period, other than the non-compliance incidents disclosed in the paragraph headed "Legal proceedings and non-compliance matters" in this section below.

As our operation involves safety hazards, we place significant emphasis on our employees' training to ensure that each of our employees who work at our CNG Mother Stations and refuelling stations are equipped with the prerequisite knowledge of our operation equipment and safety policies. Technical staff such as drivers of our fleet are required to be properly licensed. All of our employees are required to attend induction trainings organised by our human resources department. To keep our employees abreast of the latest safety requirements, we regularly organise internal trainings and assessments for our employees. For details of our trainings and assessments, please refer to the paragraph headed "Health and work safety control" in this section of this prospectus.

During the Track Record Period, we did not experience any material labour dispute with our employees, received any relevant complaints, notice or orders from relevant government authorities or third parties. We believe that our senior management and employees will continue to maintain good relationships with each other.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group has 2 registered trademarks in Hong Kong and 5 registered trademarks in the PRC. We have also registered and incorporated companies in Guangdong Province, Henan Province and Jiangxi Province and have operated our business under our logo "" and the trade name of "中油潔能". In respect of our LPG domestic stations in Jiangmen City, the logo "" and trade name (新江煤氣) is used. For details of such arrangement, please refer to the paragraph headed "Our products — Our self-owned operations and jointly-owned operations — Stations operated by us through Jointly Controlled Entities" in this section. We believe our success in the said regions are partly attributable to our customers' recognition of our logo "" and trade name of "中油潔能" and that our continued success will depend largely on our ability to protect and enhance the value of our logo and trade name. In the event we cannot use our trade name, it will result in loss of customers and weakening of our brand name. Furthermore, there may also be a potential passing off infringement claims from other parties who own similar trade names or logo. For details of the impact on our Group's business due to the risks involved in the use of our Group's logo and trade name, please refer to the section headed "Risk Factors — Our business depends significantly on the market recognition of our logo "" and the trade name of "中油潔能". Our business could be materially and adversely affected if we are unable to protect our logo "" and the trade name of "中油潔能" in this prospectus.

The business category under which our Group's trademarks are registered in the PRC are set out as follow:

Trademark	Class	Registration number	Business category
中油潔能 SINOGAS (1)	7	6389852	Fuel conversion device for internal combustion engine; automobile engine piston; internal combustion engine ignition device; internal combustion engine spark plug; automobile engine spark plug; automobile engine ignition coil; compressor (machine); pressure regulator (machine component); steam or oil separator
中油潔能 SINOGAS	6	4685537	Steel pipe; metal pipe; metal pipe accessories; compressed gas or liquid air cylinder; metal container for storage and transportation; compressed gas cylinder and hydraulic gas pressure reducing valve; metal container for liquid fuel
	9	4685536	Instrument components and instrument-specific materials; integrated circuit chips; programmable controllers (computer hardware); measuring instruments and devices; pressure displays; electrical switches
	4	4685535	Industrial wax
	7	4685534	Automobile engine piston; internal combustion engine ignition device; internal combustion engine spark plug; internal combustion engine fuel conversion device; automobile engine spark plug; automobile engine ignition coil; compressor (machine); pressure regulator (machine component); steam or oil separator

Note:

1. We have not made applications to register this trademark under the category for gas refuelling business.

As advised by our PRC Legal Adviser, our trade name of "中油潔能" is protected in our Group and its subsidiaries' place of incorporation and that within the said regions, being Guangdong Province, Henan Province and Jiangxi Province, our Group may exclude competitors from operating gas refuelling business under the trade name of "中油潔能". Based on the Measures for the Implementation of Administration of Enterprise Name Registration (《企業名稱登記管理規定》), an enterprise is only allowed to adopt one name, and they may not be the same or similar to the already registered enterprises in the same industry in the jurisdiction of the registration authority. As a result, other companies which operate in the same industry within the jurisdiction of the registration authorities where our PRC subsidiaries adopting the trade name of "中油潔能" cannot register and use the trade name "中油潔能" in their companies. However, if we expand into regions outside of our place of incorporation, and that there are existing competitors operating gas refuelling business under the trade name of "中油潔能", we may be unable to rely on our trade name. As a result, if our Group expands to other provinces and there are other company(ies) already registered under the same trade name i.e. "中油潔能" for gas refuelling business, and the relevant Administration for Industry and Commerce Authorities prohibit our Group from registering the same trade name, we may not be allowed to set up and operate through our subsidiaries and/or stations with the same trade name. As at the Latest Practicable Date, our expansion plans are confined within various cities in Guangdong Province and Henan Province and we do not have present intentions to expand our subsidiaries and/or stations into other provinces where our trade name is not protected.

With regard to the 5 registered trademarks in the PRC, the trademarks are not registered under the category of gas refuelling business in which we operate. The Trademark Office of the State Administration for Industry and Commerce of the People's Republic of China (the "**PRC Trademark Office**") has denied the application to register " Sinogas 中油潔能" under the category for gas refuelling business. In addition, we have applied to the PRC Trademark Office to register our logo "" as a trademark under the category for gas refuelling business. However, the application has been denied. The PRC Trademark Office denied our Group's trademark (i.e. " Sinogas 中油潔能") registration application under the gas refuelling business category because (i) other than industrial wax, the denied trademark consists of other business categories that are identical to the business categories under a trademark registered by the PetroChina and its shareholder (the "**Already Registered Trademark**"), which consists of coal tar; coal naphtha; heavy oil; petroleum (crude oil or refined oil); lubricating oil; light oil; gasoline; diesel; kerosene; fuel oil; gas fuel; petroleum gas; automobile fuel, coal tar, gasoline and other commodities approved for use in the same or similar functional use; and (ii) the main identification part of the objected trademark "中油" is identical to the main identification part of the Already Registered Trademark which also consists of the term "中油". The two trademarks are designated to be used on the same or similar goods, which may cause confusion and misunderstanding of the relevant consumers. Hence, the relevant trademark application was rejected. The PRC Trademark Office denied our Group's logo registration ("i.e. ") because it is similar to the trademark registered by Perfect Wise as well as other trademarks registered by Independent Third Parties on similar commodities (the "**Other Registered Trademarks**"). According to the relevant provisions of Chapter III of the Trademark Law, "Review and Approval of Trademark Registration" (《商標法》第三章"商標註冊的審查和核准"), for trademarks applied for registration, the Trademark Office will review and approve the registration or reject the application without making an announcement. According to our PRC Legal Adviser's understanding, their registrations were permitted because the Trademark Office considers that the above-mentioned registered trademarks meet the registration requirements of the Trademark Law.

Our Group has applied for and the PRC Trademark Office has received in July 2018, our application for the review of the PRC Trademark Office's decision to deny our applications to register the logo "". According to the relevant provisions of the Trademark Law, the Trademark Review and Adjudication Committee shall make a decision within nine months from the date of receipt of the application for review and notify the applicant of its decision in writing. If there are special circumstances that warrant the timeframe of the decision to be extended, it may be extended for three months with the approval of the State Administration for Industry and Commerce.

Our PRC Legal Adviser considers that the Other Registered Trademarks were successfully registered in the same trademark class despite even being in the overlapping business subcategory (but not having included the business subcategory of gas refuelling business) as each other and considering that we applied for the registration of the logo “ ” as trademark in a different subcategory, on such basis, our PRC Legal Adviser is of the view that there is a high likelihood of success in the review proceedings for our Group’s logo registration. According to our PRC Legal Adviser, companies may choose not to register their logos as a trademark and use their logos for their operations for identification purpose. In addition, the current use of our logo (i.e. for the gas refuelling business) does not share the same goods/service as the Other Registered Trademarks and is not likely to infringe the Other Registered Trademarks. As such, our PRC Legal Adviser is of the view that our Group may continue to use our logo “ ” without registering as a trademark, and hence despite our registration application is pending review, we can still use the logo. However, as the logo is not registered as a trademark, the logo will not enjoy the same legal protection and status as that of a registered trademark.

Our Group has always been using “ Sinogas中油潔能” (the “**Combination**”) which consists of our logo and trade name for our business operations. Our trade name has been registered as it forms part of our names in our PRC subsidiaries in the PRC and registered with the PRC government. Although we were not successful in registering the Combination as a trademark, we are still allowed to use the Combination, however the Combination has no same legal protection and status as that of a registered trademark. Furthermore, our Group has been adopting “中油潔能” and not segregated “中油” to use as a standalone basis, and thus our Directors believe that this differentiates us from others and will not cause confusion and misunderstanding to relevant consumers and hence will not amount to passing off. According to our PRC Legal Adviser, as our Group has always been adopting our Group’s trade name “中油潔能” and we did not segregate the main identification part, being “中油”, of the Already Registered Trademark, in our operations, our PRC Legal Adviser is therefore of the view that our Group’s use of the Combination will not amount to passing off as our combined use of “ Sinogas中油潔能” will be able to differentiate us from the relevant consumers in the market.

The Other Registered Trademarks were being applied for by the respective applicants as early as from 2005 to 2011 and as at the Latest Practicable Date, and there are no legal proceedings and/or disputes regarding our use of the Combination or any elements thereof. As such, our PRC Legal Advisers is of the view that (i) as at the Latest Practicable Date, there is no passing off infringement of the Other Registered Trademarks and logos registered by other parties over our Combination or any elements thereof; (ii) going forward, given that the Other Registered Trademarks do not include the gas refuelling business as a business subcategory, there is no passing off infringement of the Other Registered Trademarks and logos registered by other parties over our Combination or any elements; and (iii) even if there were legal proceedings and/or disputes over the use of our Combination or any elements, given that the Other Registered Trademarks do not include the gas refuelling business as a business subcategory, our PRC Legal Adviser is also of the view that chances of Independent Third Parties successfully claiming against our Group for infringing their intellectual property rights is very low and that we are lawfully entitled to use the Combination for our gas refuelling business.

According to our PRC Legal Adviser, under the current PRC legal system, the rejection of our Group’s trademark application means that other companies are also not able to apply for the same trademark under the gas refuelling business category. In addition, as confirmed by our PRC Legal Adviser, our trade name “中油潔能” is legally registered and continues to be legally used. As illustrated further above, our Group’s trade name is protected in Guangdong Province, Henan Province and Jiangxi

Province. Given that we have no present intentions to operate or to expand based on our expansion plans out of Guangdong Province, Henan Province and Jiangxi Province, we believe the impact of the rejection of our Group's trademark application under gas refuelling business categories to our operations is minimal. Therefore, according to our PRC Legal Adviser, the use of "中油潔能" as our trade name and the logo by our Group does not infringe the intellectual property rights of third parties.

For risks relating to the use of our trademarks, trade name and logo, please refer to the section headed "Risk factor — Our business depends significantly on the market recognition of our logo "" and the trade name of "中油潔能". Our business could be materially and adversely affected if we are unable to protect our logo "" and the trade name of "中油潔能" in this prospectus. Details of our intellectual property rights, which are material to our business and operations, are more particularly set out in the section headed "Statutory and general information — 2. Further information about our business — 2.2 Intellectual property rights of our Group" in Appendix IV to this prospectus.

As at the Latest Practicable Date, we had not been subject to any material intellectual property claims against us or experienced any dispute in relation to the infringement on our intellectual property rights. Our Directors believe that we have taken reasonable measures to prevent infringement of our intellectual property rights.

PROPERTIES

We occupy certain properties in the PRC in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. They mainly include premises for our (i) refuelling stations operation; (ii) CNG Mother Stations operation; (iii) storage and warehouse; (iv) dormitory; (v) terminal; and (vi) offices.

As at 31 December 2017, each of our properties had a carrying amount below 15% of our consolidated total assets. On this basis, no property valuation report in respect of our Group's property interests is required in reliance upon the exemption provided by Rule 5.01A of the Listing Rules and Section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). Therefore, this prospectus is exempted from compliance with the requirements of Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

As at the Latest Practicable Date, we had land use rights with respect to 7 parcels of land in China, located in the cities of Ganzhou, Jiangmen, Xinzheng, and Xinyang, with a total area of approximately 125,963.7 sq.m. We have obtained the land use rights certificates for all these 7 parcels of land. As at the Latest Practicable Date, we operate 2 of our refuelling stations, 1 CNG Mother Station and 1 warehouse on these lands.

We have obtained 6 building ownership certificates, which are typically used as ancillary buildings, such as office, carport, and dormitory. The gross floor area for these premises amounted to approximately 6,049.93 sq.m.

Save as disclosed below in the paragraph headed "Legal proceedings and non-compliance matters" in this prospectus, our PRC Legal Adviser has confirmed that we have complied with the relevant PRC laws with respect to such owned properties in all material respects and obtained the proper land use rights certificates and building ownership certificates for the aforementioned land and buildings and we are entitled to use all parcels of land mentioned above and we legally own all of our buildings.

Leased Properties

Stations

As at the Latest Practicable Date, we leased 13 parcels of land in the PRC mainly used for construction and operation of our stations. According to our PRC Legal Adviser, the leases are made in accordance with PRC laws and are lawful, valid and binding on each of the parties to the lease agreements. The following table sets out a summary of the parcels of properties leased by us for the stations as at the Latest Practicable Date:

Location of Land/Premises	Property Type	Lessor	Lessee	Area *(sq.m.)*	Duration of lease	Annual rent (unless otherwise stated) *(RMB)*
Shiliugang Station	Land	Guangdong Sales Branch of PetroChina Co. (中國石油天然氣股份有限公司廣東銷售分公司)	GZ Sino Gas	3,740	20 November 2017 to 19 November 2021	3,000,000
University Town Station	Land	Guangzhou Guanghui Refuelling Station Limited (廣州市光匯加油站有限公司)	GZ Sino Gas	1,855.061	6 July 2012 to 5 July 2022	600,000 per year for the first three years, increase by 5% based on the 3rd year's annual rent for the 4th year to the 6th year, increase by 5% based on the 6th year's annual rent for the 7th year to 9th year, increase by 5% based on the 9th year's annual rent for the 10th year

Location of Land/Premises	Property Type	Lessor	Lessee	Area (sq.m.)	Duration of lease	Annual rent (unless otherwise stated) (RMB)
Jinpanling Station	Land	Guangzhou Haizong Gaoyi Limited (廣州市海總貿易有限公司)	GZ Sino Gas	5,000	1 June 2009 to 31 December 2024	75,000 per month before 31 December 2009, 900,000 per year for the 2nd year to 4th year, 945,000 per year for 5th year, 1,445,000 for the rest of the years
Taihe Station	Land	Wu Yingge	GZ Sino Gas	3,500	17 September 2008 to 16 September 2028	670,000 (the 1st year to the 3rd year), 703,500 (the 4th year to the 6th year), 738,675 (the 7th year to the 9th year), 775,609 (the 10th year to the 12th year), 814,389 (the 13th year to the 15th year), 855,108 (the 16th year to the 18th year), 897,863 (the 19th year to the 20th year)
Jiaokou Station	Land	Guangzhou Jiaotongzhanchang Construction and Management Centre Asset Operation Management Department (廣州市交通站場建設管理中心資產經營管理處)	GZ Sino Gas	6,271	1 October 2017 to 30 September 2019	3,634,603.2 for the 1st year and 3,816,333.6 for the 2nd year
Huangcun Station	Land	Guangzhou Public Bus Station Management Service Centre (廣州市公用公交站場管理服務中心)	GZ Sino Gas	2,284	1 September 2016 to 31 May 2019	1,009,984.8 for the 1st year, 1,060,484.04 for the 2nd year, and 835,131.15 for the last 9 months

Location of Land/Premises	Property Type	Lessor	Lessee	Area *(sq.m.)*	Duration of lease	Annual rent (unless otherwise stated) *(RMB)*
Gujing Station	Land	Deng Quanyi	JM Xinjiang Gas, a Jointly Controlled Entity	120	1 August 2015 to 31 July 2020	27,600 for the first 2 years, and 30,000 for the 3rd year to 5th year
Furong Station	Land	Ye Yaoxiong	GZ New Energy	6,000	6 November 2013 to 30 November 2033	1,224,000
Lixin Highway Station	Land	Guangzhou Jinhong Property Management Limited (廣州市錦洪物業管理有限公司)	GZ New Energy	8,000	8 January 2014 to 7 January 2029	1,632,000 for 2016 to 2018, 1,824,000 for 2019 to 2021, 2,016,000 for 2022 to 2023, 2,304,000 for 2024 to 2026, and 2,592,000 for 2027 to 2028
Yongxing Station	Land	Urban Management Bureau of Baiyun District of Guangzhou (廣州市白雲區城市管理局)	GZ New Energy	800	21 July 2016 to 15 December 2035	192,000
Zhumadian Mother Station	Land	Henan Blue Sky Gas Corporation	Henan Blue Sky, a Jointly Controlled Entity	15,306	16 May 2007 to 16 May 2027	275,000
Lianjiang Station	Land	Henan Blue Sky Energy Investment Limited (河南藍天能源投資有限公司)	Henan Blue Sky, a Jointly Controlled Entity	3,860	16 May 2007 to 16 May 2027	100,000

Location of Land/Premises	Property Type	Lessor	Lessee	Area (sq.m.)	Duration of lease	Annual rent (unless otherwise stated) (RMB)
Yicheng Station	Land	Henan Blue Sky Group Limited (河南藍天集團有限公司)	Henan Sino Gas	5,980	16 May 2007 to 16 May 2027	125,000

Lease of Jinpanling Station

The Jinpanling Station is leased from an Independent Third party where the China People's Liberation Army Guangdong Military Region Logistics Department (the "**GMRLD**") owns the land use rights. Save for being the lessor and lessee over the land, to the best knowledge of our Directors, there is no equity relationship between the Independent Third Party and the GMRLD. According to the Circular on the Armed Forces and the Armed Police Force's Complete Suspension of Paid Service Activities (《關於軍隊和武警部隊全面停止有償服務活動的通知》) (the "**Circular**") issued by the Central Military Commission of the Communist Party of China on 27 March 2016, the complete suspension of paid service activities by the armed forces and armed police forces has officially commenced. Pursuant to the Circular, the Central Military Commission plans to gradually suspend all paid service activities by the armed forces and armed police forces in three years via several phases. For details of the relevant risk factor, please refer to "Risk factors — Risks relating to our business and industry — We have entered into a lease with an Independent Third Party for the parcel of land on which our Jinpanling Station operates. Our lease and the continuing use of the land is affected by the PRC government's plans to suspend paid services activities by the armed forces and armed police forces" in this prospectus. However, our PRC Legal Adviser is of the view that the risks of us not able to continue to use the land is low, as (i) the Independent Third Party has entered into a renewal lease agreement with GMRLD until year 2029 in November 2017 and our PRC Legal Adviser is of the view that based on the relevant provisions of PRC Contract Law and upon agreement made by both parties, the renewal lease agreement has been signed and stamped by both parties and the Independent Third Party has paid a deposit and therefore the agreement took effect thereafter and is not subject to invalidation due to violation of the mandatory provisions of laws and administrative regulations and (ii) based on the interview with the GMRLD on May 2018, they have indicated to our Group that the land used for gas refuelling industry is considered to be the livelihood activities to be used by the public and they have not received any instructions from their superiors on ceasing paid services activities relating to livelihood related activities on the premise. Since the Circular relates to internal military policy and the specific implementation plan is formulated internally by the military, and together with the interview with the GMRLD which indicated there is no specific timeframe on its implementation and completion and that the daily activities of the people will be handled on a case by case basis, and as at the Latest Practicable Date, the GMRLD has not received any instructions regarding the cessation of paid services in the gas refuelling industry, our PRC Legal Adviser is of the view that our Group's relocation risk is low. Based on the above, our Group has no concrete plans to relocate our Jinpanling Station.

Joint Venture Investment of Refuelling Stations Operating with Zhengzhou Public Transportation

In accordance with the joint venture agreement (the "**JV Agreements**") entered into between Beijing Sino Gas, Zhengzhou Public Transportation and Sino Gas Hengran Petroleum Gas Company Limited (中油恒燃石油燃氣有限公司) ("**Sino Gas Hengran**") dated 15 January 2005, Zhengzhou Sino Gas was established to engage in the operation of CNG vehicular refuelling Station in Zhengzhou City. Zhengzhou Public Transportation granted the land use of 8 parcels of land to Zhengzhou Sino Gas for use as gas stations being the 8 stations currently under our operation, namely Nongye Donglu Station, Economic Zone Station, Zhengpinglu Station, Chenzhai Station, Science Road Station, Sports Centre Station, Tongli Station, and Liuzhuang Station (together the "**JV Stations**") for a period of 20 years from 15 January 2005 to 14 January 2025. Zhengzhou Sino Gas is entitled to be granted the site usage right of the land on which all the JV Stations were built for a duration of 20 years with aggregate annual license fee of RMB11.4 million. For details, please refer to the section headed "Connected transactions — Exempted continuing connected transactions — Grant of site usage right to our Group" in this prospectus. The following table sets out a summary of the lands use right to the JV Stations as at the Latest Practicable Date:

Location of Land	**Location type**	**Area** *(sq.m.)*	**Duration of free use**
Nongye Donglu Station	Land	148	15 January 2005 to 14 January 2025
Economic Zone Station	Land	638	15 January 2005 to 14 January 2025
Zhengpinglu Station	Land	553	15 January 2005 to 14 January 2025
Chenzhai Station	Land	436	15 January 2005 to 14 January 2025
Science Road Station	Land	418	15 January 2005 to 14 January 2025
Sports Centre Station	Land	571	15 January 2005 to 14 January 2025
Tongli Station	Land	607	15 January 2005 to 14 January 2025
Liuzhuang Station	Land	628	15 January 2005 to 14 January 2025

Office and Car Park

As at the Latest Practicable Date, we leased 3 premises in the PRC for car parks which we consider to be of importance to our business operations. The following table sets out a summary of the premises leased to us and material to our Group's business operations as at the Latest Practicable Date:

Location of Land/Premises	Property Type	Lessor	Lessee	Area *(sq.m.)*	Duration of lease	Annual rent *(RMB)*
Guangzhou	Car park	GZ Jiahexing Development	GZ Logistics	2,800	1 January 2017 to 31 December 2019	90,000 for 2017, 99,600 for 2018 and 108,000 for 2019
Guangzhou	Car park	Fan Zhiqiang	GZ New Energy	750	1 November 2016 to 31 October 2019	54,000
Guangzhou	Car park	Urban Management Bureau of Baiyun District of Guangzhou (廣州市白雲區城市管理局)	GZ New Energy	750	21 July 2016 to 15 December 2035	54,000

COMPETITION

According to the F&S Report, the operation of LPG vehicular refuelling stations in Guangdong Province is dominated by the local players with the top five market players all being regional independent operators and possessing approximately 98.7% of the market share in terms of LPG sales volume in vehicular refuelling stations in 2017. Amongst the LPG vehicular refuelling stations in Guangdong Province, the top five LPG companies took up approximately 97.1% of the overall market in terms of vehicular refuelling stations as at 2017. Our Group ranked third in the LPG vehicular refuelling market in Guangdong Province in terms of sales volume in vehicular refuelling stations and number of vehicular stations in 2017. In terms of LPG for residential use, according to the F&S Report, the residential LPG sector in Guangdong Province is quite fragmented with over 60–80 suppliers providing LPG to customers at 80–100 domestic stations. Also, it is also fragmented for the industrial LPG sector in Guangdong Province with over 100 suppliers providing LPG products to enterprise clients.

In respect of CNG vehicular refuelling stations in Zhengzhou City, Henan Province, the market is also dominated by regional independent operators and the top five natural gas companies possess approximately 75.6% of the market share in terms of CNG sales volume in vehicular refuelling stations in 2017. Amongst the CNG vehicular refuelling stations in Zhengzhou City, Henan Province, the top five natural gas companies took up approximately 72.2% of the overall market as at 2017. Our Group ranked second and first in CNG vehicular refuelling market in Zhengzhou City, Henan Province, in terms of sales volume in vehicular refuelling stations and number of vehicular stations, respectively in 2017.

Our Directors believe that rich project experience, good relationship with local governments and upstream suppliers, and local brand recognition are crucial to the success of a regional LPG and natural gas supplier. Newcomers to the industry may not be able to obtain the requisite certification from the government, or to secure stable gas supply from upstream suppliers. In addition, as local vehicle gas end-users are more apt to patronise local well-established vehicular refuelling stations to ensure safe and high quality services, newly established gas vehicular refuelling station operators may face difficulties in attaining market share.

In the wake of environmental concerns, we expect to witness increasing demand for natural gas refuelling stations as the government continue to promote natural gas utilisation in the transportation. Although it is expected that electric vehicles will intensify the industry competition, it is expected that LPG and natural gas vehicles will not directly compete with electric vehicles in the near term. According to the F&S Report, the emergence of electric vehicles first serve the replacement plan of the vehicles that consume conventional fuel types such as gasoline and diesel. For instance, by the end of 2017, ownership of electric vehicles in Guangdong Province reached approximately 200 thousand units while the total ownership of civil vehicles in Guangdong Province was approximately 19 million units in the same year, indicating a very low proportion to the total vehicles and therefore substantial development potential for the electric vehicles. LPG is one of the core energy types for the vehicular sector in Guangdong Province, which could not be easily replaced within a short term and the government encourages the introducing of LPG-electric hybrid vehicles as well as natural gas vehicles into the market (such as the public transportation sector) to replace vehicles that consume conventional fuel types, which would help to keep a sustained upward trend for LPG and natural gas consumption in this sector. Likewise, the vehicular CNG sector in Henan Province would not be impacted by the electric vehicle sector for the next few years, according to the F&S Report.

INSURANCE

We maintain various insurance policies to cover the potential losses and damages arising from fire, natural disasters and accidents at our refuelling stations. Our assets at the CNG Mother Stations and refuelling stations, such as the building structure, the equipment and facilities and computers, are essential to our operations and are covered by property all risks insurance. Our vehicles are covered by motor vehicle insurance. We also carry third party liability insurance to cover claims in respect of personal injury arising from accidents at our refuelling stations. The insurance policies are renewable on an annual basis. During the Track Record Period and up to the Latest Practicable Date, we had not made any significant claims under these insurance policies.

Our Directors are of the view that the coverage from the insurance policies maintained by us is adequate for our present operations and is in line with the industry norm. Nevertheless, significant damages to our operation facilities or any of our properties, whether as a result of fire and/or any other cause, could still have a material adverse impact on the results of our operations. Please refer to the section headed "Risk factors — Risks relating to our business and industry — Our assets and operations are subject to hazards customary to the gas refuelling industry, and we may not have adequate insurance to cover all these hazards" in this prospectus for further details.

ENVIRONMENTAL PROTECTION, HEALTH AND SAFETY

Our operations are subject to environmental, health and safety laws and regulations relating to the construction and operation of stations.

During the Track Record Period and as at the Latest Practicable Date, save as disclosed in the paragraph headed "Legal proceedings and non-compliance matters" in this section below, our PRC Legal Adviser is of the view that we have complied with the applicable PRC laws and regulations on environmental protections in all material aspects. Save for those as disclosed in the paragraph headed "Legal proceedings and non-compliance matters" in this section below, our construction projects, production and operations had been in compliance with the requirements and standards under the stipulations of national and local laws and regulations on environmental protection in all material aspects, and we had implemented the environmental impact assessment system in accordance with the laws in all material aspects. In addition, we had not been involved in any environmental pollution incidents or other illegal environmental acts or in breach of any national and local laws and regulations on environmental protection in any material aspect. Our Directors confirm that the annual cost of compliance with applicable environmental protection laws and regulations was immaterial during the Track Record Period.

For details of our environmental protection measures and control, please refer to the subsection headed "Legal proceedings and non-compliance matters — Non-compliance matters — (b) Rectification measures to prevent future breaches" for items 1 and 2 in this section below.

LEGAL PROCEEDINGS AND NON-COMPLIANCE MATTERS

Legal Proceedings

During the Track Record Period, there were a series of commercial litigations ("**Relevant Contractual Disputes**") between one of our subsidiaries (ZH Petrochemical) and one of our suppliers (Guangdong Guangsheng Investment Group Energy Company Limited (廣東省廣晟投資集團能源有限公司) ("**GD Guangsheng**")) in connection with the alleged breach by ZH Petrochemical in the second half of 2014 to early 2015 of several contracts over the sales of fuel related products. GD Guangsheng initiated the proceedings against ZH Petrochemical in 2015 and claimed for the consideration of the products sold and overdue interests. After the initial judgments and appeals, the Relevant Contractual Disputes were concluded by the final judgments issued by the Intermediate People's Court of Guangzhou City, Guangdong Province (廣東省廣州市中級人民法院) and Intermediate People's Court of Zhuhai City, Guangdong Province (廣東省珠海市中級人民法院) in our favour in the first quarter of 2017, whereby GD Guangsheng's original claims were rejected. As advised by our PRC Legal Adviser, the above mentioned commercial litigations have been concluded by the people's courts of second instance and the judgments are final and effective.

Arbitration

During the Track Record Period and as at the Latest Practicable Date, our subsidiary, GZ Sino Gas, was involved in two unsettled arbitration cases (the "**Ongoing Arbitrations**") with an Independent Third Party. The subject matter of the Ongoing Arbitrations involved contractual disputes between GZ Sino Gas and the Independent Third Party in relation to engineering works for a gas refuelling station (the "**Project**").

On 14 July 2015, the Independent Third Party filed an arbitration application with the Guangzhou Arbitration Commission, requesting GZ Sino Gas to pay the project cost of approximately RMB3.375 million and provisional liquidated damages of approximately RMB3.375 million. On 29 September 2015, GZ Sino Gas filed an arbitration application with the Guangzhou Arbitration Commission, requesting the termination of the above contract, and requested the Independent Third Party to return (i) the RMB2.0 million of construction money and interest accrued; (ii) the amount of deposits paid for the project in the amount of RMB115,000; and (iii) the economic loss of approximately RMB500,000 along with interest accrued. In addition, our Group requested that the shareholder of the Independent Third Party should assume joint and several liability. The Independent Third Party applied to the Guangzhou Intermediate People's Court for confirmation of the validity of the arbitration agreement. In light of the above, the arbitration was suspended in February 2016 and was later resumed in May 2016 after the objection to arbitration applied by the Independent Third Party was rejected. As at the Latest Practicable Date, the results of the Ongoing Arbitration have not been issued. For further details of the amount claimed by the Independent Third Party in the Ongoing Arbitrations, please refer to Note 28 of the Accountant's Report in Appendix I to this prospectus.

As advised by our Company's legal advisors to the Ongoing Arbitrations, our Directors are of the view the following can be possible outcome ("**Possible Outcomes**"):

(1) Neither the damages for breach of contract claimed by the Independent Third Party nor claimed by GZ Sino Gas would be recognized by the Guangzhou Arbitration Commission; and

(2) GZ Sino Gas has to pay RMB1.89 million to the Independent Third Party according to the amount of work that the Independent Third Party has accomplished; and

(3) In the other related res judicata, the Independent Third Party owes RMB6.0 million to GZ Sino Gas and such amount has not been paid. Assuming that GZ Sino Gas claimed to counteract the debts that the parties owe to each other and such request was recognized, the Independent Third Party shall still pay RMB4.0 million to GZ Sino Gas.

As advised by our Company's legal advisor to the Ongoing Arbitrations, the Possible Outcomes are parallel to each other. In the event that situation (1) and (2) occur contemporaneously, GZ Sino has to pay RMB1.89 million to the Independent Third Party, while if outcome (3) is realized, GZ Sino Gas needs not pay any amount to the Independent Third Party.

Based on the above, our Directors are of the view that amount involved in the Ongoing Arbitrations to be borne by our Group is not material vis-à-vis our Group's business scale. Hence, our Directors believe that the Ongoing Arbitrations would not have a material adverse effect on our Group's results of operations or financial condition. No provision has been made at 31 December 2015, 2016 and 2017 and 30 June 2018 in relation to the Possible Outcomes of the Ongoing Arbitrations. For further details, please refer to Note 28 of the Accountant's Report in Appendix I to this prospectus.

Save for the above, (i) during the Track Record Period, we were not involved in legal or other disputes with consumers, or subject to any material claims, damages, losses or product returns; (ii) as at the Latest Practicable Date, none of our Company, any of our subsidiaries or any of our Directors was a party to any material litigation, arbitration or claim that could have a material adverse effect on our financial condition or results of operations. To the best of our knowledge, no such material litigation, arbitration or administrative proceedings have been threatened against our Company or any of our subsidiaries.

Non-compliance matters

During the Track Record Period and up to the Latest Practicable Date, our Group inadvertently failed to comply with certain regulatory requirements under the laws of the PRC. Details of them are summarised below:

Systemic non-compliance incident	Reasons for the non-compliance	Possible legal consequences and potential maximum penalties	(a) Remedies take/to be taken, and the latest status (b) Rectification measures to prevent future breach	Potential impact on our operations and financial conditions
1. **Failure to obtain approval for completion inspection of construction project (環境保護竣工驗收) on time** During the Track Record Period, we failed to obtain approval from the relevant PRC environmental protection administrative authorities ("**Environmental Authorities**") for completion inspection of construction project for 9 of our refuelling stations on time.	The general administrative department of our Group has been responsible for overseeing our Group's compliance with environmental protection regulatory requirements. The non-compliance was primarily due to administrative oversight and lack of sufficient knowledge on compliance with laws and regulations concerning environmental protection.	Pursuant to the then applicable Environmental Construction Regulations at the time of the relevant non-compliances, after the completion of the construction of a construction project for which an environmental impact report is prepared, the entity shall perform completion inspection and prepare a completion inspection report. In the event of a construction project goes into production or is delivered for use without any completion inspection being performed, the Environmental Authorities may order the relevant entity to suspend its production or use and may impose a fine of less than RMB100,000.	(a) Regarding the failure to obtain completion inspection of construction project for the 9 refuelling stations, we have obtained written confirmations from the Environmental Authorities, which confirmed, among other things, that there were no non-compliances with the applicable environmental law, regulations, policies and regulatory documents (collectively "**environmental laws**"). Accordingly, it is unnecessary for our Group to obtain approval for completion inspection of construction project for the relevant stations. According to our PRC Legal Adviser, the respective Environmental Authorities are the appropriate and competent authorities directly supervising the compliance of the environmental protection regulatory requirements under the Environmental Construction Regulations/environmental laws. (b) We have enhanced our internal control procedures by (i) setting up policies to ensure that all the approvals required are obtained for the construction of our refuelling stations in compliance with the environmental laws; (ii) our finance department shall from time to time check and ensure the prescribed requirements for construction of refuelling stations under the environmental laws.	As advised by our PRC Legal Adviser, given that the written confirmations were obtained, the possibility of our Group being penalised for such non-compliance is relatively low. In view of the insignificant amount of the fine which may be imposed and the unlikeliness of being penalised for the possible breach, no provision was made in this regard. Based on the above, our Directors consider that the non-compliance has no significant adverse operational and financial impact on our Group.

Systemic non-compliance incident	Reasons for the non-compliance	Possible legal consequences and potential maximum penalties	(a) Remedies take/to be taken, and the latest status (b) Rectification measures to prevent future breach	Potential impact on our operations and financial conditions
2. **Failure to obtain approval of the construction project environmental impact report (環境影響評價批覆) on time** During the Track Record Period, we failed to obtain approval for the construction project environmental impact report for 6 of our refuelling stations on time.	Please refer to item 1 above.	Pursuant to the then applicable Environmental Construction Regulations at the time of the relevant non-compliances, entities shall (i) submit the environmental impact report of the construction project for approval or re-examination and (ii) obtain approval for such report from the Environmental Authorities before commencement of the project construction. In the event of failure to comply with the above, the Environmental Authorities may order the relevant entity to rectify within a stipulated period. If the entity fails to comply with the order within the stipulated period and commenced construction without authorisation, the relevant Environmental Authorities may order the entity to suspend the construction and may impose a fine of less than RMB100,000.	(a) Regarding the failure to obtain construction project environmental impact report on time for the 6 refuelling stations, we have obtained written confirmations from the Environmental Authorities, which confirmed, among other things, that there were no non-compliances with the applicable environmental laws. Accordingly, it is unnecessary for our Group to obtain approval of the construction project environmental impact report for the relevant stations. According to our PRC Legal Adviser, the respective Environmental Authorities are the appropriate and competent authorities directly supervising the compliance of the environmental protection regulatory requirements under the Environmental Construction Regulations/environmental laws. (b) Please refer to item 1 above.	As advised by our PRC Legal Adviser, given that the written confirmations were obtained, the possibility of our Group being penalised for such non-compliance is relatively low. In view of the insignificant amount of the fine which may be imposed and the unlikeliness of being penalised for the possible breach, no provision was made in this regard. Based on the above, our Directors consider that the non-compliance has no significant adverse operational and financial impact on our Group.

Systemic non-compliance incident	Reasons for the non-compliance	Possible legal consequences and potential maximum penalties	(a) Remedies take/to be taken, and the latest status (b) Rectification measures to prevent future breach	Potential impact on our operations and financial conditions
3. **Failure to make sufficient contribution of social insurance for our employees** During the Track Record Period and up to May 2018, we failed to make sufficient contribution of social insurance for our employees. The amounts of social insurance payments that we did not pay for the three years ended 31 December 2017 and the six months ended 30 June 2018 were approximately RMB3.5 million, RMB3.4 million, RMB3.4 million and RMB1.7 million, respectively.	The general administrative department of our Group has been responsible for overseeing our Group's compliance with PRC social insurance requirements and the PRC housing provident fund requirements. The non-compliance was primarily due to lack of sufficient knowledge on compliance with the relevant regulatory requirements. In addition, the relevant PRC employees were reluctant to cooperate with our subsidiaries in making contribution for social insurance in relation to unemployment insurance as they did not want to bear their portion of contribution.	Pursuant to the Social Insurance Law of PRC (《中華人民共和國社會保險法》), each employee shall enroll in the unemployment insurance system, and the employer and employee shall jointly make unemployment insurance contributions. In the event that an employer fails to pay on time and in full social insurance contributions, the relevant PRC authorities shall order the employer to make the outstanding contributions within a stipulated period and impose a daily late payment surcharge equivalent to 0.05% of the overdue payment from the date on which the payment becomes due. If the employer fails to make the overdue contribution within the stipulated period, the relevant PRC authorities may impose a fine equivalent to one to three times the amount of overdue payment. As at the Last Practicable Date, our Group was not aware of any orders requesting us to make up the outstanding social insurance contributions within a stipulated time.	(a) Our Group has contributed social insurance on the basis prescribed by laws and regulations or local policies (as appropriate) for all our eligible employees since June 2018. Regarding the failure to make sufficient contribution of social insurance for our employees, we have obtained written confirmations from the respective PRC competent human resources and social security bureaus, which confirmed, among other things, that the relevant PRC subsidiaries have not been penalised for failure to make sufficient contribution for social insurance. According to our PRC Legal Adviser, the respective PRC competent human resources and social security bureaus are the appropriate and competent authorities directly supervising the compliance of social insurance requirements. (b) We have enhanced our internal control procedures by (i) setting up policies to make full contributions on social insurance and housing provident fund for and on behalf of its employees; (ii) designating our finance department to be responsible for monitoring the contributions made by the administration and human resources centre and verifying the number of employees and the basis of contribution before making payments on a monthly basis; (iii) our finance department shall from time to time check and ensure the basis of contribution used are in compliance with the relevant PRC laws and regulations; and (iv) our finance department shall carry out regular (semi-annually) check on the compliance with relevant laws and regulations as a part of the assessment of the internal control system.	As advised by our PRC Legal Adviser, given that the written confirmations were obtained and that our Group has contributed sufficient social insurance for all our eligible PRC employees since June 2018, the possibility of our Group being penalised for such non-compliance is relatively low. In view of the unlikeliness of being penalised for the possible breach, no provision was made in this regard. In addition, our Controlling Shareholders have agreed to indemnify us for any penalty or any costs, expenses and losses in connection with such non-compliance incident occurred or before the Listing. Based on the above, our Directors consider that the non-compliance has no significant adverse operational and financial impact on our Group.

Systemic non-compliance incident	Reasons for the non-compliance	Possible legal consequences and potential maximum penalties	(a) Remedies take/to be taken, and the latest status (b) Rectification measures to prevent future breach	Potential impact on our operations and financial conditions
4. **Failure to make sufficient contribution of housing provident fund for our employees** During the Track Record Period and up to May 2018, we failed to make sufficient contribution of housing provident fund for our employees. The amounts of housing provident fund contributions that we did not pay for the three years ended 31 December 2017 and the six months ended 30 June 2018 were approximately RMB1.0 million, RMB1.0 million, RMB1.2 million and RMB0.6 million, respectively.	Please refer to item 1 above.	Pursuant to the Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), if an employer is overdue in the payment and deposit, or underpays, the housing provident fund, the relevant PRC authorities shall order the employer to make the payment and deposit within a stipule period. If the employer fails to comply with the order within the stipulated period, an application may be made to a people's court for compulsory enforcement. Our Group may be required to make up the underpaid housing product fund contribution up to approximately RMB0.3 million within a prescribed time. As at the Latest Practicable Date, our Group was not aware of any such orders being made against any members of our Group.	(a) Our Group has contributed housing provident fund on the basis prescribed by laws and regulations or local policies (as appropriate) for all our eligible employees since June 2018. Regarding the failure to make sufficient contribution of housing provident fund for our employees, we have obtained written confirmations from the respective PRC competent housing provident fund management centres, which confirmed, among other things, that the relevant PRC subsidiaries have not been penalised for failure to make sufficient contribution of housing provident fund. According to our PRC Legal Adviser, the respective PRC competent housing provident fund management centres are the appropriate and competent authorities directly supervising the compliance of the housing provident fund requirements. (b) Please refer to item 3 above.	As advised by our PRC Legal Adviser, given that the written confirmations were obtained and that our Group has opened housing provident fund accounts and contributed sufficient housing provident fund for all our eligible PRC employees since June 2018, the possibility of our Group being penalised for such non-compliance is relatively low. In view of the unlikeliness of being penalised for the possible breach, no provision was made in this regard. In addition, our Controlling Shareholders have agreed to indemnify us for any penalty or any costs, expenses and losses in connection with such non-compliance incident occurred or before the Listing. Based on the above, our Directors consider that the non-compliance has no significant adverse operational and financial impact on our Group.

In light of the nature of, and reasons for, the historical non-compliance incidents, and on the basis of the rectification measures taken, our Directors believe, and the Sole Sponsor has no reason to doubt, that the enhanced internal control measures are reasonably adequate and effective to address the incidents of non-compliance as set out above and the non-compliance incidents do not affect the suitability of our Directors to act as directors of a listed issuer under Rule 3.08 and Rule 3.09 of the Listing Rules nor our suitability for Listing under the Listing Rules having taken into account that: (i) our Group has fully rectified all of the non-compliance incidents, if practicable; (ii) our Group has implemented (or will implement where applicable) to avoid recurrence of the non-compliance incidents; and (iii) the non-compliance incidents were unintentional, did not involve any dishonesty or fraudulent act on the part of our Directors, and did not raise any question as to the integrity of our Directors.

INTERNAL CONTROL MEASURES TO PREVENT REOCCURRENCE OF NON-COMPLIANCE INCIDENTS

In preparation for the Listing, we engaged an internal control consultant to conduct an evaluation of our internal control system. Upon completion of the evaluation in early 2018, our internal control consultant identified a number of internal control deficiencies and weaknesses and provided us with suggestions and recommendations to improve and enhance our internal control system. We have taken corrective measures to address those deficiencies and weaknesses and implemented the suggestions and recommendations proposed by our internal control consultant.

Our Directors are responsible for monitoring our internal control system and for reviewing its effectiveness. In accordance with the applicable PRC and Hong Kong laws and regulations, we have implemented internal procedures. Particularly, in view of the above issues in respect of social insurance and housing provident fund contributions, and environmental protection regulations, we will implement the following internal control procedures to reduce our exposure to risk of penalties from the PRC regulatory authorities in the future:

- We will maintain a list of certificates, licenses and filings that are required in order for us to commence operation of our station and will update this list from time to time based on our experience with local authorities and advice from our external advisers;

- As an internal control measure, we will monitor the attainment of licenses and filings against the list referred to above and ensure that all relevant licences and filings are obtained prior to the formal operation of any station;

- We will engage a qualified PRC law firm as our external legal adviser to assist our Board to identify and manage the legal risks associated with our daily operations and advise us on relevant regulatory matters to ensure due compliance with PRC laws, rules and regulations applicable to our Group;

- We have designated Ms. Ji Ling, our executive Director and the Vice-Chairman of the Board, to assist our Board to perform internal review of our operations, and identify, assess and manage the risks associated with our operations from time to time to ensure due compliance with laws, rules and regulations in the PRC. Please refer to the section headed "Directors and senior management — Directors — Executive Directors" in this prospectus for the details of Ms. Ji Ling's experience;

- We will establish the Audit Committee with written terms of reference in compliance with Code C.3 of the Corporate Governance Code and Corporate Governance Report as set forth in Appendix 14 to the Listing Rules, led by Dr. Zheng Jian Peng, our INED. The Audit Committee and one of our executive Directors will supervise the implementation of our internal control measures in order to better monitor our daily operations from the perspective of compliance with applicable rules and regulations;

- We have established a corporate governance policy and will, from time to time, review the internal guidelines and policies by taking into account of related laws and regulations and make any amendment and implement them as necessary; and

- We will continue to conduct regular internal training to our employees and management on our compliance policy and engage external professionals, including our Hong Kong legal advisers and PRC legal advisers, to conduct training on our ongoing compliance and obligations under the Listing Rules and all other Hong Kong and PRC regulations annually to ensure awareness and compliance of the policies.

RISK MANAGEMENT

We are exposed to various risks during our operation. For more details, please refer to the section headed "Risk factors" in this prospectus. We have 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. Our Board oversees and manages the overall risks associated with our operations. We have established the Audit Committee to review and supervise the financial reporting process and internal control system of our Group. Please refer to the section headed "Directors and senior management" in this prospectus for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our Audit Committee.

Our Treasury Management Policy

As part of our treasury management, we invest in available-for-sale financial assets as a supplemental means to improve utilization of our cash on hand. We have formulated an investment management policy to analyze and assess the risk and benefit of each investment. Our investment decision, including the amount and duration of each investment, is made on a case by case basis after due and careful consideration of a number of factors, including the level of risk exposure, the available investment vehicles, the purchase cost of the instrument, the potential benefit and loss of the instrument and the expected market trends.

Our investment management policy includes, among other things, the following:

- investment should be undertaken only in situations where we have surplus cash not required for our short-term working capital purposes in the following one to three months;
- investments in high-risk products are not permitted;
- criteria for selecting investments to be considered by our senior management include liquidity, risk and expected yield. The investment should not be high risk and should provide reasonable return while maintaining liquidity; and
- investments should be non-speculative in nature.

The investment return analysis of each investment will be reviewed by our Board of Directors. We consider the risk level of our financial asset investments based on the risk classifications provided by the relevant banks or issuers, and do not invest in financial assets that are classified as high risk by the relevant banks or issuers.

OVERVIEW

The following table sets forth certain information in respect of our Directors:

Name	Age	Position/Title	Date of joining our Group	Date of first becoming a Director	Roles and responsibilities	Family Relationship with Directors and Senior Management
Mr. Ji Guang (姬光先生)	56	Chairman, Executive Director, Chief Executive Officer of our Group	September 2005	March 2018	Planning our business and marketing strategies, supervising the overall operations of our Group, and overseeing the daily management of our businesses	Father of Ms. Ji Ling
Ms. Ji Ling (姬玲女士)	29	Executive Director, Vice-Chairman, Financial Controller of our Group	April 2016	June 2018	Responsible for financial planning and strategic management of our Group; overseeing the internal control and risk management policies of our Group	Daughter of Mr. Ji Guang
Ms. Cui Meijian (崔美堅女士)	34	Executive Director	December 2006	June 2018	Overseeing the management and operation of our businesses	none
Mr. Zhou Feng (周楓先生)	34	Executive Director	May 2010	June 2018	Overseeing the management and operation of our businesses	none
Mr. Sheng Yuhong (盛宇宏先生)	51	INED	November 2018	November 2018	Participating in meetings of the Board to bring an independent judgment on issues which are material to our Group as and when required; taking the lead where potential conflicts of interest arise and serving on the Audit Committee, Remuneration Committee and Nomination Committee (as the case may be)	none
Mr. Wang Zhonghua (王忠華先生)	56	INED	November 2018	November 2018	Same as above	none
Dr. Zheng Jian Peng (鄭健鵬博士)	36	INED	November 2018	November 2018	Same as above	none

The following table sets forth certain information in respect of our senior management:

Name	Age	Position/Title	Date of joining our Group	Date of first becoming a member of the senior management	Roles and responsibilities	Family Relationship with Directors and Senior Management
Ms. Li Yuping (李玉萍女士)	44	General Manager (in respect of business in Guangdong Province), Executive Vice President	September 2008	September 2008	Supervising and managing the operation of the refuelling stations in Guangdong Province	none
Mr. Li Pei (李霈先生)	48	General Manager (in respect of business in Henan Province), Executive Vice President	August 2006	August 2006	Supervising and managing the operation of the refuelling stations in Henan Province	none
Mr. Li Zhen (李振先生)	34	Deputy General Manager (in respect of business in Henan Province)	March 2007	March 2007	Supervising and managing the operation of the refuelling stations in Henan Province	none
Mr. Zhou Weidong (周偉東先生)	33	Financial Controller (in respect of business in Guangdong Province)	September 2012	January 2014	Overseeing the finance and accounting matters in respect of business of our Group in Guangdong Province	none

DIRECTORS

Our Board is responsible for and has general powers for managing and leading our business. Our Board consists of four executive Directors and three INEDs.

Executive Directors

Mr. Ji Guang (姬光先生), aged 56, is the Chairman of our Board, the Chief Executive Officer of our Group and an executive Director. He is primarily responsible for planning our business and marketing strategies, supervising the overall operations of our Group, and overseeing the daily management of our businesses. Mr. Ji was appointed as a Director on 26 March 2018 upon the incorporation of our Company and was re-designated as an executive Director on 11 June 2018. Mr. Ji is the father of Ms. Ji, an executive Director and the Vice-Chairman of the Board.

As one of the founders of our Group, Mr. Ji has about 12 years of experience in the Gas Retail Business and Gas Wholesale Business. In September 2005, Mr. Ji co-founded our Group with AVIC Group by setting up ZH Petrochemical, the first member of our Group. He served as the chairman of ZH Petrochemical from January 2009 to December 2014, he was re-designated to be a director of ZH Petrochemical from December 2014 to August 2017, and eventually he was again re-designated as the chairman in August 2017. Mr. Ji is also serving as a director in all of our subsidiaries except for HK New Energy, GZ Logistics, ZH Transportation, JX Logistics and GZ Fuel Gas, and he is responsible for overseeing the overall management and development of our Gas Retail Business and Gas Wholesale Business. For preparation of the Listing, our Group underwent a series of corporate reorganisation pursuant to which two intermediate holding subsidiaries, namely Sino Gas Holding BVI and Sino Gas Holding HK, were set up. Mr. Ji has been the sole director of each of these two subsidiaries since their respective incorporations.

Mr. Ji graduated from Sichuan Radio and TV University (四川廣播電視大學), the PRC in August 1983 and specialised his studies in Mechanics (機械類專修科). Mr. Ji subsequently obtained an Executive Master of Business Administration (EMBA) degree (高級管理人員工商管理碩士專業學位) from Tsinghua University (清華大學), the PRC, in June 2011. He is now pursuing a doctorate degree in Management Science and Engineering (管理科學與工程) at the College of Management of Tianjin University (天津大學管理學院), the PRC.

Prior to co-founding our Group, from April 1985 to August 1993, Mr. Ji held various managerial positions in China Aero-Technology Import and Export Company Zhuhai Industrial Centre (中國航空技術進出口公司珠海工貿中心) (predecessor of China Aero-Technology Zhuhai Company Limited (中國航空技術珠海有限公司), a subsidiary of AVIC International Holding Corporation), an enterprise then principally engaged in the business of aviation defense products. Mr. Ji was the chairman of Sino Aero Limited (國航企業有限公司), an aviation corporation, for the period from September 1993 to October 2004, where he was mainly responsible for the overall management of the company. Since 1990s and up to the Latest Practicable Date, Mr. Ji also served as a director of Zhuhai Sino Aero Limited (珠海國航企業有限公司) and was responsible for its overall management. Zhuhai Sino Aero Limited engaged in import and export trade of automobile equipment accessories, equipment spare parts and medical apparatuses, and it was owned as to 80% by Mrs. Ji.

Mr. Ji is the founder, protector and one of the discretionary objects of the J&Y Family Trust, a revocable discretionary family trust, with UBS Trustees as the trustee. For further details of the J&Y Family Trust, please refer to the note set out in the table in the paragraph 3.1(a) under Appendix IV — "Statutory and general information" to this prospectus. The entire issued share capital of VISTA Co, Sino Gas BVI and China Full (all of which are our Controlling Shareholders) form part of the trust assets of the J&Y Family Trust. Mr. Ji is also the sole shareholder of PCG Employee BVI and PCG BVI, both of which are our Shareholders. Each of China Full, PCG Employee BVI and PCG BVI is expected to hold 121,500,000 Shares, 24,300,000 Shares and 16,200,000 Shares, representing 56.25%, 11.25% and 7.50%, respectively, of the total issued share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). Accordingly, Mr. Ji is interested or is deemed to be interested in an aggregate of 75% of such total issued share capital of our Company.

Ms. Ji Ling (姬玲女士), aged 29, is an executive Director, the Vice-Chairman of the Board and the financial controller of our Group. She joined our Group in April 2016 as the investment director of GD Investment. She is primarily responsible for financial planning and strategic management of our Group and overseeing the internal control and risk management policies of our Group. Ms. Ji was appointed as a Director on 11 June 2018, and was redesignated and/or appointed as an executive Director and the Vice-Chairman of the Board on 11 June 2018 and 22 November 2018, respectively. Ms. Ji is a daughter of Mr. Ji, the Chairman of our Board, the Chief Executive Officer of our Group and an executive Director. Mr. Ji is also one of our Controlling Shareholders, and he is interested or is deemed to be interested in an aggregate of 75% of the total issued share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

Ms. Ji completed the programme of Associate of Business Administration at the School of Professional and Continuing Education Community College of The University of Hong Kong (HKUSPACE) in June 2009. She then obtained a degree of Bachelor of Science in Accounting and Finance from the University of East Anglia, the United Kingdom, in July 2012 and a degree of Master of Science in Management of Information Technology from the University of Nottingham, the United Kingdom, in December 2013. She is now pursuing an Executive Master of Business Administration (EMBA) degree at the PBC School of Finance, Tsinghua University (清華大學五道口金融學院), the PRC.

Before she joined our Group, Ms. Ji served as an auditor (審計員) of the audit and assurance department at Deloitte Touche Tohmatsu from October 2014 to February 2016.

Ms. Cui Meijian (崔美堅女士), aged 34, is an executive Director. She is primarily responsible for overseeing the management and operation of our businesses. Ms. Cui was appointed as a Director on 11 June 2018 and was redesignated as an executive Director on even date.

Ms. Cui joined our Group in December 2006 as the vice-manager of the human resources department of GZ Sino Gas. In September 2008, Ms. Cui was appointed as the vice-manager of finance department and human resources department of GZ Sino Gas and was appointed as the deputy general manager of GD Petrochemical in July 2014. She has since held various senior management positions in our Group. Ms. Cui has about 11 years of experience in Gas Retail Business and Gas Wholesale Business. She is now serving as a director of HK New Energy, GZ Logistics, GD Investment, GD Petrochemical, ZH Transportation, JX Logistics, Hengqin Gas, GZ Jiahexing and GZ Fuel Sales, responsible for overseeing the management and operation of our Gas Refuelling Business and Gas Wholesale Business.

Ms. Cui obtained a Bachelor degree of law in Ideological Political Education (思想政治教育) from Zhaoqing University (肇慶學院), the PRC, in July 2006. She then completed a postgraduate programme in Economic Law (經濟法學) at Sun Yat-Sen University (中山大學), the PRC, in October 2010 and an Executive Master of Business Administration (EMBA) degree at South China University of Technology (華南理工大學), the PRC, in December 2017.

Mr. Zhou Feng (周楓先生), aged 34, is an executive Director. He is primarily responsible for overseeing the management and operation of our businesses. Mr. Zhou was appointed as a Director on 11 June 2018 and was redesignated as an executive Director on even date.

In May 2010, Mr. Zhou joined our Group as a project manager of GZ Sino Gas and he was later promoted to its sales director in June 2012. He has since held various senior management positions in our Group. Mr. Zhou has about 8 years of experience in Gas Retail Business and Gas Wholesale Business. He is now serving as a director of HK New Energy, GZ Logistics and Ganzhou Gas.

Mr. Zhou obtained a Bachelor degree in Thermal Energy and Power Engineering (熱能與動力工程) from Southeast University (東南大學), the PRC, in June 2005. He subsequently obtained a Master degree in Engineering Thermophysics (工程熱物理) from Nanchang University (南昌大學), the PRC, in June 2008.

Mr. Zhou obtained a qualification certificate as a middle-level works safety director (中級安全主任) from the Administration of Work Safety of Guangdong Province (廣東省安全生產監督管理局) in November 2010. He also obtained a qualification certificate as an engineer in energy power (能源動力) with intermediate specialised technical skill (中級專業技術) from the Talent Flowing Centre of Jiangxi Province (江西省人才流動中心) in November 2011.

INEDs

Mr. Sheng Yuhong (盛宇宏先生), aged 51, was appointed as our INED on 22 November 2018.

Mr. Sheng obtained a Bachelor degree in Architecture from South China University of Technology, the PRC, in July 1989. He subsequently obtained an Executive Master of Business Administration (EMBA) degree at Tsinghua University, the PRC, in January 2008.

Since August 1985, Mr. Sheng has been serving as the chairman of the president office (總裁辦) of Guangzhou Hansen Architecture and Design Company Limited (廣州漢森建築設計有限公司) and since May 1993, he has been a managing partner of Guangzhou Bosheng Architecture and Design Consultancy Firm (廣州伯盛建築設計事務所).

Mr. Sheng obtained a qualification certificate as a Grade-1 certified architect (一級註冊建築師) of the PRC from the National Administrative Committee of Certified Architects (全國註冊建築師管理委員會) in August 2003. He also obtained a qualification certificate as a senior interior architect (高級室內建築師) from the China Building Decoration Association (中國建築裝飾協會) in May 2005.

In 2015, Mr. Sheng was appointed as the vice director general (副會長) of Yancheng Design Alliance (羊城設計聯盟), a private non-profit organization with members of design organizations in southern China which specialized in architectural and planning design interior design, landscape design and other design, and he was subsequently appointed as the president (會長單位) of Yancheng Design Alliance. In December 2014, Mr. Sheng was appointed as the deputy secretary-general of the Environmental Arts Committee of Guangdong Architecture and Civil Engineering Association (廣東省土木建築學會環境藝術專業委員會). He has also been appointed as a visiting professor at the School of Architecture and Urban Planning of Guangdong University of Technology (廣東工業大學建築與城市規劃學院) from September 2009 to September 2012.

Mr. Sheng has been a director of the following company incorporated in Hong Kong, which is in the process of being struck off as at the Latest Practicable Date, with details as follows:

Name of company	Nature of business	Date of publishing a notice under section 745(2)(b) of the Companies Ordinance
Medical Corporation Holdings Limited ("**Medical Corporation**") *(Note)*	Ceased business	31 August 2018 *(Note)*

Note:

As at the Latest Practicable Date, Medical Corporation was in the process of being struck off and dissolved pursuant to section 746 of the Companies Ordinance. Under section 746 of the Companies Ordinance, (1) after publishing a notice under section 744(3) or 745(2)(b), the Registrar of Companies may, unless cause is shown to the contrary, strike the company's name off the companies register at the end of 3 months after the date of the notice; (2) the Registrar of Companies must publish in the Gazette a notice indicating that the company's name has been struck off the companies register; and (3) on publication of the notice under section 746(2), the company is dissolved.

Mr. Sheng confirmed that, as at the Latest Practicable Date, Medical Corporation was solvent and the possible striking-off of the company has not resulted in any liability or obligation imposed against him.

Mr. Wang Zhonghua (王忠華先生), aged 56, was appointed as our INED on 22 November 2018.

Mr. Wang obtained a Bachelor degree in Civil Engineering Specialising in Railway Engineering (土木工程系鐵路工程專業) from Lanzhou Tiedao College (蘭州鐵道學院) (now renamed as Lanzhou Jiaotong University (蘭州交通大學)), the PRC, in July 1986. Mr. Wang was registered as a certified cost engineer with Guangdong Construction Practice Qualification Registration Centre (廣東省建設執業資格註冊中心) since October 2009. He was also admitted as a professional member of the Royal Institution of Chartered Surveyors in December 2008.

From 1990 to July 1992, Mr. Wang was employed to be responsible for cost engineering at Ministry of Construction of the Ministry of Railways of the PRC (中華人民共和國鐵道部建設司). From January 1992 onwards, he worked as an engineer at The Third Railway Survey and Design Institute of the Ministry of Railways of the PRC (鐵道部第三勘察設計院), and since October 1993, he has been transferred to Shenzhen City Metro Company Limited (深圳市地鐵有限公司).

Dr. Zheng Jian Peng (鄭健鵬博士), aged 36, was appointed as our INED on 22 November 2018.

Dr. Zheng obtained a Bachelor degree in Business Administration in Accounting from the Open University of Hong Kong in December 2006 and a Master of Laws in International Economic Law degree from the Chinese University of Hong Kong in November 2012. Dr. Zheng subsequently obtained a degree of Doctor of Business Administration from the Apollos University, the USA, in September 2016. He is now pursuing a doctorate degree in Business Administration at the Hong Kong Polytechnic University.

Dr. Zheng was admitted as a member of the Hong Kong Institute of Certified Public Accountants in July 2010 and was admitted as a member of the Institute of Chartered Accountants in England and Wales in January 2013.

Dr. Zheng has been serving as an executive director of China Oil Gangran Energy Group Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (stock code: 8132), since December 2015 and as its company secretary since October 2016. For the period from January 2014 to April 2014, Dr. Zheng was a non-executive director of Sing Pao Media Enterprises Limited, a company whose shares were listed on GEM of the Stock Exchange (stock code: 8010, "**Sing Pao Media**"), the listing of which was cancelled in August 2015. In April 2014, Dr. Zheng was re-designated as an executive director to Sing Pao Media until his resignation in October 2014.

Based on the latest published information of Sing Pao Media, Sing Pao Media had been placed into liquidation by an order of the High Court of the HKSAR on 12 August 2015, which was within 12 months after Dr. Zheng's ceasing to act as a director of Sing Pao Media (the "**Sing Pao Media Liquidation**"). All the Directors, including Dr. Zheng have no information on the Sing Pao Media Liquidation other than the information published by Sing Pao Media.

Dr. Zheng was a financial controller of China Fortune Investments (Holding) Limited (formerly known as China Public Healthcare (Holding) Limited), a company whose shares are listed on GEM of the Stock Exchange (stock code: 8116) from March 2010 to March 2012 and he was an executive director of Global Strategic Group Limited (formerly known as DIGITALHONGKONG.COM), a company whose shares are listed on GEM of the Stock Exchange (stock code: 8007) for the period from October 2014 to June 2016. Dr. Zheng was also an independent non-executive director of Success Dragon International Holdings Limited, a company whose shares are listed on the main board of the Stock Exchange (stock code: 1182) from August 2016 to September 2017.

Dr. Zheng had been a director of each of the following companies incorporated in Hong Kong prior to their respective dissolution by deregistration with details as follows:

Name of company	**Nature of business immediately prior to dissolution**	**Date of dissolution**
Sino Prosperity Investment Consultants Limited ("**Sino Prosperity**") (東方寶榮投資顧問有限公司) *(Note)*	Investment holding	23 February 2018
Promex (International) Express Limited ("**Promex Express**") (普羅(國際)物流有限公司) *(Note)*	Ceased business	27 July 2018

Note: Sino Prosperity and Promex Express were deregistered under section 751 of the Companies Ordinance. Under section 751 of the Companies Ordinance, an application for deregistration can only be made if: (a) all members of the company agree to such deregistration; (b) the company has not commenced business or operation, or has not been in operation or carried on business during the three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's assets do not consist of any immovable property situated in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situated in Hong Kong.

Dr. Zheng confirmed that Sino Prosperity and Promex Express were solvent immediately before their respective dates of dissolution and the dissolution of the companies had not resulted in any liability or obligation imposed against him.

General

Save as disclosed above, there is no other information relating to our Directors that needs to be disclosed under the requirements under Rule 13.51(2) of the Listing Rules.

Save as disclosed above, none of our Directors:

(i) held any other positions in our Company or other members of our Group as of the Latest Practicable Date;

(ii) had any other relationship with any Directors, senior management or Substantial Shareholders or Controlling Shareholders as at the Latest Practicable Date;

(iii) held any other directorships in listed public companies in the three years prior to the Latest Practicable Date; and

(iv) is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company.

As of the Latest Practicable Date, except for such interests of Mr. Ji in the Shares which are disclosed above and in paragraph 3.1 under Appendix IV — "Statutory and general information" to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO. Subject to and as disclosed in the section headed "Relationship with our Controlling

Shareholders'' in this prospectus, each of our Directors has confirmed that none of them is engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business.

Each of our executive Directors has entered into a service contract with our Company for an initial term of three years commencing from 1 December 2018.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

Ms. Li Yuping (李玉萍女士), aged 44, is the general manager in respect of our Group's business in Guangdong Province and is an executive vice president of our Group. She is primarily responsible for supervising and managing the operation of the refuelling stations in Guangdong Province.

Ms. Li joined our Group in September 2008 as the deputy general manager in the finance department of GZ Sino Gas and has since held various senior management positions in our Group. She is now a director of HK New Energy, HK Investment, GZ Sino Gas, GZ Natural Gas, GD Petrochemical, ZH Transportation, JX Logistics and GZ Fuel Sales.

Ms. Li obtained a Bachelor degree in Accountancy from Jiaozuo Institute of Technology (焦作工學院) (predecessor of Henan Polytechnic University (河南理工大學)), the PRC, in July 1998. She subsequently obtained an Executive Master of Business Administration (EMBA) degree at Jinan University (暨南大學), the PRC, in June 2015. Ms. Li also obtained a qualification certificate as an intermediate speciality in accountancy from the relevant authority of professional and technical qualification (專業技術資格) in Henan Province in February 2012.

Mr. Li Pei (李霈先生), aged 48, is the general manager in respect of our Group's business in Henan Province and is an executive vice president of our Group. He is primarily responsible for supervising and managing the operation of the refuelling stations in Henan Province.

Mr. Li joined our Group in August 2006 as deputy general manager of GZ Sino Gas and has since held various senior management positions in our Group. He is now a director of ZH Petrochemical, HK New Energy, GZ Sino Gas, GZ Logistics, Henan Transportation, GD Investment, GZ New Energy, ZH Transportation, JX Logistics, Henan Gas, Zhengzhou Fuel, Henan Yonghui, Hengqin Gas, GZ Jiahexing, Xinzheng Sino Gas and Zhengzhou Sino Gas.

Mr. Li obtained a Bachelor degree in Investment and Economics from Zhongnan University of Economics (中南財經大學) (predecessor of Zhongnan University of Economics and Law (中南財經政法大學)), the PRC, in July 1993. He is now pursuing an Executive Master of Business Administration (EMBA) degree at the School of Management of Xiamen University (厦門大學經濟管理學院), the PRC. Mr. Li obtained a qualification certificate as an intermediate speciality in financial economics from the Ministry of Personnel, the PRC in November 1998.

Mr. Li Zhen (李振先生), aged 34, is the deputy general manager in respect of our Group's business in Henan Province who joined our Group in March 2007. He is primarily responsible for supervising and managing the operation of the refuelling stations in Henan Province.

From March 2007 to March 2010, Mr. Li worked as the department manager of ZH Transportation and also served as the operating director of Zhengzhou Sino Gas from August 2011 to April 2013. Since April 2013 and September 2013, Mr. Li served as the general manager of Xinzheng Sino Gas and Henan Yonghui, respectively. He has been serving as the deputy general manager of Zhengzhou Fuel since October 2015. Mr. Li is now a director of ZH Petrochemical, Henan Transportation, Zhengzhou Fuel and Xinzheng Sino Gas.

Since July 2017, Mr. Li Zhen has been appointed as the secretary-general of the Zhengzhou Public Utilities Association.

Mr. Li obtained a Bachelor degree in Laws from Beijing Normal University, Zhuhai Campus (北京師範大學, 珠海校區), the PRC, in July 2007. He subsequently obtained an Executive Master of Business Administration (EMBA) degree at Zhengzhou University (鄭州大學), the PRC, in July 2016.

Mr. Zhou Weidong (周偉東先生), aged 33, is the financial controller in respect of our Group's business in Guangdong Province. He is primarily responsible for overseeing the finance and accounting matters in respect of business of our Group in Guangdong Province.

Mr. Zhou joined our Group in September 2012 as the finance deputy manager of GZ Sino Gas and was promoted as finance manager and then finance director of GZ Sino Gas in January 2014 and January 2017, respectively and he is responsible for the overall financial management and accounting matters of GZ Sino Gas.

Mr. Zhou obtained a Bachelor degree in Accountancy from Guangdong University of Finance (廣東金融學院), the PRC, in July 2010. Mr. Zhou also passed the intermediate level PRC National Accountancy Qualification Examination (全國會計專業技術中級資格考試) in 2017.

COMPANY SECRETARY

Ms. Cheng Mei Chun (鄭美珍女士), aged 54, was appointed as the company secretary of our Company in 11 June 2018. She is primarily responsible for overseeing the company secretarial matters of our Group.

Ms. Cheng is a director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated Business, Corporate and Investor Services. Ms. Cheng has over 25 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. She is currently the company secretary of two listed companies on the Stock Exchange, namely, Grand Baoxin Auto Group Limited (stock code: 1293) and TL Natural Gas Holdings Limited (stock code: 8536).

Ms. Cheng is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries (formerly known as The Hong Kong Institute of Company Secretaries) and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Cheng graduated from Lingnan University (formerly known as Lingnan College) in November 1989 with Honours Diploma in Company Secretaryship and Administration.

Ms. Cheng is not engaged as an employee of our Company, but is nominated by an external service provider to become the company secretary of our Company. Pursuant to Code F.1.1 of the CG Code of Appendix 14 to the Listing Rules, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. For the above purpose and in compliance with the CG Code, our Company has nominated Ms. Ji as the contact point for Ms. Cheng.

Save as disclosed above, none of our senior management members held any other directorships in listed public companies in the three years prior to the Latest Practicable Date.

Human Resources

Our Company maintains good employee relations. Our Company has not experienced any significant problems with the recruitment or retention of experienced employees. In addition, our Company has not suffered from any material disruption of normal business operations as a result of labour disputes or strikes. The remuneration payable to our employees includes salaries and allowances.

As of the Latest Practicable Date, we had 679 employees, most of whom are located in PRC. Please refer to the paragraph headed "Business — Employees" in this prospectus for details of breakdown of our employees by function.

Benefits and social insurance

As required by the PRC regulations on social insurance, our Group participates in the social insurance schemes operated by the relevant local government authorities which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance, maternity insurance and housing fund.

For the three years ended 31 December 2017 and the six months ended 30 June 2018, our Group accrued (i) staff's salaries, wages and other benefits in the sum of approximately RMB37.0 million, RMB40.7 million, RMB45.5 million and RMB19.4 million respectively and (ii) contributions to defined contribution retirement plans in the sum of approximately RMB2.0 million, RMB2.4 million, RMB3.2 million and RMB1.6 million respectively. For our Group's failure to comply with certain regulatory requirements regarding PRC social insurance requirements and the PRC housing provident fund requirements, please refer to the section headed "Business — Legal proceedings and non-compliance matters — Non-compliance matters" in this prospectus.

Remuneration Policy

The aggregate amounts of remuneration of our Directors for the three years ended 31 December 2017 were approximately RMB3.4 million, RMB2.7 million and RMB2.2 million respectively. Details of the arrangement for remuneration are set out in Note 8 to the Accountants' Report in Appendix I to this prospectus. Under such arrangement and pursuant to the Directors' service agreements and letters of appointment referred to in paragraph 3.2 under Appendix IV — ''Statutory and general information'' to this prospectus, the aggregate amount of Directors' fee and other emoluments payable to our Directors for the year ending 31 December 2018 is estimated to be approximately RMB2.2 million, excluding any discretionary bonuses.

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. Our Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to its operations. Our Company regularly reviews and determines the remuneration and compensation packages of our Directors and senior management.

After Listing, the Remuneration Committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group. During the Track Record Period, no remuneration was paid by our Company to, or received by, our Directors as an inducement to join or upon joining our Company.

BOARD COMMITTEES

The Audit Committee, Remuneration Committee, and Nomination Committee were approved to be established by resolutions passed by our Board on 22 November 2018. The membership of such committees is as follows:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee
INEDs			
Mr. Sheng Yuhong	Member	Member	Chairman
Mr. Wang Zhonghua	Member	Chairman	Member
Dr. Zheng Jian Peng	Chairman	Member	Member

Each of the above committees has written terms of reference. The functions of the above three committees are summarized as follows:

Audit Committee

Our Audit Committee has written terms of reference in compliance with Code C.3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and material and provide advice in respect of financial reporting, risk management and oversee the internal control systems of our Company.

Remuneration Committee

Our Remuneration Committee has written terms of reference in compliance with Code B.1 of the CG Code. The primary functions of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of our Group; to review performance-based remuneration and ensure none of our Directors determine their own remuneration.

Nomination Committee

Our Nomination Committee has written terms of reference in compliance with Code A.5 of the CG Code. The primary functions of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experiences) of the Board at least annually and make recommendation to the Board on any proposed changes to the Board to complement our Company's corporate strategy; to identify individuals suitably qualified as potential board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of INEDs; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of our Chairman and the Chief Executive Officer.

CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of corporate governance in the management structures and internal control of our Group in order to achieve accountability.

Our Company has adopted the provisions stated in the CG Code as set forth in Appendix 14 to the Listing Rules. Our Board has a balanced composition of executive Directors and INEDs, allowing the Board to effectively exercise independent judgment.

Save as for the deviation from A.2.1 of the CG Code, our Company's corporate governance practices have adhered to the provisions of the CG Code. Pursuant to A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, Mr. Ji is both the Chairman and the Chief Executive Officer. In view of Mr. Ji's role in the day-to-day management and operations of the Group and as the co-founder of our Group in September 2005 and a director of most members of our Group, our Board believes that it is in the best interests of our Group for Mr. Ji to take up the dual roles of Chairman and Chief Executive Officer. Therefore, our Board considers that the deviation from A.2.1 of the CG Code is appropriate in such circumstance and that there are sufficient checks and balances in place.

Our Board will continue to review and consider splitting the roles of Chairman and Chief Executive Officer at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Our Directors are aware that we are expected to comply with the CG Code upon and after Listing. Any deviation from the CG Code should be carefully considered and disclosed in the interim and annual report. We will continue to comply with the CG Code to protect the best interests of our Shareholders upon and after Listing.

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on, among other matters, the following:

(a) (before its publication) any regulatory announcement, circular or financial report;

(b) a transaction is contemplated, which might be a notifiable or connected transaction or will involve Share issues and Share repurchases;

(c) where our Company proposes to use the net proceeds of the Global Offering in a manner different from that set out in this prospectus or where our business activities, development or results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes any inquiry of us under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance adviser will commence on the Listing Date and will end on the date of dispatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date. Such appointment may be subject to extension by mutual agreement.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalisation Issue, and without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, China Full, PCG Employee BVI and PCG BVI directly holds 56.25%, 11.25% and 7.50% of the issued share capital of our Company. China Full is indirectly wholly owned by the UBS Trustees through UBS Nominees Limited, VISTA Co and Sino Gas BVI, and both VISTA Co and Sino Gas BVI are indirectly wholly owned by UBS Trustees in its capacity as trustee of the J&Y Family Trust. The J&Y Family Trust is a revocable discretionary family trust established by Mr. Ji as the founder, protector and one of the discretionary objects and UBS Trustees as the trustee. The discretionary objects of the trust include Mr. Ji himself, Mrs. Ji and Ms. Ji. For further details of the J&Y Family Trust, please refer to the note set out in the table in the paragraph 3.1(a) under Appendix IV — ''Statutory and general information'' to this prospectus. Mr. Ji is also the sole shareholder of PCG Employee BVI and PCG BVI. Accordingly, Mr. Ji is or is deemed to be interested in a total of 75% of the total issued share capital of our Company on the Listing Date (assuming that the Over-allotment Option is not exercised at all). For the purpose of the Listing Rules, Mr. Ji, VISTA Co, Sino Gas BVI, China Full, PCG Employee BVI and PCG BVI are a group of Controlling Shareholders of our Company as at the Latest Practicable Date.

Our Controlling Shareholders and Directors confirm that, save and except Dr. Zheng Jian Peng, one of our INEDs, is also an executive director of China Oil Gangran Energy Group Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (stock code: 8132) and its business activities include LNG, CNG and other related clean energy businesses, none of them or their respective close associates has any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing. Our Group is capable of carrying on our business independently from and does not place undue reliance on our Controlling Shareholders, taking into consideration the following factors:

Management independence

Our Board comprises four executive Directors and three INEDs. Mr. Ji, one of our executive Directors, is one of our Controlling Shareholders. Ms. Ji, another executive Director, is a daughter of Mr. Ji and also one of the discretionary objects of the J&Y Family Trust.

Each of our Directors is aware of his/her fiduciary duties as a Director, which require (among other things) that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. If there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Apart from our executive Directors who oversee the daily operations of our Group, we have an independent management team to carry out the business decisions of our Group and to perform all essential management functions without unduly requiring the support of our Controlling Shareholders. Our INEDs have sufficient and competent industry knowledge and experience, and will bring independent judgment to the decision making process of our Board, taking into account the advice of the senior management of our Group.

Our Directors are satisfied that our senior management team is able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Listing.

Business independence

During the Track Record Period and up to the Latest Practicable Date, there were no material business dealings between our Group and our Controlling Shareholders or their respective close associates, also our Group and our Controlling Shareholders did not have any common or shared facilities or resources. Neither our Controlling Shareholders nor any of their respective close associates is a supplier or an intermediary for our Group's supplies. We have independent access to our customers. Our Directors believe that our Group has not unduly relied on our Controlling Shareholders or their respective close associates to carry on its business during the Track Record Period.

Financial independence

During the Track Record Period, we principally financed our operations through a combination of paid-up capital and retained earnings. During the Track Record Period and up to the Latest Practicable Date, we have not obtained borrowings from our Controlling Shareholders and their respective close associates; also, our loans and borrowings were not secured by guarantees or collaterals given by our Controlling Shareholders or their respective close associates. Our Directors confirm that, all amounts due to our Group will be settled in full prior to the Listing.

As such, our source of funding is independent from our Controlling Shareholders and none of our Controlling Shareholders or their respective close associates financed our operations during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had independent financial and accounting and internal control systems, independent treasury function for receiving cash and making payments and we had independent access to third party financing. Our Group is capable of making financial decisions according to our own business needs. Our Directors also believe that we are able to obtain financing independent from our Controlling Shareholders and their respective close associates.

Our Group does not rely on our Controlling Shareholders and/or their respective close associates by virtue of their provision of financial assistance.

Operational independence

Our Group has our own management team to carry out our business and operations, including business development, marketing and sales operations, which will operate separately and independently from our Controlling Shareholders. Such management team comprises managers who have considerable experience in the LPG and natural gas supply industry. Our Group does not rely on referral of business opportunities from our Controlling Shareholders, and the management team of our Group will be able to seek business opportunities for our Group. Our Group is able to continue to operate independently from our Controlling Shareholders.

COMPETITION AND CONFLICT OF INTERESTS

Undertakings given by Controlling Shareholders

In order to avoid potential competition between Mr. Ji, VISTA Co, Sino Gas BVI, China Full, PCG Employee BVI and PCG BVI, each of whom a Controlling Shareholder has confirmed, represented and warranted to us that, other than his/its interest in our Group currently he/it, his/its close associates and/or companies controlled by him/it is/are neither engaged, nor interested in, and has undertaken to us that, other than his/its interest in our Group and subject to certain exceptions as set out below, he/it shall not and shall procure that his/its close associates and such entities at any time during the Relevant Period (as defined below) not to engage or interest in, the Restricted Activity (as defined below) in any Relevant Capacity (as defined below) (other than through our Group), or any part thereof, or participate or hold any equity interest or is otherwise interested in any company or entity or firm which is principally engaged in the Restricted Activity, which, in each case directly or indirectly, competes or may compete with our business.

To protect our Group from any potential competition, our Controlling Shareholders have given the Deed of Non-competition in favour of our Company on 22 November 2018, pursuant to which each of our Controlling Shareholders has, among other matters, unconditionally and irrevocably undertaken to us on a joint and several basis that, each of our Controlling Shareholders shall, and shall procure that his/its close associates and/or companies controlled by him/it (other than our Group):

(i) at any time during the Relevant Period not, directly or indirectly, alone or jointly with another person, in any form be interested, involved, engaged in or assist or support any third party in the operation of, or invest, participate, acquire or hold any right or interest (in each case whether for his/its own account or for that of any person, firm or company (other than any member of our Group) and whether through medium of any company which is its close associate (for which purpose there shall be aggregated with its shareholding or ability to exercise control the shares held or controlled by any of its close associates) or as a principal, shareholder, partner, director, employee, consultant, agent or otherwise and whether for profit, reward or otherwise ("**Relevant Capacity**") in any business (other than the Group) or is about to be engaged in any business (other than the Group) which is the same or similar to that carried on by our Group and/or which competes or may compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to (i) distribution and sales of CNG, LNG and/or LPG (whether by way of distribution to vehicular or other end-users by operating vehicular refuelling stations or domestic stations or otherwise), (ii) handling and processing of CNG, LNG and/or LPG (whether by way of operating CNG Mother Stations or otherwise) and (iii) transportation and storage of CNG, LNG and/or LPG) in the PRC and any other country or jurisdiction, and other business activities engaged by us as our principal business from time to time (the "**Restricted Activity**"));

(ii) at any time during which securities of our Company are listed on the Stock Exchange and for so long as our Controlling Shareholders and/or their respective close associates directly or indirectly hold, whether individually or taken together, 30% or more of the issued shares in our Company or are regarded as the controlling shareholders of our Company under the Listing Rules and for a period of two years thereafter, in any Relevant Capacity:

(A) not directly or indirectly solicit, interfere with, employ or endeavour to entice way from any members of our Group any person who, to his/its knowledge, is now, or has during the 12 months preceding the date of the Deed of Non-competition been, a client, customer, supplier or employee of our Group for employment by or otherwise dealing with him/it or his/its close associates (excluding our Group); and/or

(B) other than for the purpose of conducting business of or relating to our Group, at any time, not use the name or trading style of any member of our Group, or any trademarks, patents or logos or device or intellectual property rights similar in appearance to those of any member of our Group, in the PRC, Hong Kong or any other part of the world, or represent himself/itself as carrying on or continuing or being connected with any member of our Group or our business for any purposes whatsoever.

(iii) not, without prior consent from our Company, disclose to any person, or make use of any information pertaining to the business, accounts or finances of our Group, or any of our clients, suppliers' or customers' transactions or affairs, which may, or may have come to his/its knowledge in his/its capacity as a shareholder and/or a Director (as the case may be) for any purpose and shall use his/its best endeavours to prevent the publication or disclosure of such information; and

(iv) at any time during the Relevant Period if there is any project or new business opportunity that relates to the Restricted Activity, first refer such project or new business opportunity to our Company within a reasonable period of time for consideration. In this connection, we have the right within one month thereafter to take up such opportunity and in the event that we decide to take up the opportunity, each of our Controlling Shareholders will and will procure his/its close associate(s) to use his/its best endeavour to assist us to obtain such opportunity.

Approvals for allowing our Controlling Shareholders to participate in Restricted Activity

The above undertaking (i) is subject to the exception that any of the Controlling Shareholders and/or his/its close associates (excluding our Group) is entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity containing or for the pursuit of the Restricted Activity, regardless of value, which such project or business opportunity shall have been offered or made available to our Group and rejected by the Board only after step of careful scrutiny and approval from the Board will have been taken, provided always that information about the principal terms thereof has been disclosed to our Company and our Directors.

The steps to be taken by the Board include that the relevant Board meeting shall be participated by our INEDs who should be allowed a reasonable period of time to consider the subject matters and without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of the INEDs that our Group has rejected such project or business opportunity and/or otherwise not to be involved or engaged, or not to participate, in the relevant Restricted Activity and that the principal terms on which that relevant Controlling Shareholder and/or his/its close associate(s) invest, participate or engage in the Restricted Activity are substantially the same as or not more favourable than those disclosed to and considered by our Company. Subject to the above, if the relevant Controlling Shareholder and/or his/its close associate(s) decide to be involved, engaged, or to participate in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

The factors which our Directors would take into account when deciding whether or not our Group shall take up such new projects or business opportunities include, among others, the costs and risks involved, the short-term and long-term benefits expected to be brought to our Group, possible compliance issues and whether such opportunities are in the interests of our Group and Shareholders as a whole.

Notwithstanding his taking up of the new projects or business opportunities (if any), Mr. Ji shall, as a Director, always perform his duties in good faith and in the interest of our Company, and shall not allow his commitment to devote substantially all of his time to our Group be undermined in any way.

Other exceptions for the Controlling Shareholders to participate in Restricted Activity

Notwithstanding the undertakings given under the Deed of Non-competition, the undertakings given by the Controlling Shareholders of not to compete with the Group are subject to the exception that any of our Controlling Shareholders and their respective close associates (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity, regardless of value, which (i) are the direct or indirect investments of the relevant Controlling Shareholder and/or his/its close associates (excluding our Group and any associated companies of our Company) in any member of our Group or such associated companies, and/or (ii) any other companies which the relevant Controlling Shareholder does not hold more than 5% interest and does not participate in the management of such company and at all times there is a holder of such shares or securities holding (together, where appropriate, with its close associate(s)) a larger percentage of the shares or securities of such company than our Controlling Shareholder and his/its close associate(s) together hold.

In connection with the Deed of Non-competition, where the equity interest in the Company, China Full, Sino Gas BVI and/or VISTA Co forms the whole or part of the trust asset of the J&Y Family Trust (or any subsequent replacement trust arrangement) which is managed by any professional trust company, the Deed of Non-competition shall not be applicable to (a) the professional trust company or (b) any holding company, subsidiaries or fellow subsidiaries of such professional trust company (notwithstanding their being deemed to be the close associates of VISTA Co under the Listing Rules), provided that any such person who is a discretionary object of the J&Y Family Trust and their respective family members or any family members of Mr. Ji shall not be entitled to the above exclusion.

First rights of refusal agreed to be given by our Controlling Shareholders to our Group

Pursuant to the Deed of Non-competition, our Controlling Shareholders, jointly and severally, have also granted first rights of refusal to our Group for acquiring from the relevant Controlling Shareholder and/or his/its close associates any new business (not being the Restricted Activity) then engaged or invested by such Controlling Shareholder and/or his/its close associates, which rights may be exercisable by us at any time when we engage or start engaging in any such business.

Undertakings by our Controlling Shareholders to provide information etc

Each of our Controlling Shareholders has also undertaken under the Deed of Non-competition that he/it shall:

(i) provide or procure the provision to us and/or our Directors (including our INEDs) from time to time all information necessary for the annual review by our INEDs with regard to compliance with the terms of the Deed of Non-competition by the relevant Controlling Shareholder and his/its close associates;

(ii) allow our Directors, their respective representatives and the auditors of our Group to have sufficient access to the records of the relevant Controlling Shareholder and his/its close associates to ensure their compliance with the terms and conditions under the Deed of Non-competition;

(iii) issue an annual declaration to our Company on compliance with the terms of the Deed of Non-competition, setting out therein his/its interests (if any) in any projects or business opportunities (including any changes thereof) and consenting to the disclosure of such declaration in our annual reports or the announcements published by our Company regarding the decisions of the INEDs on matters referred to in the Deed of Non-competition;

(iv) supply to our Company upon signing of the Deed of Non-competition with full and accurate details of any business or interest (if any) which the relevant Controlling Shareholder and/or his/its close associates have or may have which competes or may compete with the business from time to time carried on by our Group and any other conflicts of interests (if any) which the relevant Controlling Shareholder has or may have with our Group and whether the relevant Controlling Shareholder and/or his/its close associates intend or do not intend to inject such business or interest into our Group;

(v) at any time during which the Shares of our Company are listed on the Stock Exchange and for so long as the relevant Controlling Shareholder and/or his/its close associates are regarded, whether individually or taken together, as controlling shareholders of our Company within the meaning of the Listing Rules, notify our Company forthwith of any changes of the details and information referred to in paragraph (iv) above so as to enable our Company to, if so required by the Stock Exchange or pursuant to the Listing Rules, disclose such information by way of an announcement and include such information in such circulars, annual reports, half-year reports and/or quarterly reports required to be issued by our Company pursuant to the Listing Rules;

(vi) procure any Director from time to time nominated by the relevant Controlling Shareholder:

(a) to disclose to our Company upon signing of the Deed of Non-competition and at any time during which the Shares of our Company are listed on the Stock Exchange full and accurate details of any business or interest (if any) which such Director and/or his/her close associates have or may have which competes or may compete with the business from time to time carried on by our Group and any other conflicts of interest (if any) which such Director has or may have with our Group;

(b) to notify our Company forthwith of any changes of the details and information referred to in paragraph (vi)(a) above, including any such business or interest acquired by such Director and/or his/her close associates after the Listing so as to enable our Company to, if so required by the Stock Exchange or pursuant to the Listing Rules, disclose such information by way of an announcement and include such information in such circulars, annual reports, half-year reports and/or quarterly reports required to be issued by our Company pursuant to the Listing Rules.

Our Controlling Shareholders acknowledge that and, if so required by our Company, procure such Director(s) referred to in paragraph (vi) above to acknowledge that the information supplied to our Company pursuant to paragraphs (iv), (v) and/or (vi) above will or may be disclosed by our Company in this prospectus, circulars, reports, announcements and other statements to the Stock Exchange and/or any regulatory authorities and their respective officers and employees from time to time issued by our Company and that such disclosure is required by our Company in order to comply with the requirements of the Stock Exchange and/or other regulatory bodies.

Conditions precedent to the Deed of Non-competition becoming effective

The provisions contained in the Deed of Non-competition are conditional on the conditions stated in the paragraph "Structure and conditions of the Global Offering — Conditions of the Public Offer" in this prospectus being fulfilled or, to the extent permitted, waived by the relevant party. If such conditions are not fulfilled or, to the extent permitted, waived on or before the date falling 30 days from the date of this prospectus, or such later date as the parties under the Deed of Non-competition may agree, the Deed of Non-competition shall become null and void and cease to have effect.

Relevant Period

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

(i) the date on which our Controlling Shareholders and their respective close associates (individually or taken as a whole) cease to own at least 30% of the then issued share capital of our Company directly or indirectly or cease to be the controlling shareholders of our Company for the purpose of the Listing Rules and do not have power to control our Board and there is at least one other Shareholder holding more Shares than the Controlling Shareholders and their close associates then taken together; and

(ii) the date on which our Shares cease to be listed on the Stock Exchange.

Confirmation given by Directors

Save as disclosed in this section, each Director confirms that he/she does not have any competing business with our Group.

Corporate governance

In order to properly manage any potential or actual conflict of interests between us and our Controlling Shareholders in relation to compliance and enforcement of the Deed of Non-competition, we have adopted the following corporate governance measures:

(a) the INEDs would review, at least on an annual basis, the compliance with and enforcement of the terms of the Deed of Non-competition by our Controlling Shareholders and if any, the options, pre-emptive rights or first rights of refusals provided by our Controlling Shareholders and/or their respective close associates on their existing or future competing businesses. Such options, pre-emptive rights or first rights of refusals relate to business which our Group may engage in the future;

(b) our Company shall disclose decisions with basis on matters reviewed by the INEDs relating to non-compliance and enforcement of the Deed of Non-competition (including whether to take up the options, pre-emptive rights or first rights of refusals) either through annual report, or by way of announcement and/or other documents issued or published by our Company as required under the Listing Rules;

(c) our Company shall disclose in the corporate governance report of the annual reports on how the terms of the Deed of Non-competition are complied with and enforced;

(d) in the event that any of our Directors and/or their respective close associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Deed of Non-competition or other proposed transactions in which such Directors and/or their respective close associates have material interest, such Director(s) may not vote on the resolutions of our Board considering and approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles; and

(e) where the advice from independent professional, such as that from financial adviser, is reasonably requested by our Directors (including the INEDs), the appointment of such independent professional will be made at our Company's expenses.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

OVERVIEW

During the Track Record Period, we entered into certain transactions with connected persons of the Company. These transactions will continue after the Listing Date, thereby constituting continuing connected transactions of our Company under the Listing Rules. Brief details of these continuing connected transactions are set out below:

Name of connected person	Relationship with our Company	Nature of transaction	Term	Waiver sought
1. Zhengzhou Public Transportation	By virtue of holding 38% of the registered capital of Zhengzhou Sino Gas, one of our subsidiaries, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level	Grant of site usage right to our Group	From 1 January 2018 to 31 December 2020	N/A
2. Zhengzhou Public Transportation	By virtue of holding 38% of the registered capital of Zhengzhou Sino Gas, one of our subsidiaries, Zhengzhou Public Transportation is a connected person of our Company at the subsidiary level	Supply of CNG by our Group	Not more than three years from the Listing Date to 31 December 2020	Applied for waiver from strict compliance with announcement requirements
3. GZ Jiahexing Development	By virtue of holding 49% of the registered capital of GZ Jiahexing, one of our subsidiaries, GZ Jiahexing Development is a connected person of our Company at the subsidiary level	Wholesale of LPG by our Group	Not more than three years from the Listing Date to 31 December 2020	Applied for waiver from strict compliance with announcement requirements

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

Grant of site usage right to our Group

Relationship between parties:

As at the Latest Practicable Date, one of our subsidiaries, Zhengzhou Sino Gas, was owned as to 38% by Zhengzhou Public Transportation. As such, Zhengzhou Public Transportation is a substantial shareholder of Zhengzhou Sino Gas, and hence a connected person of our Company pursuant to Rule 14A.07(1) of the Listing Rules. The grant of the site usage right to our Group by Zhengzhou Public Transportation after the Listing Date will constitute continuing connected transactions under the Listing Rules.

Reasons for the transactions:

Apart from holding 38% of the registered capital in Zhengzhou Sino Gas, Zhengzhou Public Transportation is one of our Group's top five customers for each of the three years ended 31 December 2017 and the six months ended 30 June 2018, it also contributed to around 50% of the revenue generated from our 8 CNG vehicular refuelling stations ("**Zhengzhou CNG stations**") located in Zhengzhou City during the Track Record Period. Under the JV Agreement entered into between Beijing Sino Gas, Zhengzhou Public Transportation and Sino Gas Hengran, Zhengzhou Public Transportation granted Zhengzhou Sino Gas the site usage right of 8 parcels of land in Zhengzhou City ("**Relevant Sites**") for its use as the Zhengzhou CNG stations for a period of 20 years from 15 January 2005 to 14 January 2025. All the Relevant Sites are located within the public bus stops of Zhengzhou Public Transportation, which is a public bus operator, for the provision of CNG refuelling services to the public buses of Zhengzhou Public Transportation and other customers. Therefore, the cooperation between our Group and Zhengzhou Public Transportation provides mutual benefits to both parties.

In connection with the site usage right of the Relevant Sites for use as CNG vehicular refuelling stations for a duration of 20 years, our Group paid an amount of RMB11.4 million to Zhengzhou Public Transportation, representing such aggregate annual license fee. Such amount has been recognised as lease prepayment and would be amortised over a period of 20 years. As at 31 December 2017, the carrying amount of the prepaid license fee amounted to RMB4.0 million.

Major terms of the transaction:

Zhengzhou Public Transportation and Zhengzhou Sino Gas entered into a licensing agreement ("**Licensing Agreement**"), pursuant to which Zhengzhou Public Transportation, as grantor, agreed to grant the site usage right of the Relevant Sites to Zhengzhou Sino Gas, in consideration for the payment of an annual license fee, payable by an annual amortisation of the prepaid license fee. The following is a summary of the principal terms of the Licensing Agreement:

Date:	21 November 2018
Parties:	(1) Zhengzhou Public Transportation (as grantor);
	(2) Zhengzhou Sino Gas (as grantee).

Location of the Relevant Sites:	Various sites located at: (1) Portion of land located at the intersection between Tianrui East Street and Nongye East Road, Zhengzhou City for use by Nongye Donglu Station as its CNG vehicular refuelling station; (2) Portion of land located at the intersection between Jingnan Third Ring Road and the Fourth Street, Zhengzhou City for use by Economic Zone Station as its CNG vehicular refuelling station; (3) Portion of land located at the intersection between Daxue Road and Nanhuan Road, Zhengzhou City for use by Zhengpinglu Station as its CNG vehicular refuelling station; (4) Portion of land located at the intersection between Guoji Road and Wenhua Road, Zhengzhou City for use by Chenzhai Station as its CNG vehicular refuelling station; (5) Portion of land located at the intersection between Kexue Avenue and Shinan Road, Zhengzhou City for use by Science Road Station as its CNG vehicular refuelling station; (6) Portion of land located at the intersection between Changxing Road and Sanquan Road, Zhengzhou City for use by Sports Centre Station as its CNG vehicular refuelling station; (7) Portion of land located at the intersection between Zhongyuan Road and Huashan Road, Zhengzhou City for use by Tongli Station as its CNG vehicular refuelling station; and (8) Portion of land located at the intersection between Huayuan Road and Shaozhuang Road, Zhengzhou City for use by Liuzhuang Station as its CNG vehicular refuelling station.
Term (period):	The period from 1 January 2018 to 31 December 2020 (renewable upon the sole discretion of Zhengzhou Sino Gas up to 31 December 2023, with further right to renewal up to 14 January 2025, i.e. the expiry of the 20-year period under the JV Agreement)
Annual license fee:	RMB570,000 Guangdong Dezhong Assets Valuation Company Limited (廣東德眾資產評估有限責任公司) ("**GD Dezhong**"), an independent property valuer and consultant, has reviewed the annual license fee payable under the Licensing Agreement. According to the valuation result of GD Dezhong as of 30 April 2018, the annual license fee payable under the Licensing Agreement approximated to the valuated annual license fee for the Relevant Sites.

Historical amount:

During the Track Record Period, the license fee incurred by Zhengzhou Sino Gas were RMB570,000, RMB570,000, RMB570,000 and RMB285,000.

Annual caps and basis of determination:

Pursuant to the Licensing Agreement, the annual license fee payable by our Group to Zhengzhou Public Transportation under the Licensing agreement shall be RMB570,000. Therefore, the proposed annual caps for the grant of the site usage right for the Relevant Sites, for the three years ending 31 December 2020 is RMB570,000.

Directors' view:

Our Directors (including our INEDs), after taking into account the valuation conducted by the independent property valuer that the annual licence fee payable under the Licensing Agreement approximated to the valuated annual license fee for the Relevant Land, considering that the Licensing Agreement has been entered into on normal commercial terms or better (as defined under the Listing Rules) and in the ordinary and usual course of business of our Group, which terms are fair and reasonable and are in the interests of our Company and our Shareholders taken as a whole.

Listing Rules implications:

During the term of the Licensing Agreement, the annual cap for the license fee under the Licensing Agreement is less than HK$3 million and the highest applicable percentage ratio is less than 5%. Therefore, the continuing connected transactions under the Licensing Agreement constitute de minimis transactions under Rule 14A.76(1) of the Listing Rules and are therefore fully exempt from the independent shareholders' approval, annual review and all disclosure requirements.

CONTINUING CONNECTED TRANSACTIONS WHICH ARE EXEMPT FROM CIRCULAR AND THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS ("PARTIALLY EXEMPT CCTs")

1. Supply of CNG by our Group

Relationship between parties:

For the reasons set out in the paragraph headed "Exempted continuing connected transactions — Grant of site usage right to our Group — Relationship between parties" in this section above, Zhengzhou Public Transportation is a connected person of our Company under Chapter 14A of the Listing Rules. The supply of CNG by our Group to Zhengzhou Public Transportation will continue after the Listing Date, thereby constituting continuing connected transactions of our Company under the Listing Rules.

Reasons for the transactions:

Zhengzhou Public Transportation's principal business activities include the operation of public buses in Zhengzhou City. Pursuant to the JV Agreement entered into between Beijing Sino Gas, Zhengzhou Public Transportation and Sino Gas Hengran, it was agreed among the parties that, Zhengzhou Sino Gas (which replaced Beijing Sino Gas as the holder of 60% of the registered capital in Zhengzhou Sino Gas) shall supply CNG to Zhengzhou Public Transportation at the prevailing market prices of CNG in Zhengzhou City. During the Track Record Period, Zhengzhou Sino Gas supplied CNG to the public buses operated by Zhengzhou Public Transportation Group at our gas refuelling stations, which are located within the public bus stops of Zhengzhou Public Transportation.

Major terms of the transaction:

Zhengzhou Sino Gas and Zhengzhou Public Transportation entered into a CNG supply agreement ("**CNG Supply Agreement**"), pursuant to which GD Zhengzhou Sino Gas (for itself and on behalf of other members of our Group) agreed to supply CNG to Zhengzhou Public Transportation, in consideration for the payment of gas charges to our Group. Except for the obligation to maintain a reasonable quantity of gas for daily operation, our Group is under no obligation to satisfy any demand for gas on the part of Zhengzhou Public Transportation. The following is a summary of the principal terms of the CNG Supply Agreement:

Date:	21 November 2018
Parties:	(1) Zhengzhou Sino Gas (for itself and on behalf of other members of our Group) (as supplier); (2) Zhengzhou Public Transportation (as purchaser).
Term (period):	Not more than three years from the Listing Date to 31 December 2020
Determination of gas charges and other terms:	The gas charges (for CNG) are determined by the parties (on arm's length basis and in good faith) with reference to (i) prevailing market prices (such market prices were set by market players with reference to the price recommended by Zhengzhou Public Utilities Association) of CNG in Zhengzhou City (subject to a discount of RMB0.32 per m^3 (or such discount as adjusted or issued by Zhengzhou Public Utilities Association from time to time), which, according to our Group, is available to public buses in Zhengzhou City offered by local CNG suppliers to incentivise green energy consumption and was issued by Zhengzhou Public Utilities Association) and (ii) prevailing market prices of CNG supplied by our Group to other Independent Third Parties.
Payment term:	To be settled within three months upon the completion of each gas refuelling transaction

Historical amount:

During the Track Record Period, the historical sales volume by our Group to Zhengzhou Public Transportation and the total gas charges incurred by Zhengzhou Public Transportation were set out below:

	Year ended 31 December			Six months ended
	2015	**2016**	**2017**	**30 June 2018**
	(million m^3)	*(million m^3)*	*(million m^3)*	*(million m^3)*
Sales volume for the year/period	33.6	39.0	41.4	17.9
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*
Total gas charges	117.0	113.7	122.9	55.2

Annual caps and basis of determination:

Our Directors estimate that the annual sales volume and the annual transaction amount for the gas charges for the three years ending 31 December 2020 will be as follows:

	Year ending 31 December		
	2018	**2019**	**2020**
	(million m^3)	*(million m^3)*	*(million m^3)*
Estimated annual sales volume	43.9	46.5	49.3
	(RMB million)	*(RMB million)*	*(RMB million)*
Annual caps for total gas charges	153.0	162.1	171.9

In determining the above annual caps, our Directors have considered generally:

(a) the historical sales volume and transaction amounts as set out above;

(b) the expected demand of gas from Zhengzhou Public Transportation for the three years ending 31 December 2020 as set out above;

(c) the range of historical market prices of CNG during the Track Record Period and the anticipated market prices of CNG; and

(d) the inflation rate of the PRC during the Track Record Period and the expected inflation rate for the three years ending 31 December 2020.

Directors' view:

Our Directors (including our INEDs), after reviewing the terms of the CNG Supply Agreement, are of the view that the CNG Supply Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better (having such meaning as defined in the Listing Rules), in the ordinary and usual course of business of our Group and that the terms of the CNG Supply Agreement as well as the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders taken as a whole. Accordingly, our Directors have approved the CNG Supply Agreement and the transactions contemplated thereunder.

Listing Rules implications:

For each of the three years ending 31 December 2020, the annual cap for the gas charges under the CNG Supply Agreement exceeds HK$10 million and the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) also exceeds 5%. However, Zhengzhou Public Transportation is a substantial shareholder of Zhengzhou Sino Gas and thus a connected person of the Company at the subsidiary level (instead of the issuer level). By virtue of Rule 14A.101 of the Listing Rules, the transactions contemplated under the CNG Supply Agreement are subject only to the annual reporting, annual review and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Wholesale of LPG by our Group

Relationship between parties:

As at the Latest Practicable Date, one of our subsidiaries, GZ Jiahexing, was owned as to 49% by GZ Jiahexing Development. As such, GZ Jiahexing Development is a substantial shareholder of GZ Jiahexing, and hence a connected person of our Company pursuant to Rule 14A.07(1) of the Listing Rules. The wholesale of LPG by our Group to GZ Jiahexing Development will continue after the Listing Date, thereby constituting continuing connected transactions of our Company under the Listing Rules.

Reasons for the transactions:

GZ Jiahexing Development's principal business activities include the wholesale of LPG. During the Track Record Period, our Group entered into several individual LPG supply agreements with GZ Jiahexing Development, pursuant to which our Group agreed to supply LPG to GZ Jiahexing Development.

Major terms of the transaction:

GD Petrochemical and GZ Jiahexing Development entered into a LPG supply agreement ("**LPG Supply Agreement**"), pursuant to which GD Petrochemical (for itself and on behalf of other members of our Group) agreed to supply LPG to GZ Jiahexing Development, in consideration for the payment of gas charges to our Group. The following is a summary of the principal terms of the LPG Supply Agreement:

Date:	21 November 2018
Parties:	(1) GD Petrochemical (for itself and on behalf of other members of our Group) (as supplier); (2) GZ Jiahexing Development (as purchaser).
Term (period):	Not more than three years from the Listing Date to 31 December 2020
Supply arrangement:	For each year, the parties will agree on the expected annual sales volume of LPG to be supplied by our Group to GZ Jiahexing Development. In the event that, GZ Jiahexing Development fails to purchase up to 95% of the agreed annual sales volume, GZ Jiahexing Development shall compensate our Group by paying an amount calculated by 5% of the gas charge for the shortfall volume (the difference between the actual sales volume and 95% of the agreed sales volume).
Determination of gas charges and other terms:	The gas charges (for LPG) are determined by the parties (on arm's length basis and in good faith), it comprises: (i) the basic gas charge, which is determined with reference to prevailing market prices of LPG supplied by our Group to other Independent Third Parties and (ii) a finance charge for granting a credit period for a fixed amount ("**Annual Purchase Allowance**") (agreed between the parties for each financial year) to GZ Jiahexing Development, which is determined with reference to the cost of obtaining bank facilities available to our Group adding a premium of not less than 30%.

Payment and credit terms:	The gas charges shall be settled monthly by GZ Jiahexing Development, subject to a credit period for a balance that equals to the Annual Purchase Amount, which shall only be settled in June each financial year. To secure the payment by GZ Jiahexing Development of the Annual Purchase Amount, GZ Jiahexing pledged its assets (including equity interest, motor vehicles and gas storage equipment) to our Group in May, the value of such pledged assets shall be two times of the Annual Purchase Allowance (assessed and adopted in May each financial year until the next pledge and assessment in May of the following financial year). For each time the unsettled gas charges incurred exceed the then applicable Annual Purchase Allowance, GZ Jiahexing will be required to settle all outstanding gas charges before our Group continues to supply LPG to GZ Jiahexing Development.

Historical amount:

During the Track Record Period, the historical sales volume by our Group to GZ Jiahexing Development and the total gas charges incurred by GZ Jiahexing Development were set out below:

	Year ended 31 December			Six months ended
	2015	**2016**	**2017**	**30 June 2018**
	(thousand tonnes)	*(thousand tonnes)*	*(thousand tonnes)*	*(thousand tonnes)*
Sales volume for the year/ period	5.9 *(Note)*	16.7	19.0	9.2
	(RMB million)	*(RMB million)*	*(RMB million)*	*(RMB million)*
Total gas charges	19.3 *(Note)*	45.3	66.5	36.9

Note:

The annual sales volume to GZ Jiahexing Development for the year ended 31 December 2015 was 33.6 thousand tonnes, comprising (i) 27.7 thousand tonnes sold on or before 25 September 2015, at which period GZ Jiahexing was considered as a joint venture and (ii) 5.9 thousand tonnes sold after 25 September 2015, from which time onward GZ Jiahexing has become our subsidiary.

The total annual gas charges incurred by GZ Jiahexing Development for the year ended 31 December 2015 was RMB112.0 million, comprising: (i) RMB92.7 million, representing the gas charges incurred on or before 25 September 2015, and (ii) RMB19.3 million, representing the gas charges incurred after 25 September 2015, and therefore such portion formed part of our Group's revenue.

Annual caps and basis of determination:

Our Directors estimate that the annual sales volume and the annual transaction amount for the gas charges for the three years ending 31 December 2020 will be as follows:

	Year ending 31 December		
	2018	**2019**	**2020**
	(thousand tonnes)	*(thousand tonnes)*	*(thousand tonnes)*
Estimated annual sales volume	23.1	23.1	23.1
	(RMB million)	*(RMB million)*	*(RMB million)*
Annual caps for total gas charges	81.0	81.0	81.0

In determining the above annual caps, our Directors have considered generally:

(a) the historical sales volume and transaction amounts as set out above;

(b) the expected stable demand of gas from GZ Jiahexing Development for the three years ending 31 December 2020 as set out above;

(c) the range of historical market prices of LPG during the Track Record Period and the anticipated market prices of LPG; and

(d) the inflation rate of the PRC during the Track Record Period and the expected inflation rate for the three years ending 31 December 2020.

Directors' view:

After reviewing the terms of the LPG Supply Agreement and taking into account, among other things, the following factors:

(i) apart from GZ Jiahexing Development's business cooperation with our Group in relation to its investment in GZ Jiahexing, GZ Jiahexing Development has no connection with our Group and is merely a business partner of our Group;

(ii) our Group required GZ Jiahexing Development to provide pledged assets of at least two times of the Annual Purchase Allowance;

(iii) our Group earned interest income by charging GZ Jiahexing Development a finance charge on the Annual Purchase Allowance; and

(iv) our Group imposed on GZ Jiahexing Development a minimum annual sales volume, which historically far exceeded the Annual Purchase Allowance.

Our Directors (including our INEDs) are of the view that the LPG Supply Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better (having such meaning as defined in the Listing Rules), in the ordinary and usual course of business of our Group and that the terms of the LPG Supply Agreement as well as the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders taken as a whole. Accordingly, our Directors have approved the LPG Supply Agreement and the transactions contemplated thereunder.

Listing Rules implications:

For each of the three years ending 31 December 2020, the annual cap for the gas charges under the LPG Supply Agreement exceeds HK$10 million and the relevant percentage ratios (as defined in Rule 14.07 of the Listing Rules) also exceeds 5%. However, GZ Jiahexing Development is a substantial shareholder of GZ Jiahexing and thus a connected person of the Company at the subsidiary level (instead of at the issuer level). By virtue of Rule 14A.101 of the Listing Rules, the transactions contemplated under the LPG Supply Agreement (similar to the transactions contemplated under the CNG Supply Agreement) are subject only to the annual reporting, annual review and announcement requirements, and are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Internal Control:

In order to ensure the terms under the CNG Supply Agreement and the LPG Supply Agreement for the Partially Exempt CCTs are fair and reasonable and on normal commercial terms or better, our Company has adopted the following internal control procedures:

- our Company has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for conducting reviews on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit Committee and the finance department are responsible for evaluating the terms under the relevant agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement;

- our INEDs will review the Partially Exempt CCTs every year and confirm in the annual report whether the transactions have been entered into: (1) in the ordinary and usual course of business of our Group; (2) on normal commercial terms or better; and (3) the terms of the CNG Supply Agreement and the LPG Supply Agreement are fair and reasonable and in the interests of our Shareholders as a whole;

- our auditors will report on the continuing connected transactions every year and provide a letter to the Board, confirming whether anything has come to their attention that causes them to believe that the Partially Exempt CCTs: (1) have not been approved by the Board; (2) are not, in all material respects, in accordance with the relevant pricing policies of our Group; (3) are not entered into, in all material respects, in accordance with the CNG Supply Agreement and the LPG Supply Agreement; and (4) have exceeded the relevant annual caps;

- when considering the gas charges to be provided by our Group to the above connected persons, our Group will continuously monitor the prevailing market conditions and practices and make reference to the pricing and terms between our Group and Independent Third Parties for supply of CNG and LPG, to make sure that the pricing and terms offered by our Group to the above connected persons are fair and reasonable and are on normal commercial terms of better; and

- when considering any renewal or revisions to the CNG Supply Agreement and the LPG Supply Agreement after the Listing, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be), and our INEDs and Shareholders (as the case may be) have the right to consider if the terms of the Partially Exempt CCTs (including the proposed annual caps) are fair and reasonable, and on normal commercial terms and in the interests of our Company and our Shareholders taken as a whole.

APPLICATION FOR WAIVER

As the Partially Exempt CCTs disclosed above (i) are expected to be carried out on a continuing basis and will extend over a period of time after Listing and (ii) have been fully disclosed in this prospectus such that potential investors will participate in the Global Offering on an informed basis having taken into account such disclosure, our Directors consider that strict compliance with the announcement requirements under the Listing Rules would be impractical and would impose unnecessary administrative costs on our Company. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted to us, a waiver from strict compliance with the announcement requirement once the Shares are listed on the Stock Exchange in respect of such continuing connected transactions. We will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such continuing connected transactions.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor, having reviewed the relevant information and historical figures relating to the Partially Exempt CCTs, and conducted due diligence on such transactions, are of the view that: (i) the Partially Exempt CCTs are and will be entered into in our Group's ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interest of our Company and our Shareholders taken as a whole.

Our Directors confirm that, for all partially exempt or non-exempt continuing connected transactions to be entered into by our Group (if any), our Company will comply with the applicable Listing Rules, unless a separate application for waiver is made for the dispensation with the applicable announcement, circular and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

So far as is known to any Director or chief executive of our Company as of the date of this document and immediately following the completion of the Capitalisation Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, the following persons (other than a Director or chief executive of our Company — see paragraph 3.1 (a) under Appendix IV — "Statutory and general information" of this prospectus for further details) will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Long Positions in Shares of our Company

		As at the date of this prospectus		Immediately after the Capitalisation Issue and the Global Offering	
Name of Shareholder	**Nature of interest/ Capacity**	**Number of Shares**	**Approximate percentage of Shareholding in Our Company**	**Number of Shares**	**Approximate percentage of Shareholding in Our Company**
UBS Trustees	Trustee of a trust *(Note)*	7,500	75%	121,500,000	56.25%
UBS Nominees Limited	Interest of controlled corporation *(Note)*	7,500	75%	121,500,000	56.25%
VISTA Co	Interest of controlled corporation *(Note)*	7,500	75%	121,500,000	56.25%
Sino Gas BVI	Interest of controlled corporation *(Note)*	7,500	75%	121,500,000	56.25%
China Full	Beneficial owner	7,500	75%	121,500,000	56.25%
PCG Employee BVI	Beneficial owner	1,500	15%	24,300,000	11.25%
PCG BVI	Beneficial owner	1,000	10%	16,200,000	7.50%

Note: UBS Trustees, the trustee of J&Y Family Trust (through UBS Nominees Limited, its wholly-owned subsidiary), in its capacity as trustee holds the entire issued share capital of VISTA Co, which in turn indirectly owns the entire equity interest of China Full through Sino Gas BVI, all of which are indirectly wholly owned by UBS Trustees in its capacity as trustee. By virtue of the SFO, UBS Trustees, UBS Nominees Limited, VISTA Co, Sino Gas BVI and China Full are deemed to be interested in the same parcel of Shares in which China Full is interested.

In addition to the above and so far as our Directors are aware, immediately following the completion of the Global Offering, the following person is directly interested in 10% or more of the nominal value of any class of equity capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of our subsidiary	Substantial shareholder of such subsidiary	Approximate percentage of shareholding
Ganzhou Gas	Mr. Yang Gen	29.5%
	Ms. Jin Hangjun	29.5%
	Ms. Zeng Qiaohan	11.0%
JX Logistics	Mr. Yang Gen	29.5%
	Ms. Jin Hangjun	29.5%
	Ms. Zeng Qiaohan	11.0%
Zhengzhou Fuel	Zhengzhou Xinneng Industrial	49.0%
GZ Jiahexing	GZ Jiahexing Development	49.0%
Zhengzhou Sino Gas	Zhengzhou Public Transportation	38.0%

Saved as disclosed above, so far as is known to any Director or chief executive of our Company, no person (other than a Director or chief executive of our Company) has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group as at the date of this prospectus and once the Shares are listed on the Stock Exchange.

SHARE CAPITAL

The following is a summary of the authorised and issued share capital of our Company as at the date of this prospectus and immediately after completion of the Global Offering and the Capitalisation Issue:

Number		*HK$*
Authorised share capital:		
2,000,000,000	Shares	20,000,000
Issued and to be issued and fully paid or credited as fully paid:		
10,000	Shares in issue as at the date of this prospectus	100
161,990,000	Shares to be issued pursuant to the Capitalisation Issue	1,619,900
54,000,000	Shares to be issued pursuant to the Global Offering	540,000
216,000,000	Total *(Note)*	2,160,000

The above table assumes the Global Offering becomes unconditional and the issue of Shares pursuant to the Global Offering and the Capitalisation Issue is made as described herein. It does not take into account any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or the Over-allotment Option or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors.

Note: The share capital of our Company will be enlarged by up to additional 8,100,000 Shares in the event that the Over-allotment Option is exercised in full.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the total number of issued Shares of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares and the Shares which may be issued under the Over-allotment Option or upon the exercise of any options which may be granted under the Share Option Scheme will rank equally with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus, except for entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraph 3.5 under Appendix IV — "Statutory and general information" to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted the Issuing Mandate to allot, issue and deal in a total number of Shares of not more than the aggregate of:

(i) 20% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering, but excluding any Shares which may be issued upon the exercise of the Over-allotment Option and any option that may be granted under the Share Option Scheme; and

(ii) the total number of our Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate.

The Issuing Mandate does not apply to situations where our Directors allot, issue or deal in Shares by way of a rights issue, scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or pursuant to the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares, or pursuant to the exercise of any options that may be granted under the Share Option Scheme, or under the Global Offering or the Capitalisation Issue or upon the exercise of the Over-allotment Option. Our Directors may, in addition to the Shares which they are authorised to issue under the Issuing Mandate, allot, issue and deal in Shares pursuant to a rights issue, the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements or the exercise of any options that may be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

The Issuing Mandate will expire upon the earliest occurrence of any of the following:

- at the conclusion of our next annual general meeting;
- on the date by which our next annual general meeting is required by the Articles or any applicable laws to be held; or
- when the authority given to our Directors is revoked or varied by an ordinary resolution passed by our Shareholders in general meeting.

For further details of the Issuing Mandate, please see paragraph 1.3 under Appendix IV — "Statutory and general information" to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted the Repurchase Mandate to exercise all the powers of our Company to repurchase Shares with an aggregate number of Shares of not more than 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering, but excluding any Shares that may be issued upon the exercise of the Over-allotment Option and any option that may be granted under the Share Option Scheme.

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and regulations and the Listing Rules. A summary of the relevant requirements under the Listing Rules is set out in paragraph 1.7 under Appendix IV — "Statutory and general information" to this prospectus.

The Repurchase Mandate will expire upon the earliest occurrence of any of the following:

- at the conclusion of our next annual general meeting;
- on the date by which our next annual general meeting is required by the Articles or any applicable laws to be held; or
- when the authority given to our Directors is revoked or varied by an ordinary resolution passed by our Shareholders in general meeting.

For further details of the Repurchase Mandate, see paragraph 1.3 under Appendix IV — "Statutory and general information" to this prospectus.

You should read the following discussion and analysis in conjunction with our financial information as at and for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 included in the Accountants' Report in Appendix I to this prospectus, together with the accompanying notes. We have prepared the financial information included in the Accountants' Report in accordance with IFRSs.

This discussion contains forward-looking statements that reflect the current views of management and involve risks and uncertainties. Our actual results may differ materially from these forward-looking statements as a result of many factors, including but not limited to those described under the section headed "Risk factors" and elsewhere in this prospectus.

OVERVIEW

We are an integrated LPG and natural gas supplier in the PRC with a complete industry chain that engage in the sales of LPG and natural gas and the operation of vehicular refuelling stations (車用加氣站) and domestic stations (民用站) in Guangdong Province, Henan Province and Jiangxi Province with over 13 years of proven track record in the industry.

As at the Latest Practicable Date, we, through our subsidiaries or Jointly Controlled Entities, operate 1 LPG terminal, 2 LPG storage facilities, 6 LPG vehicular refuelling stations, 3 LPG domestic stations, 1 LNG vehicular refuelling station, 2 CNG Mother Stations and 12 CNG vehicular refuelling stations. Amongst which, 17 stations are our Self-owned Stations and 5 are Jointly-owned Stations. One CNG Mother Station is wholly-owned and one CNG Mother Station is jointly owned. Our total revenue amounted to approximately RMB662.4 million, RMB878.4 million, RMB1,095.3 million and RMB557.2 million for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, the Gas Retail Business was our core business, representing approximately 78.0%, 54.2%, 48.0% and 44.0%, respectively, of our total revenue for the respective years. Since 2016, our Gas Wholesale Business was starting to gain importance, representing approximately 45.5%, 51.8% and 55.6% of our total revenue in 2016 and 2017 and for the six months ended 30 June 2018. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, revenue from the sales of LPG accounted for approximately 66.8%, 78.6%, 81.8% and 81.7% of our total revenue, respectively. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, revenue from the sales of CNG accounted for approximately 32.8%, 21.1%, 17.7% and 16.5% of our total revenue, respectively.

We recorded a net profit of approximately RMB61.4 million, RMB81.9 million, RMB84.2 million and RMB24.3 million for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. Our total assets as at 31 December 2015, 2016 and 2017 and 30 June 2018 amounted to approximately RMB448.5 million, RMB550.3 million, RMB590.6 million and RMB591.7 million, respectively.

BASIS OF PRESENTATION AND PREPARATION

The financial information in this prospectus (excluding the Accountants' Report as set out in the Appendix I to this prospectus), which reflects the consolidated historical financial information of our Group, is presented in Renminbi except as stated otherwise. Such financial information is prepared using a historical cost basis except as set out in the accounting policies in note 2 of the Accountants' Report in Appendix I to this prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

During the Track Record Period, the following factors have significantly affected our results of operations and financial condition:

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

Alternative gas fuel (including LPG, CNG and LNG) is the most important raw material for our Gas Retail Business and Gas Wholesale Business and constitutes a majority of our cost of sales. Our cost of sales and gross profit margin are directly affected by the fluctuations of the purchase price of alternative gas fuel.

The purchase price of alternative gas fuel (including LPG, CNG and LNG), market demand by end-customers, and competitive landscape of each refuelling station may impact the retail selling price. In particular, when our competitors undercut the retail selling price, we may suffer from lower profit margin (if we aim at maintaining sales volume) or lower sales volume (if we aim at maintaining our profit margin). If we are unable to pass on the impact of the increase in purchase prices of alternative gas fuel to our customers by adjusting our selling price in a timely manner due to price competition with other refuelling station operators which manage to procure alternative gas fuel at lower costs, or if we misjudge the extent of adjustment of retail price at our refuelling stations, our gross profit, cash flow and results of operations will be materially and adversely affected. Please refer to the section headed "Business — Pricing" in this prospectus for details of our pricing strategy.

For each of the three years ended 31 December 2017 and the six months ended 30 June 2018, our gross profit margin was approximately 18.9%, 25.6%, 19.7% and 17.9%, respectively. The fluctuations in our gross profit margin are contributed by the changes in the procurement cost and average selling price which are affected by a range of factors over which we have limited control. Thus, we cannot assure you that we can maintain our gross profit margin and that the growth in our revenue can cover the increase in our procurement costs after the Listing. If there is an increase in the purchase price and we are unable to shift the increased cost to our customers by adjusting our selling price in a timely manner, our revenue, cash flow and results of operations may be adversely affected.

In addition, the sales volume of our wholesale segment and the proportion of revenue attributable to wholesale segment have been on a rising trend during the Track Record Period. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, the percentage of revenue attributable to our wholesale segment amounted to approximately 21.6%, 45.5%, 51.8% and 55.6%, respectively. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June

2018, our wholesale gross profit margin amounted to approximately 4.3%, 0.4%, 1.7% and 1.0%, respectively. As our wholesale segment generally derives lower gross profit margin than our retail segment, the increase in the proportion of revenue attributable to our wholesale segment may reduce our Group's overall gross profit margin. Furthermore, the revenue attributable to the wholesale of CNG, which generally has a higher gross profit margin than the wholesale of LPG, recorded a decreasing trend for the years ended 31 December 2015, 2016 and 2017. As a result, the continuing decrease in the percentage of revenue attributable to segments which generally derive a higher gross profit margin and the continuing increase of the percentage of revenue attributable to segments which generally derive a lower gross profit margin may affect our overall gross profit margin and hence, our overall profitability and results of operation.

The table below sets forth a sensitivity analysis illustrating the hypothetical changes in our gross profit margin for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively, if the per unit purchase price of LPG or CNG was 5%, 10% and 20% higher or lower, assuming other factors affecting our Group's gross profit remained the same:

	Year ended 31 December			Six months ended 30 June
	2015	**2016**	**2017**	**2018**
	%	%	%	%
Gross profit margin	18.9	25.6	19.7	17.9
Per unit purchase price of LPG				
+/-5%	+/-2.9	+/-3.0	+/-3.5	+/-3.5
+/-10%	+/-5.7	+/-6.1	+/-6.9	+/-7.1
+/-20%	+/-11.5	+/-12.2	+/-13.8	+/-14.1
Per unit purchase price of CNG				
+/-5%	+/-1.2	+/-0.7	+/-0.5	+/-0.5
+/-10%	+/-2.4	+/-1.3	+/-1.1	+/-1.0
+/-20%	+/-4.7	+/-2.6	+/-2.2	+/-2.0

A significant portion of our LPG were supplied by a few suppliers and in particular, Jovo Energy Company Limited (東莞市九豐能源有限公司) ("Jovo Energy"), and any decrease in quantity of supplies and breakdown in the business relationship between us and our suppliers could have a material and adverse effect on our business and financial conditions

During the Track Record Period, a significant portion of our LPG was supplied by Jovo Energy and accounted for approximately 7.6%, 25.8%, 38.2% and 51.8% of our total cost of sales for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. Our five largest suppliers accounted for approximately 81.0%, 80.8%, 76.4% and 85.7% of our total cost of sales for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. For further details on our relationship with our suppliers, please refer to the section headed "Business — Raw materials and our suppliers" in this prospectus.

We cannot assure that there will not be any dispute with our major suppliers, and in particular, Jovo Energy. Although we typically enter into framework agreements with our suppliers, there is no assurance that we are able to maintain business relationship with any of our suppliers (in particular Jovo Energy), or that we will be able to secure supply of LPG at competitive prices. If we cannot locate alternative suppliers for replacement in a timely manner and/or on comparable commercial terms, our business operation may be hindered, which would materially and adversely affect our profitability.

Demand for our products

Our revenue is generated predominantly from the distribution of LPG to vehicular and domestic end-users. Revenue of LPG accounted for 66.8%, 78.6%, 81.8% and 81.7% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. As such, our business relies on persistent demand for LPG. During the Track Record Period, the increase in demand for LPG was reflected in the increase in our LPG sales volume. However, the demand for our products, in particular LPG, may depend on a number of factors, including amongst others, competition with other market players and the availability of substitutes, such as electric vehicles and natural gas vehicles, the usage of which have been promoted by governmental support and technological advancements in various aspects, including fuel efficiency. The use of these other types of vehicles may grow and pose a threat to the demand for LPG as well as natural gas such as CNG. In addition, competition from other gas refuelling stations will likely influence the customer flow, our ability to shift increased purchase price of fuel without affecting our profit margin, and pose threat to our operations. If the demand for LPG weakens, our revenue, cash flow and results of operation will be materially and adversely affected.

Our business is subject to the development of PRC government policies and any future unfavourable policies may materially and adversely affect our business development and performance

Our Gas Retail Business and Gas Wholesale Business are influenced by PRC government policies. For example, the PRC government has been supporting the use of natural gas and had issued the Changing Fuels from Coal to Gas Policy (煤改氣政策) and the Notice on Opinion of Accelerating and Advancing the Utilization of Natural Gas (加快推進天然氣利用的意見). In light of these policies, our Group intends to increase the number of our vehicular refuelling stations and CNG Mother Stations. In addition, the retail price for some of our CNG products in Henan Province are affected by the suggested sales price recommended by the Zhengzhou Public Utilities Association (鄭州市公用業協會) whereas the purchase price takes into account of the reference Urban Gate Station Price as promulgated by the NDRC from time to time. As such, our CNG products in Henan Province are usually based on the suggested sales price in Zhenghou City, and the market price in Xinyang City and Zhumadian City. Our revenue, cost of sales and gross profit margin as well as our business plans are affected by the changes in the PRC government policies. For details of our business plans of our products, please refer to the section headed "Business — Our business strategies" in this prospectus.

We are unable to predict future change in laws and regulations or government policies. Such laws and regulations and government policies are subject to change and are beyond the control of our Group. Any adverse changes to the existing government support and policies in respect of natural gas may hamper our future plans to expand in the natural gas sector. Furthermore, any changes in laws and pricing regulations may have a material adverse impact on our business performance. Future change in laws and regulations may require us to make costly and time-consuming changes to our operations and our intended business plans, which could materially and adversely affect our business, results of operations and financial condition.

SIGNIFICANT ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of the consolidated historical financial information of our Group for the Track Record Period. We have also made certain accounting judgments and assumptions in the process of applying our accounting policies. When reviewing the consolidated historical financial information of our Group for the Track Record Period, you should consider (i) our selection of significant accounting policies; (ii) the judgment and assumptions affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. The following discussion provides information on our significant accounting policies. Our significant accounting policies, judgments and estimates, which are important for an understanding of our financial conditions and results of operations, are set forth in more details in note 2 and note 4 of the Accountants' Report in Appendix I to this prospectus.

Business combinations

Our Group accounts for business combinations using the acquisition method when control is transferred to our Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The historical financial information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing carrying amounts from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under the common control, where this is a shorter period.

Joint ventures

A joint venture is an arrangement whereby our Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the historical financial information under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of our Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in our Group's share of the investee's net assets and any impairment loss relating to the investment (as described in note 2(j)(iii) of the Accountants' Report in Appendix I to this prospectus). When our Group's share of losses exceeds its interest in the joint venture, our Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that our Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, our Group's interest is the carrying amount of the investment under the equity method together with our Group's long-term interests that in substance form part of our Group's net investment in the joint venture. Unrealised profits and losses resulting from transactions between our Group and its joint ventures are eliminated to the extent of our Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (as described in note 2(j)(iii) of the Accountants' Report in Appendix I to this prospectus).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads and borrowing costs (as described in note 2(u) of the Accountants' Report in Appendix I to this prospectus).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives as follows:

	Estimated useful lives
— Buildings and properties	10–20 years
— Refuelling equipment	3–18 years
— Motor vehicles and other equipment	3–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the estimated useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

Credit losses and impairment of assets

(i) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with our Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see Note 2(s)(vi) of the Accountants' Report in Appendix I to this prospectus).

(A) Policy applicable from 1 January 2018

Our Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, our Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(j)(i) of the Accountants' Report in Appendix I to this prospectus apply.

As our Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that our Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, a provision would be recognised if and when it became probable that (i) the holder of the guarantee would call upon our Group under the guarantee and (ii) the amount of the claim on our Group was expected to exceed the amount carried in "trade and other payables" in respect of the guarantee.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— interests in joint ventures; and

— investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

Revenue and other income

Income is classified by our Group as revenue when it arises from the sale of goods, the provision of services or the use by others of our Group's assets under leases in the ordinary course of our Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to our Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. Our Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Application of IFRS 9 and IFRS 15

IFRS 15 "Revenue from contracts with customers"

As disclosed in note 2 to the Accountants' Report as set out in Appendix I to this prospectus, our Group has early applied IFRS 15 "Revenue from contracts with customers" throughout the Track Record Period. We concluded that there was no significant impact of the early adoption of IFRS 15, as compared with IAS 18 "Revenue", on our financial position and performance during the Track Record Period.

IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments" for recognition and measurement for financial assets and liabilities. The Group has applied IFRS 9 to items that existed at 1 January 2018 in accordance with the transition requirement. We have assessed the effects of initial adoption of IFRS 9 on our financial statements and concluded that there was no significant impact on our financial position and performance as compared to the requirements of IAS 39 "Financial instruments: recognition and measurement".

ACCOUNTING JUDGEMENTS AND ESTIMATES

Impairment of long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of long-lived assets as described in note 2(j) of the Accountants' Report in Appendix I to this prospectus. These assets are tested for impairment periodically 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 judgement relating to the level of revenue and amount of operating costs. Our 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.

Depreciation

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. Our 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.

Expected credit losses for trade receivables

The impairment provisions for trade receivables are based on assumptions about the expected loss rates. Our Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on our Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, please refer to note 26(a) of the Accountants' Report in Appendix I to this prospectus. Changes in these assumptions and estimated could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of profit or loss.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth the consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 and 2018 as extracted from the Accountants' Report as set out in Appendix I to this prospectus:

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue	662,428	878,373	1,095,339	505,591	557,168
Cost of sales	(537,310)	(653,308)	(879,680)	(399,726)	(457,412)
Gross profit	125,118	225,065	215,659	105,865	99,756
Other income	9,797	9,434	9,138	2,199	2,782
Staff costs	(38,986)	(43,087)	(48,645)	(20,899)	(21,025)
Depreciation and amortisation	(12,446)	(12,759)	(13,178)	(6,199)	(6,587)
Operating lease charges	(15,195)	(15,060)	(15,100)	(7,724)	(9,370)
Other operating expenses	(30,478)	(30,941)	(27,894)	(12,644)	(23,070)(Note)
Profit from operations	37,810	132,652	119,980	60,598	42,486
Finance costs	(4,425)	(3,728)	(5,474)	(2,150)	(3,706)
Share of profits/(losses) of joint ventures	37,773	(15,472)	(883)	(1,130)	(1,422)
Profit before taxation	71,158	113,452	113,623	57,318	37,358
Income tax	(9,797)	(31,595)	(29,381)	(15,147)	(13,025)
Profit and total comprehensive income for the year/period	61,361	81,857	84,242	42,171	24,333
Attributable to:					
Equity shareholders of the Company	60,906	80,813	82,250	41,902	21,440
Non-controlling interests	455	1,044	1,992	269	2,893
	61,361	81,857	84,242	42,171	24,333

Note: Our other operating expenses for the six months ended 30 June 2018 included listing expenses incurred for the period of approximately RMB9.3 million.

Non-IFRS measures

We recognised non-recurring items in the Track Record Period. To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented the adjusted net profits, and adjusted net profit margin as non-IFRS measures.

We present these additional financial measures as they were used by our management to evaluate our financial performance by eliminating the impact of non-recurring listing expenses which are considered not to be indicative for evaluation of the actual performance of our business. We believe that these non-IFRS measures provide additional information to potential investors in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods.

The table below sets forth the adjusted net profit and adjusted net profit margin in the respective periods during the Track Record Period:

	For the years ended 31 December			For the six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit (loss) for the year/period	61,361	81,857	84,242	42,171	24,333
Add: Non-recurring item — Listing expenses	—	—	—	—	9,313
Adjusted net profit for the year/period	61,361	81,857	84,242	42,171	33,646
Adjusted net profit margin for the year/period	9.3%	9.3%	7.7%	8.3%	6.0%

Our net profit and net profit margin deteriorated for the six months ended 30 June 2018 compared to the six months ended 30 June 2017 mainly because of (i) the inclusion of the listing expenses of approximately RMB9.3 million and (ii) the decrease in our gross profit by approximately RMB6.1 million or 5.8% from approximately RMB105.9 million for the six months ended 30 June 2017 to approximately RMB99.8 million for the six months ended 30 June 2018. Such decrease in gross profit was primarily attributable to (i) the increase in revenue generated from the sales of wholesale LPG from approximately RMB259.1 million, representing approximately 51.2% of our total revenue for the six months ended 30 June 2017, to approximately RMB302.7 million, representing approximately 54.3% of our total revenue for the six months ended 30 June 2018, in which our sales of wholesale LPG generally derives lower gross profit margin than our sales of retail LPG; and (ii) the increasing demand for petroleum products, which led to an increase in commodity price of international crude oil and hence the procurement cost of LPG. However, our total sales volume for both Gas Wholesale Business and Gas Retail Business increased for the six months ended 30 June 2018 when compared to the six months ended 30 June 2017. For details on the fluctuation in average cost, please refer to the paragraphs headed "Description of consolidated statements of profit or loss and other comprehensive income line items — Cost of sales" and "Results of operations — Six months ended 30 June 2018 compared to six months ended 30 June 2017 — Cost of sales" in this section below.

Revenue

We are an integrated LPG and natural gas supplier in the PRC with a complete industry chain. Our revenue is principally generated from the supply of LPG, CNG and LNG through our vehicular refuelling stations, domestic stations and Mother Stations. Our stations can be classified into LPG vehicular refuelling station or domestic station, CNG vehicular refuelling station, CNG Mother Stations and LNG vehicular refuelling station. As at 31 December 2015, 2016 and 2017 and 30 June 2018, we, through our subsidiaries and Jointly Controlled Entities, operated 9, 9, 9 and 9 LPG refuelling stations in Guangdong Province, 11, 11, 12 and 12 CNG refuelling stations and 2, 2, 2 and 2 CNG Mother Stations in Henan Province as well as 0, 1, 1 and 1 LNG refuelling station in Guangdong Province and Jiangxi Province. Thus, as at the Latest Practicable Date, we operate a total of 24 stations, amongst which 18 are Self-owned Stations and 6 are Jointly-owned Stations. Only those which are maintained through our subsidiaries are accounted for in our revenue stream. For details of these stations, please refer to the section headed "Business — Our products — Our Self-owned Operations and Jointly-owned Operations" in this prospectus.

Revenue by product mix

The following table sets forth our product mix and the products' respective sales volume, revenue and percentage of revenue for the respective periods indicated:

	For the years ended 31 December									For the six months ended 30 June					
	2015			2016			2017			2017			2018		
	Sales Volume[1]	Revenue	Percentage of revenue	Sales Volume[1]	Revenue	Percentage of revenue	Sales Volume[1]	Revenue	Percentage of revenue	Sales Volume[1]	Revenue	Percentage of revenue	Sales Volume[1]	Revenue	Percentage of revenue
		(RMB'000)	*(%)*		*(RMB'000)*	*(%)*		*(RMB'000)*	*(%)*		*(RMB'000)* *(unaudited)*	*(%)*		*(RMB'000)*	*(%)*
Retail															
— LPG	50,859	318,958	48.1	50,377	296,054	33.7	55,421	330,898	30.2	25,620	155,881	30.8	25,632	152,548	27.4
— CNG	54.9	197,789	29.9	60.0	180,024	20.5	62.7	192,318	17.6	29.2	88,808	17.6	28.8	90,737	16.3
— LNG	—	—	—	—	—	—	543	2,429	0.2	—	—	—	348	1,708	0.3
Sub-total		516,747	78.0		476,078	54.2		525,645	48.0		244,689	48.4		244,993	44.0
Wholesale															
— LPG	38,352	123,788	18.7	147,776	393,951	44.9	157,762	565,037	51.6	74,346	259,094	51.2	82,988	302,667	54.3
— CNG (Mother Station)[2]	6.6	19,569	2.9	2.2	5,695	0.6	0.6	1,662	0.2	0.2	515	0.1	0.4	1,189	0.2
— LNG	—	—	—	—	—	—	61	273	0.0	—	—	—	1,394	6,050	1.1
Sub-total		143,357	21.6		399,646	45.5		566,972	51.8		259,609	51.3		309,906	55.6
Logistic services	—	2,324	0.4	—	2,649	0.3	—	2,722	0.2	—	1,293	0.3	—	2,269	0.4
Total		**662,428**	**100**		**878,373**	**100**		**1,095,339**	**100**		**505,591**	**100**		**557,168**	**100**

Notes:

1. Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million m^3.

2. The CNG Mother Station refers to the CNG Mother Station in Xinzheng City which is wholly owned by our Group.

We primarily supplied three types of products, namely, LPG, CNG and LNG, which are alternative gas fuel sources to traditional vehicle fuel such as gasoline and diesel, on a retail and wholesale basis during the Track Record Period. We generated most of our revenue from the sale of LPG products in Guangdong Province and within the Pearl River Delta region during Track Record Period. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, we sold an aggregate of approximately 89,211 tonnes, 198,153 tonnes, 213,183 tonnes and 108,620 tonnes of LPG, respectively. Revenue generated from the sales of LPG was approximately RMB442.7 million, RMB690.0 million, RMB895.9 million and RMB455.2 million, representing approximately 66.8%, 78.6%, 81.8% and 81.7% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. We also generated a significant amount of revenue from the sales of CNG in Henan Province, which amounted to approximately RMB217.4 million, RMB185.7 million, RMB194.0 million, and RMB91.9 million, representing approximately 32.8%, 21.1%, 17.7% and 16.5% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. During the Track Record Period, approximately 78.0%, 54.2%, 48.0% and 44.0% of our total revenue was generated from our Gas Retail Business, respectively; while our Gas Wholesale Business was gaining importance during the Track Record Period, accounted for approximately 21.6%, 45.5%, 51.8% and 55.6% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. As we also have our own logistics fleet to transport LPG and CNG to our vehicular refuelling stations and our wholesale LPG and CNG customers, a small proportion of our revenue was also generated from the provision of logistic services to our LPG and CNG customers, which amounted to approximately RMB2.3 million, RMB2.6 million, RMB2.7 million and RMB2.3 million, representing approximately 0.4%, 0.3%, 0.2% and 0.4% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively.

Average selling price of LPG, CNG and LNG

The following table sets forth the revenue, sales volume and average selling price of LPG, CNG and LNG for the respective periods indicated:

	For the years ended 31 December									For the six months ended 30 June					
	2015			2016			2017			2017			2018		
Types of sales	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000) (unaudited)	Sales volume(2)	Average selling price(1) (RMB/unit)	Revenue (RMB'000)	Sales volume(2)
Retail															
LPG	6,271	318,958	50,859	5,877	296,054	50,377	5,971	330,898	55,421	6,084	155,881	25,620	5,951	152,548	25,632
CNG	3.6	197,789	54.9	3.0	180,024	60.0	3.1	192,318	62.7	3.0	88,808	29.2	3.2	90,737	28.8
LNG	—	—	—	—	—	—	4,475	2,429	543	—	—	—	4,908	1,708	348
Total		516,747			476,078			525,645			244,689			244,993	
Wholesale															
LPG	3,228	123,788	38,352	2,666	393,951	147,776	3,582	565,037	157,762	3,485	259,094	74,346	3,647	302,667	82,988
CNG	3.0	19,569	6.6	2.6	5,695	2.2	2.7	1,662	0.6	2.6	515	0.2	3.0	1,189	0.4
LNG	—	—	—	—	—	—	4,462	273	61	—	—	—	4,340	6,050	1,394
Total		143,357			399,646			566,972			259,609			309,906	

Note:

1. Average selling price is calculated by the total revenue generated from the sales of each product during the respective period divided by the sales volume for each product during the respective period. Average selling price of LPG and LNG are in RMB per tonne and average selling price of CNG is in RMB per m^3.

2. Sales volume for LPG and LNG are measured in tonnes and sales volume of CNG is measured in million m^3.

Our average selling price of LPG in Guangdong Province is generally based on market price on a cost plus basis as the provincial government in Guangdong Province has released its control over LPG price since 2015. Our average selling price of CNG in Henan Province is generally recommended by the local association. Our purchase price of CNG is largely based on the reference Urban Gate Station Price and selling price is largely based on the specified retail price, a non-compulsory reference price for vehicular gas refuelling stations, as recommended by Zhengzhou Public Utilities Association (鄭州市公用業協會). Prior to September 2017, our retail price were marked up based on the reference Urban Gate Station Price and since September 2017, we did not deviate from the specified retail price. As LNG price is not subject to government control, our average selling price of LNG is also based on market price on a cost plus basis. For details regarding the pricing of our products, please refer to the section headed ''Business — Pricing'' in this prospectus.

The average selling price of retail LPG was approximately RMB6,271 per tonne, RMB5,877 per tonne, RMB5,971 per tonne and RMB5,952 per tonne for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. The average selling price of wholesale LPG was approximately RMB3,228 per tonne, RMB2,666 per tonne, RMB3,582 per tonne and RMB3,647 per tonne for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. The fluctuation in the average selling price of LPG during the Track Record Period was primarily due to the fluctuation in the procurement cost of LPG which generally affected by (i) the supply and market demand of LPG and (ii) the fluctuation in the commodity price of international crude oil.

The average selling price of retail CNG was approximately RMB3.6 per m^3, RMB3.0 per m^3, RMB3.1 per m^3 and RMB3.2 per m^3 for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. The average selling price of wholesale CNG was approximately RMB3.0 per m^3, RMB2.6 per m^3, RMB2.7 per m^3 and RMB3.0 per m^3 for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. The fluctuation in the average selling price of CNG during the Track Record Period was primarily due to (i) the lowering of the benchmark ex-plant price, which refers to the natural gas producers' price and such price included wellhead cost, purification fees, financing costs and tax, to natural gas suppliers plus an appropriate margin; (ii) the price reform of natural gas conducted by the Chinese government from 2013 to 2016; and (iii) the fluctuation of upstream CNG supply.

The average selling price of retail and wholesale LNG for the year ended 31 December 2017 was approximately RMB4,475 per tonne and RMB4,462 per tonne, respectively. The average selling price of retail and wholesale LNG for the six months ended 30 June 2018 was approximately RMB4,908 per tonne and RMB4,340 per tonne, respectively.

Geographical locations

During the Track Record Period, we have primarily provided our LPG products in Guangdong Province and Jiangxi Province, our CNG products in Henan Province and our LNG products in Guangdong Province. Set forth below is a breakdown of our total revenue by geographical markets:

	For the years ended 31 December						For the six months ended 30 June			
	2015		2016		2017		2017		2018	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Guangdong Province	426,497	64.4	668,807	76.1	824,150	75.2	392,343	77.6	428,450	76.9
Henan Province	218,702	33.0	186,094	21.2	194,777	17.8	89,355	17.7	91,926	16.5
Jiangxi Province	17,229	2.6	23,472	2.7	76,412	7.0	23,893	4.7	36,792	6.6
Total	662,428	100	878,373	100	1,095,339	100	505,591	100	557,168	100

We derived most of our revenue from Guangdong Province through the operation of LPG vehicular refuelling stations and domestic stations and the revenue attributable to Guangdong Province amounted to approximately RMB426.5 million, RMB668.8 million, RMB824.2 million and RMB428.5 million, representing approximately 64.4%, 76.1%, 75.2% and 76.9% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. Revenue generated from Henan Province, which was primarily from the sales of retail and wholesale CNG, amounted to approximately RMB218.7 million, RMB186.1 million, RMB194.8 million and RMB91.9 million representing approximately 33.0%, 21.2%, 17.8% and 16.5% of our total revenue for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. Revenue attributable to Jiangxi Province remained the lowest during the Track Record Period as there was only one LPG domestic station in Jiangxi Province.

Cost of sales

Our cost of sales primarily consisted of all costs of procuring LPG, CNG and LNG from our suppliers and logistic services provided for transporting gases. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, our cost of sales amounted to approximately RMB537.3 million, RMB653.3 million, RMB879.7 million and RMB457.4 million, respectively.

The table below sets forth the breakdown of our cost of sales by product mix for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2015		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Retail										
LPG	257,109	47.9	144,001	22.0	200,317	22.8	88,657	22.2	93,424	20.4
CNG	142,425	26.5	110,508	17.0	118,952	13.5	56,043	14.0	55,029	12.0
LNG	—	—	—	—	1,912	0.2	—	—	1,315	0.3
Sub-total	399,534	74.4	254,509	39.0	321,181	36.5	144,700	36.2	149,768	32.7
Wholesale										
LPG	122,750	22.8	393,821	60.3	555,761	63.2	254,096	63.6	300,230	65.6
CNG	14,404	2.7	4,074	0.6	1,185	0.1	427	0.1	677	0.1
LNG	—	—	—	—	264	0.1	—	—	5,806	1.3
Sub-total	137,154	25.5	397,895	60.9	557,210	63.4	254,523	63.7	306,713	67.1
Logistic services	622	0.1	904	0.1	1,289	0.1	503	0.1	931	0.2
Total	537,310	100.0	653,308	100.0	879,680	100.0	399,726	100.0	457,412	100.0

The table below sets forth the average cost by product type for the periods indicated and the year to year percentage change in average cost by product type:

	Year ended 31 December					Six months ended 30 June		
	2015	2016		2017		2017	2018	
	RMB/unit	*RMB/unit*	*YoY percentage change %*	*RMB/unit*	*YoY percentage change %*	*RMB/unit (unaudited)*	*RMB/unit*	*YoY percentage change %*
Retail								
LPG (/tonne)	5,055	2,858	(43.5)	3,614	26.5	3,460	3,645	5.3
CNG (/m^3)	2.6	1.8	(30.8)	1.9	5.6	1.9	1.9	0.0
LNG (/tonne)	—	—	N/A	3,522	N/A	—	3,783	N/A
Wholesale								
LPG (/tonne)	3,201	2,665	(16.7)	3,523	32.2	3,418	3,618	5.9
CNG (/m^3)	2.2	1.8	(18.2)	1.9	5.6	1.9	1.9	0.0
LNG (/tonne)	—	—	N/A	4,315	N/A	—	4,165	N/A

Note: Average cost is calculated by the cost of sales of each product during the respective period divided by the sales volume for each product during the respective period.

Save for the slight decrease in average selling price of retail LPG for the six months ended 30 June 2018 as compared to that for the six months ended 30 June 2017 as a result of the increase in market competition from some of our neighboring gas refuelling stations, the fluctuation in average cost by product type was generally in line with the fluctuation in the average selling price of our products for the years ended 31 December 2015, 2016 and 2017 and also in line with our general pricing strategy of adopting a cost-plus pricing of our products. The significant difference of the average cost of retail LPG and wholesale LPG for the year ended 31 December 2015 was mainly due to the acquisition of GD Petrochemical, which then became our subsidiary in September 2015. It was one of our suppliers for our sales of retail LPG before the acquisition. Before the acquisition of GD Petrochemical in September 2015, GD Petrochemical procured LPG from third parties and re-sold to us on a cost-plus basis. For further details in relation to our pricing strategy, please refer to the section headed "Business — Pricing" in this prospectus.

Gross profit and gross profit margin

As detailed in the paragraph headed "Significant factors affecting our results of operations and financial condition" in this section above, fluctuation in our gross profit and gross profit margin during the Track Record Period was attributable to various factors including the fluctuations of the procurement price and selling price of raw material.

The table below sets forth the breakdown of our gross profits and gross profit margins by product mix for the respective periods indicated:

	Year ended 31 December						Six months ended			
	2015		2016		2017		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000 (unaudited)*	%	*RMB'000*	%
Retail										
LPG	61,849	19.4	152,053	51.4	130,581	39.5	67,224	43.1	59,124	38.8
CNG	55,364	28.0	69,516	38.6	73,366	38.1	32,765	36.9	35,708	39.4
LNG	—	—	—	—	517	21.3	—	—	393	23.0
Sub-total	117,213	22.7	221,569	46.5	204,464	38.9	99,989	40.9	95,225	38.9
Wholesale										
LPG	1,038	0.8	130	0.1	9,276	1.6	4,998	1.9	2,437	0.8
CNG	5,165	26.4	1,621	28.5	477	28.7	88	17.1	512	43.1
LNG	—	—	—	—	9	3.3	—	—	244	4.0
Sub-total	6,203	4.3	1,751	0.4	9,762	1.7	5,086	2.0	3,193	1.0
Logistic services	1,702	73.2	1,745	65.9	1,433	52.6	790	61.1	1,338	59.0
Total	125,118	18.9	225,065	25.6	215,659	19.7	105,865	20.9	99,756	17.9

The gross profit attributable to retail LPG and retail CNG represented the largest contributors of gross profits to our Group. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, our overall gross profit recorded at approximately RMB125.1 million, RMB225.1 million, RMB215.7 million and RMB99.8 million, respectively, in which gross profit attributable to our Gas Retail Business was approximately RMB117.2 million, RMB221.6 million, RMB204.5 million and RMB95.2 million, representing approximately 93.7%, 98.4%, 94.8% and 95.5% of our total gross profits for the corresponding year/period respectively. For gross profit attributable to our Gas Wholesale Business, we recorded approximately RMB6.2 million, RMB1.8 million, RMB9.8 million and RMB3.2 million, representing approximately 5.0%, 0.8%, 4.5% and 3.2% of our total gross profits for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively.

For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, gross profit margin attributable to Gas Retail Business amounted to approximately 22.7%, 46.5%, 38.9% and 38.9%, respectively, while gross profit margin attributable to Gas Wholesale Business amounted to approximately 4.3%, 0.4%, 1.7% and 1.0%, respectively. Generally, our gross profit margin from the retail segment is higher than the gross profit margin from the wholesale segment due to our Group's strategy to tap into and expand its wholesale business. Going forward, our Group will continue to expand its wholesale segment in order to capture the growing consumption of LPG by residential and commercial users in Guangdong Province while the growth of consumption of LPG by vehicular users in Guangdong Province is expected to slow down according to the F&S Report. For further details in relation to our pricing strategy, please refer to the section headed "Business — Our business strategies" in this prospectus.

Other income

The table below sets forth a breakdown of our other income for the respective periods indicated:

	Years ended 31 December			**Six months ended 30 June**	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Government grants	2,275	5,492	3,736	54	—
Interest income on financial assets	6,117	1,271	2,874	1,888	975
Rental income from operating leases	1,339	1,387	1,390	693	690
Net (loss)/gain on disposal of property, plant and equipment	(97)	(109)	1,128	(76)	(96)
Net foreign exchange (loss)/gain	(591)	1,249	(271)	(360)	68
Consultancy service income	—	—	—	—	943
Others	754	144	281	—	202
	9,797	9,434	9,138	2,199	2,782

Our other income primarily consisted of government grants, interest income on financial assets, rental income from operating leases and consultancy service income. Government grants mainly represented tax incentives in relation to the Free Trade Zone Reward Funds of Pillar-type Enterprise. Such tax incentives are considered and given on a year by year basis according to factors including the government's budget for the year, the operating environment of the enterprises and the enterprise's level of financial contribution towards free trade zone. Therefore, the amount of government grants received varies year by year and it is uncertain whether our Group will continue to receive such grants in the future. Rental income from operating leases mainly represented the lease of part of Jiaokou Station to PetroChina for its operation of petro station. Interest income on financial assets mainly represented the interest earned on (i) short term wealth management products issued by banks in the PRC which are short term, low risk with high liquidity and could be readily redeemed upon application; and (ii) the short-term loans with an interest rate of 13.8% per annum to an Independent Third Party which was fully settled as at 30 June 2018. For details of the arrangement, please refer to the section headed "Business — Operation process — LPG" in this prospectus. Net foreign exchange gain/loss mainly represented the gain/loss incurred in relation to the conversion of working capital funds from HKD to RMB. Consultancy service income mainly represented income derived from a subsidiary of AVIC Joy for the provision of consultancy services in relation to the operation of their gas refuelling business in Guangdong. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, our other income amounted to approximately RMB9.8 million, RMB9.4 million, RMB9.1 million and RMB2.8 million, respectively.

Staff costs

Our staff costs consisted of our staff's salaries, wages and other benefits and contributions to defined contribution retirement plans. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, our staff costs amounted to approximately RMB39.0 million, RMB43.1 million, RMB48.6 million and RMB21.0 million, respectively.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses were primarily related to the depreciation and amortisation of our (i) buildings; (ii) refuelling equipment; and (iii) motor vehicles and other equipment. For the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, depreciation and amortisation expenses amounted to approximately RMB12.4 million, RMB12.8 million, RMB13.2 million and RMB6.6 million, respectively, in which our refuelling equipment and motor vehicles and other equipment generated the largest amount of depreciation and amortisation expenses, representing over 60.0% of our total depreciation and amortisation expenses, respectively.

Operating lease charges

Operating lease charges primarily consisted of (i) lease charges for land use rights for our refuelling stations, (ii) lease charges for the terminal facilities, (iii) lease charges for our equipment and (iv) lease charges for our office premises, and amounted to approximately RMB15.2 million, RMB15.1 million, RMB15.1 million and RMB9.4 million for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. During the Track Record Period, our operating lease charges for land use rights for our refuelling stations amounted to approximately RMB6.9 million, RMB6.7 million, RMB8.0 million and RMB5.2 million, represented approximately 45.4%, 44.4%, 53.0% and 55.3% of our total operating lease charges for the corresponding year/period respectively. Our operating lease charges for the terminal facilities amounted to RMB5.0 million, RMB5.0 million, RMB5.0 million and RMB2.5 million, represented approximately 32.9%, 33.1%, 33.1% and 26.6% of our total operating lease charges for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively.

Other operating expenses

Our other operating expenses primarily consisted of (i) utilities expenses in relation to our refuelling stations and office premises, (ii) maintenance expenses for our refuelling stations, (iii) other taxation in relation to business tax, property tax, value-added tax and surcharges, (iv) intermediary service fee in relation to professional services such as legal fees in relation to a series of commercial litigations ("**Relevant Contractual Disputes**") between one of our subsidiaries (ZH Petrochemical) and our supplier (GD Guangsheng) (which were concluded in early 2017, details of such disputes are set out in the section headed "Business — Legal proceedings and non-compliance matters — Legal proceedings" in this prospectus), audit and consulting fees, which mainly represented the consultancy services obtained for the set up of our refuelling stations, (v) administrative expenses, (vi) transportation costs which included local and overseas transportation, (vii) inspection expenses, which was mainly used for the safety check on our refuelling stations and (viii) other expenses which relate to miscellaneous expenses such as business travel costs and telecommunication expenses. Our other operating expenses for the six months ended 30 June 2018 included listing expenses of approximately RMB9.3 million. Utilities expenses which represented water and electricity expenses remained our largest portion, accounted for approximately 22.9%, 22.8%, 23.7% and 13.4% of our total other operating expenses throughout the Track Record Period. The following table sets forth a breakdown of our other operating expenses for the respective periods:

	Year ended 31 December						Six months ended 30 June			
	2015		2016		2017		2017		2018	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Other operating expenses										
Listing expenses	—	—	—	—	—	—	—	—	9,313	40.4
Utilities expenses	6,973	22.9	7,040	22.8	6,616	23.7	3,076	24.3	3,087	13.4
Maintenance expenses	5,535	18.2	5,048	16.3	4,182	15.0	1,923	15.2	2,568	11.1
Other taxation	3,205	10.5	4,242	13.7	3,959	14.2	1,890	14.9	1,952	8.5
Transportation cost	3,116	10.2	3,139	10.1	2,794	10.0	1,423	11.3	1,518	6.6
Administrative expenses	3,055	10.0	2,387	7.7	2,387	8.6	1,172	9.3	1,135	4.9
Intermediary service fee	2,576	8.5	3,185	10.3	2,112	7.6	391	3.1	183	0.8
Entertainment expenses	2,516	8.3	2,400	7.8	1,782	6.4	830	6.6	886	3.8
Inspection expenses	1,059	3.5	801	2.6	805	2.9	551	4.4	549	2.4
Property management fee	589	1.9	604	2.0	789	2.8	303	2.4	632	2.7
Insurance cost	846	2.8	965	3.1	646	2.3	355	2.8	447	1.9
Others	1,008	3.2	1,130	3.6	1,822	6.5	730	5.7	800	3.5
Total	30,478	100.0	30,941	100.0	27,894	100.0	12,644	100.0	23,070	100.0

Finance costs

Our finance costs consisted of interest expenses on bank borrowings, which amounted to approximately RMB4.4 million, RMB3.7 million, RMB5.5 million and RMB3.7 million for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, respectively. For further details regarding our bank loans during the Track Record Period, please refer to the paragraph headed "Description of selected items in consolidated statements of financial position — Bank loans" in this section below. No borrowing costs have been capitalised for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018.

Share of profits/(losses) of joint ventures

Our share of profits/(losses) of joint ventures represented the profits/(losses) derived from our Group's interests in the joint ventures of JM Xinjiang Gas, Henan Blue Sky and GD Petrochemical. For details on our Group's interests in joint ventures, please refer to note 15 of the Accountants' Report in Appendix I to this prospectus. In September 2015, our Group acquired the entire equity interests of HK Investment and GZ Zhongxin, which in turn extended our Group's respective equity interests in GD Petrochemical and GZ New Energy from 50% to 100%, at a total consideration of RMB55.8 million. As a result, GD Petrochemical then became a subsidiary of our Company. For the year ended 31 December 2014, our Group further expanded its Gas Wholesale Business into Jiangmen City, Guangdong Province with the acquisition of 50% of the registered capital of JM Xinjiang Gas under which 1 LPG domestic refuelling station (encompassing LPG terminal and storage facilities) was registered. For details of our Group's acquisition of businesses, please refer to note 30 of the Accountants' Report in Appendix I to this prospectus.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdiction in which companies comprising our Group domicile or operate.

(i) *Cayman Islands profits tax*

Our Group has not been subject to any taxation in the Cayman Islands.

(ii) *PRC enterprise income tax*

Our PRC subsidiaries are subject to a tax rate of 25% during the Track Record Period on the assessable profits arising in or derived from the PRC.

Our income tax expense for the years ended 31 December 2015, 2016 and 2017 amounted to approximately RMB9.8 million, RMB31.6 million and RMB29.4 million, respectively; the effective tax rates for the same period were 13.8%, 27.8% and 25.9%, respectively. After adjusted for the non-recurring and non-deductible listing expenses, the effective tax rate for the six months ended 30 June 2018 was 27.8%. The effective tax rate for the year ended 31 December 2015 was significantly lower as compared to the years ended 31 December 2016 and 2017 mainly due to the non-taxable share of profits of joint ventures of approximately RMB37.8 million, which was mainly derived from the joint venture of GD Petrochemical. Since September 2015, our Group acquired the remaining interests in GD Petrochemical and as a result, GD Petrochemical became a subsidiary of our Group. After having excluded the non-taxable share of profits/losses of joint ventures and non-recurring and non-deductible listing expenses, the effective tax rate for the years ended 31 December 2015, 2016 and 2017 and for the six months ended 30 June 2018, were 29.3%, 24.5%, 25.7% and 27.1% respectively. Subsequently, our Group recorded a share of losses of joint ventures for the years ended 31 December 2016 and 2017 which led to a higher effective tax rate for the same years as compared to the year ended 31 December 2015. Our Directors confirm that, as at the Latest Practicable Date and during the Track Record Period, we did not have any material dispute or unresolved tax issue with the relevant tax authorities.

RESULTS OF OPERATIONS

Six months ended 30 June 2018 compared to six months ended 30 June 2017

Revenue

Our revenue increased by approximately RMB51.6 million or 10.2% to approximately RMB557.2 million for the six months ended 30 June 2018 from approximately RMB505.6 million for the six months ended 30 June 2017. Such increase was mainly due to (i) the increase in revenue from wholesale LPG of approximately RMB43.6 million or 16.8% from approximately RMB259.1 million for the six months ended 30 June 2017 to approximately RMB302.7 million for the six months ended 30 June 2018, primarily resulted from (a) our Group's continuing expansion in our Gas Wholesale Business to capture the growing consumption of LPG by residential and commercial users in Guangdong Province, thus, the sales volume of wholesale LPG increased from approximately 74,346 tonnes for the six months ended 30 June 2017 to 82,988 tonnes for the six months ended 30 June 2018; and (b) the increase in the average selling price of wholesale LPG from approximately RMB3,485 per tonne for the six months ended 30 June 2017 to RMB3,647 per tonne for the six months ended 30 June 2018 to mitigate our increase in procurement cost from the increasing demand for petroleum products, thereby leading to an increase in commodity price of international crude oil and thus, an increase in the price of LPG; and (ii) the increase in revenue from retail and wholesale LNG of approximately RMB7.8 million, attributable to the commencement of operation of our LNG vehicular refuelling station in July 2017.

Cost of sales

Our cost of sales increased by approximately RMB57.7 million or 14.4% to approximately RMB457.4 million for the six months ended 30 June 2018 from RMB399.7 million for the six months ended 30 June 2017. Such increase was generally in line with the increase in revenue and due to the increase of approximately 5.9% in average cost of wholesale LPG from approximately RMB3,418 per tonne for the six months ended 30 June 2017 to RMB3,618 per tonne for the six months ended 30 June 2018 and the increase of approximately 5.3% in average cost of retail LPG from approximately RMB3,460 per tonne for the six months ended 30 June 2017 to RMB3,645 per tonne for the six months ended 30 June 2018 due to the increase in the commodity price of international crude oil.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB6.1 million or 5.8% to RMB99.8 million for the six months ended 30 June 2018 from RMB105.9 million for the six months ended 30 June 2017 and our gross profit margin decreased from 20.9% for the six months ended 30 June 2017 to 17.9% for the six months ended 30 June 2018. The decrease was primarily due to the decrease in our Group's retail gross profit by approximately RMB4.8 million or 4.8% from approximately RMB100.0 million for the six months ended 30 June 2017 to RMB95.2 million for the six months ended 30 June 2018, which contributed approximately 94.4% and 95.5% of our overall gross profit for the six months ended 30 June 2017 and 2018, as a result of (i) the increase in the average cost of procuring LPG while the average selling price of retail LPG remained relatively stable during the period; and (ii) the increase in revenue from the sales of wholesale LPG from approximately RMB259.1 million, representing approximately 51.2% of our total revenue for the six months ended 30 June 2017 to approximately RMB302.7 million, approximately 54.3% of our total revenue for the six months ended 30 June 2018, in which our sales of wholesale LPG generally derives lower gross profit margin than our sales of retail LPG. In respect of retail prices, as we are required to be compatible with the prices of our competitors given we share a same pool of public transport companies and taxi companies, the adjustments in our retail price usually lag behind the increase in our purchase cost, which will therefore result in a lower gross profit. In respect of wholesale prices, we are more flexible in adjusting our wholesale prices.

Other income

Our other income increased by approximately RMB0.6 million or 27.3% to RMB2.8 million for the six months ended 30 June 2018 from RMB2.2 million for the six months ended 30 June 2017. The increase was primarily due to the increase in consultancy service income of approximately RMB0.9 million derived from the provision of consultancy services to a subsidiary of AVIC Joy and the increase in our net foreign exchange difference of approximately RMB0.4 million; offset by the decrease in interest income on financial assets as no short term wealth management products were purchased for the six months ended 30 June 2018.

Staff costs

Our staff costs remained stable at approximately RMB21.0 million for the six months ended 30 June 2018 as compared to RMB20.9 million for the six months ended 30 June 2017.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by approximately RMB0.4 million or 6.5% to RMB6.6 million for the six months ended 30 June 2018 from RMB6.2 million for the six months ended 30 June 2017. The increase was primarily due to the increase in depreciation expenses of our refuelling equipment of approximately RMB0.4 million as a result of the commencement of operation of Lixin Highway Station in the second half of 2017 and such cost was then transferred from construction in progress and subject to further depreciation, offset by the decrease in depreciation expenses of our motor vehicles of approximately RMB0.1 million resulted from the disposal of our logistic vehicles in late 2017.

Operating lease charges

Our operating lease charges increased by approximately RMB1.7 million or 22.1% to RMB9.4 million for the six months ended 30 June 2018 from RMB7.7 million for the six months ended 30 June 2017. The increase was primarily due to the additional lease charges of Jiaokou Station as a result of the renewal of the lease agreement in October 2017.

Other operating expenses

Our other operating expenses increased by approximately RMB10.5 million or 83.3% to RMB23.1 million for the six months ended 30 June 2018 from RMB12.6 million for the six months ended 30 June 2017. The increase was primarily due to the incurrence of listing expenses of approximately RMB9.3 million, the increase in maintenance expenses by approximately RMB0.6 million and the increase in property management fee by approximately RMB0.3 million due to the additional management fee of Jiaokou Station resulted from the renewal of the lease agreement in October 2017.

Finance costs

Our finance costs increased by approximately RMB1.5 million or 68.2% to RMB3.7 million for the six months 30 June 2018 from RMB2.2 million for the six months ended 30 June 2017. The increase was primarily due to the new bank borrowings amounting to RMB136.0 million in aggregate, which were obtained in the first half of 2018.

Share of losses of joint ventures

Our share of losses of joint ventures increased by approximately RMB0.3 million or 27.3% to approximately RMB1.4 million for the six months ended 30 June 2018 from RMB1.1 million for the six months ended 30 June 2017, primarily due to the increase in net loss of JM Xinjiang Gas from approximately RMB0.5 million for the six months ended 30 June 2017 to RMB0.8 million for the six months ended 30 June 2018 primarily attributable to the increased expenses incurred during the six months ended 30 June 2018.

Income tax

Our income tax expense decreased by approximately RMB2.1 million or 13.9% to RMB13.0 million for the six months ended 30 June 2018 from RMB15.1 million for the six months ended 30 June 2017. The decrease was primarily due to the decrease in profit before taxation as a result of the drop in gross profit by approximately RMB6.1 million, and the inclusion of non-recurring listing expenses of approximately RMB9.3 million for the six months ended 30 June 2018.

Profit for the period and net profit margin

As a result of the foregoing, our profit after tax decreased by approximately RMB17.9 million or 42.4% to RMB24.3 million for the six months ended 30 June 2018 from RMB42.2 million for the six months ended 30 June 2017. Our net profit margin decreased by approximately 3.9% from 8.3% for the six months ended 30 June 2017 to 4.4% for the six months ended 30 June 2018, which was mainly due to the decrease in profit before taxation as discussed above.

Year ended 31 December 2017 compared to the year ended 31 December 2016

Revenue

Our revenue increased by approximately RMB216.9 million or 24.7% to RMB1,095.3 million for the year ended 31 December 2017 from RMB878.4 million for the year ended 31 December 2016. The increase was primarily due to the increase in revenue from the wholesale of LPG of approximately RMB171.1 million as a result of (i) the increase in sales volume from approximately 147,776 tonnes for the year ended 31 December 2016 to 157,762 tonnes for the year ended 31 December 2017 owing to our Group's business strategy to capture the growing consumption of LPG by residential and commercial users in Guangdong Province; and (ii) the increase in average selling price of wholesale LPG from approximately RMB2,666 per tonne in 2016 to RMB3,582 per tonne in 2017 due to the increasing demand for petroleum products in 2017, thereby leading to an increase in the commodity price of international crude oil and hence, the price of LPG. The increase in our total revenue was also attributable to the increase in the sales of retail LPG of approximately RMB34.8 million mainly as a result of the increase in sales volume from approximately 50,377 tonnes in 2016 to 55,421 tonnes in 2017 and the increase in the sales of retail CNG of approximately RMB12.3 million as a result of the increase in the sales volume of CNG from approximately 60.0 million m^3 for the year ended 31 December 2016 to 62.7 million m^3 for the year ended 31 December 2017, which was mainly due to the increased sales resulted from some of our CNG refuelling stations and our additional Xinzheng Daughter Station, which commenced its operation in 2017.

Cost of sales

Our cost of sales increased by approximately RMB226.4 million or 34.7% to RMB879.7 million for the year ended 31 December 2017 from RMB653.3 million for the year ended 31 December 2016. Such increase was largely contributed by the increase in the cost of wholesale LPG by approximately RMB162.0 million from RMB393.8 million for the year ended 31 December 2016 to RMB555.8 million for the year ended 31 December 2017, which was due to (i) increase in sales volume of wholesale LPG from approximately 147,776 tonnes for the year ended 31 December 2016 to 157,762 tonnes for the year ended 31 December 2017, resulted from our expansion in Gas Wholesale Business; and (ii) the significant increase of approximately 32.2% in average cost of wholesale LPG from approximately RMB2,665 per tonne for the year ended 31 December 2016 to RMB3,523 per tonne for the year ended 31 December 2017 due to the increasing demand for petroleum products in 2017, which led to an increase in commodity price of international crude oil and hence the price of LPG.

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB9.4 million or 4.2% to RMB215.7 million for the year ended 31 December 2017 from RMB225.1 million for the year ended 31 December 2016 and our gross profit margin decreased from 25.6% for the year ended 31 December 2016 to 19.7% for the year ended 31 December 2017. The decrease was primarily due to the decrease in our Group's retail gross profit by approximately RMB17.1 million or 7.7% from approximately RMB221.6 million for the year ended 31 December 2016 to RMB204.5 million for the year ended 31 December 2017, which contributed approximately 98.4% and 94.8% of our overall gross profit for the years ended 31 December 2016 and 2017, as a result of the increase in the average cost of procuring LPG while the average selling price of retail LPG remained relatively stable during the period. Our retail gross profit margin decreased from approximately 46.5% for the year ended 31 December 2016 to 38.9% for the year ended 31 December

2017, mainly due to the increase in the average cost of procuring LPG as a result of the increase in the commodity price of international crude oil, coupled with the higher difficulty of passing on the increase in cost to our retail customers as compared to our wholesale customers. Our wholesale gross profit margin increased from approximately 0.4% for the year ended 31 December 2016 to 1.7% for the year ended 31 December 2017, mainly due to the lower average selling price for the year ended 31 December 2016 as we were trying to attract new customers for our Gas Wholesale Business. Our average selling price gradually increased as we were able to maintain sales to our recurring customers who became less price sensitive. In respect of retail prices, as we are required to be compatible with the prices of our competitors given we share a same pool of public transport companies and taxi companies, the adjustments in our retail price usually lag behind the increase in our purchase cost, which will therefore result in a lower gross profit. In respect of wholesale prices, we are more flexible in adjusting our wholesale prices.

Other income

Our other income decreased by approximately RMB0.3 million or 3.2% to RMB9.1 million for the year ended 31 December 2017 from RMB9.4 million for the year ended 31 December 2016. The decrease was primarily due to (i) the decrease in government grant by approximately RMB1.8 million; and (ii) the foreign exchange loss of approximately RMB0.3 million incurred in relation to the conversion of working capital funds from HKD to RMB; partially offset by (i) the net gain on disposal of property, plant and equipment of approximately RMB1.1 million in relation to the disposal of our logistic motor vehicles in 2017, (ii) the increase in interest income on financial assets by approximately RMB1.6 million, resulted from the short-term loans to an independent third party which was fully settled in 2017 and short term wealth management products.

Staff costs

Our staff costs increased by approximately RMB5.5 million or 12.8% to RMB48.6 million for the year ended 31 December 2017 from RMB43.1 million for the year ended 31 December 2016. The increase was primarily due to the increase in the average number of staff and average salaries payable to our staff during the period.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by approximately RMB0.4 million or 3.1% to approximately RMB13.2 million for the year ended 31 December 2017 from RMB12.8 million for the year ended 31 December 2016, primarily due to the increase in depreciation expenses of our motor vehicles and equipment by approximately RMB0.5 million as a result of the acquisition of new logistic vehicles in 2017.

Operating lease charges

Our operating lease charges remained stable at approximately RMB15.1 million for the year ended 31 December 2017 as compared to the year ended 31 December 2016 which was due to operating lease charges in relation to land use rights for our refuelling stations increased by approximately RMB1.3 million during the period mainly as a result of the additional lease charges of Jiaokou Station resulted from the renewal of the lease agreement in October 2017; offset by the decrease in lease charges for our equipment by approximately RMB1.3 million.

Other operating expenses

Our other operating expenses decreased by approximately RMB3.0 million or 9.7% to RMB27.9 million for the year ended 31 December 2017 from RMB30.9 million for the year ended 31 December 2016. The decrease was primarily due to (i) the decrease in maintenance expenses by approximately RMB0.9 million; (ii) the decrease in intermediary service fee by approximately RMB1.1 million, mainly resulted from the commercial litigation between one of our subsidiaries and our supplier on a contract dispute, which was settled in our favor in early 2017; and (iii) the decrease in utilities expenses by approximately RMB0.4 million, resulted from government policy on encouraging reduction in electricity usage during peak hours in 2017.

Finance costs

Our finance costs increased by approximately RMB1.8 million or 48.6% to RMB5.5 million for the year ended 31 December 2017 from RMB3.7 million for the year ended 31 December 2016. The increase was primarily due to the full year effect of the interest expense generated from the unsecured bank loans of total RMB100.0 million, which we obtained in late 2016.

Share of losses of joint ventures

Our share of losses of joint ventures decreased by approximately RMB14.6 million or 94.2% to approximately RMB0.9 million for the year ended 31 December 2017 from RMB15.5 million for the year ended 31 December 2016, primarily due to (i) that JM Xinjiang Gas decreased its net loss from approximately RMB3.2 million for the year ended 31 December 2016 to approximately RMB0.6 million for the year ended 31 December 2017 as a result of the higher revenue generated from its retail segment which normally has a higher gross profit margin; (ii) Henan Blue Sky decreased its net loss from approximately RMB0.6 million for the years ended 31 December 2016 to approximately RMB0.3 million for the year ended 31 December 2017 in which the loss was due to the competition faced by refuelling stations of Henan Blue Sky as a result of newly established neighbouring refuelling stations which diverted sales from the refuelling stations of Henan Blue Sky; and (iii) the one-off impairment on interest in JM Xinjiang Gas of approximately RMB11.6 million for the year ended 31 December 2016, resulted from the continuing underperformance of JM Xinjiang Gas and no such impairment was made for the year ended 31 December 2017. For details regarding our Group's interests in joint ventures, please refer to note 15 of the Accountants' Report in Appendix I to this prospectus.

Income tax

Our income tax expense decreased by approximately RMB2.2 million or 7.0% to RMB29.4 million for the year ended 31 December 2017 from RMB31.6 million for the year ended 31 December 2016. The decrease was primarily due to (i) the decrease in the tax effect of share of losses of joint ventures by approximately RMB0.7 million; and (ii) the decrease in the tax effect of tax losses not recognised by approximately RMB1.4 million. For further details on reconciliation between tax expenses and accounting profits at applicable tax rates, please refer to note 8(b) of the Accountants' Report in Appendix I to this prospectus.

Profit for the year and net profit margin

As a result of the foregoing, our net profit after tax increased by approximately RMB2.3 million or 2.8% to RMB84.2 million for the year ended 31 December 2017 from RMB81.9 million for the year ended 31 December 2016. Our net profit margin decreased by approximately 1.6% from 9.3% for the year ended 31 December 2016 to 7.7% for the year ended 31 December 2017, which was mainly due to the decrease in gross profit margin as discussed above.

Year ended 31 December 2015 compared to the year ended 31 December 2016

Revenue

Our revenue increased by approximately RMB216.0 million or 32.6% to RMB878.4 million for the year ended 31 December 2016 from RMB662.4 million for the year ended 31 December 2015. The increase was primarily due to (i) the increase in sales volume of wholesale LPG from approximately 38,352 tonnes for the year ended 31 December 2015 to 147,776 tonnes for the year ended 31 December 2016 as a result of the acquisition of the entire equity interests of HK Investment and GZ Zhongxin in September 2015, which in turn extended our Group's respective equity interests in GD Petrochemical and GZ New Energy from 50% to 100%, in which GD Petrochemical is principally engaged in the wholesale of LPG, and partially offset by (ii) the decrease in the average selling price of wholesale LPG from approximately RMB3,228 per tonne for the year ended 31 December 2015 to RMB2,666 per tonne for the year ended 31 December 2016 as a result of (i) the proportional increase in the supply of LPG was more than the increase in market demand for LPG and (ii) the decreasing commodity price of international crude oil thereby leading to a decrease in the market price of LPG.

Cost of sales

Our cost of sales increased by approximately RMB116.0 million or 21.6% to RMB653.3 million for the year ended 31 December 2016 from RMB537.3 million for the year ended 31 December 2015. The increase aligns with the increase in revenue as a result of the increase in sales volume of wholesale LPG from 38,352 tonnes for the year ended 31 December 2015 to 147,776 tonnes for the year ended 31 December 2016; partially offset by the decrease in average cost of wholesale LPG from approximately RMB3,201 per tonne for the year ended 31 December 2015 to RMB2,665 per tonne for the year ended 31 December 2016, mainly due to the acquisition of GD Petrochemical which was one of our suppliers of LPG before the acquisition in 2015. The increase in cost of sales was also partially offset by a decrease in the cost of sales of retail and wholesale CNG from approximately RMB156.8 million for the year ended 31 December 2015 to RMB114.6 million for the year ended 31 December 2016 as a result of the decrease in the sales of wholesale CNG and the decrease in the average selling price of retail CNG from approximately RMB3.6 per m^3 for the year ended 31 December 2015 to RMB3.0 per m^3 for the year ended 31 December 2016 and average selling price of wholesale CNG from approximately RMB3.0 per m^3 for the year ended 31 December 2015 to RMB2.6 per m^3 for the year ended 31 December 2016 as a result of the decrease in Urban Gate Station Price in Henan Province.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB100.0 million or 79.9% to RMB225.1 million for the year ended 31 December 2016 from RMB125.1 million for the year ended 31 December 2015 and our gross profit margin increased from approximately 18.9% for the year ended 31 December 2015 to approximately 25.6% for the year ended 31 December 2016. The increase was primarily due to that our gross profit of Gas Retail Business increased from approximately RMB117.2 million for the year ended 31 December 2015 to approximately RMB221.6 million for the year ended 31 December 2016, which contributes approximately 93.7% and 98.4% of our overall gross profit for the years ended 31 December 2015 and 2016, respectively. The increase in our retail gross profit margin from approximately 22.7% for the year ended 31 December 2015 to 46.5% for the year ended 31 December 2016 was mainly because of (i) the decrease in the average cost of procuring LPG as a result of the acquisition of GD Petrochemical which was one of our suppliers of LPG before the acquisition and (ii) the lower average cost of CNG during the period. Our wholesale gross profit margin decreased from approximately 4.3% for the year ended 31 December 2015 to 0.4% for the year ended 31 December 2016, mainly due to our Group's strategy to tap into and expand its wholesale business by offering wholesale LPG and wholesale CNG at a relatively lower selling price.

Other income

Our other income decreased by approximately RMB0.4 million or 4.1% to RMB9.4 million for the year ended 31 December 2016 from RMB9.8 million for the year ended 31 December 2015. The decrease was primarily due to (i) the decrease in interest income from financial assets by approximately RMB4.8 million mainly because our Group invested more amount on short term wealth management products during the year of 2015; offset by (ii) the increase in government grants by approximately RMB3.2 million in relation to the Free Trade Zone Reward Funds of Pillar-type Enterprise and (iii) the net foreign exchange gain of approximately RMB1.2 million incurred in relation to the conversion of working capital funds from HKD to RMB for the year ended 31 December 2016.

Staff costs

Our staff costs increased by approximately RMB4.1 million or 10.5% to RMB43.1 million for the year ended 31 December 2016 from RMB39.0 million for the year ended 31 December 2015. The increase was primarily due to the increase in the average number of staff and average salaries payable for staff during the period.

Depreciation and amortisation expenses

Our depreciation and amortisation expenses increased by RMB0.4 million or approximately 3.2% to approximately RMB12.8 million for the year ended 31 December 2016 from RMB12.4 million for the year ended 31 December 2015, primarily due to the increase in depreciation expenses in relation to our refuelling equipment and motor vehicles and other equipment as a result of the acquisition of refuelling equipment for our Xinzheng Daughter Station and new logistic vehicles in 2016.

Operating lease charges

Our operating lease charges remained stable at approximately RMB15.1 million for the year ended 31 December 2016 as compared to RMB15.2 million for the year ended 31 December 2015. Our Group's number of stations under leased land charges under operating lease charges remained the same for the years ended 31 December 2015 and 2016.

Other operating expenses

Our other operating expenses remained stable at approximately RMB30.9 million for the year ended 31 December 2016 as compared to RMB30.5 million for the year ended 31 December 2015, mainly due to (i) the increase in intermediary service fee by approximately RMB0.6 million, resulted from the commercial litigation between one of our subsidiaries and our supplier on a contract dispute which was concluded in our favour in early 2017; (ii) the increase in other taxation by approximately RMB1.0 million, mainly resulted from the acquisition of GD Petrochemical in September 2015, which then became our subsidiaries; offset by (iii) the decrease in maintenance expenses by approximately RMB0.5 million, primarily because most of our major maintenance of our stations conducted in the year of 2015.

Finance costs

Our finance costs decreased by approximately RMB0.7 million or 15.9% to RMB3.7 million for the year ended 31 December 2016 from RMB4.4 million for the year ended 31 December 2015. The decrease was primarily due to that our Group repaid most of our bank loans in late 2015, while most of our bank loans as at 31 December 2016 were obtained in late 2016.

Share of profits/(losses) of joint ventures

Our share of profits of joint ventures decreased by approximately RMB53.3 million or 141.0% from profits of approximately RMB37.8 million for the year ended 31 December 2015 to losses of approximately RMB15.5 million for the year ended 31 December 2016, primarily due to (i) the acquisition of the entire equity interests of HK Investment and GZ Zhongxin in September 2015, which in turn extended our Group's respective equity interest in GD Petrochemical and GZ New Energy from 50% to 100%. Thereafter, the profits derived from GD Petrochemical are consolidated into our Group, thereby decreasing the share of profits of joint ventures; and (ii) the impairment on interest in JM Xinjiang Gas of approximately RMB11.6 million for the year ended 31 December 2016 because of the continuing underperformance of JM Xinjiang Gas and no such impairment was made for the year ended 31 December 2015. Our share of losses of joint ventures for the years ended 31 December 2015 and 2016 was primarily due to (i) JM Xinjiang Gas's strategy to develop its market share in wholesale LPG by offering its products at a relatively lower price and (ii) the increased competition faced by refuelling stations of Henan Blue Sky as a result of newly established neighboring refuelling stations which diverted sales from the refuelling stations of Henan Blue Sky.

Income tax

Our income tax expense increased by approximately RMB21.8 million or 222.4% to RMB31.6 million for the year ended 31 December 2016 from RMB9.8 million for the year ended 31 December 2015. The increase was primarily due to the increase in profit before taxation based on the reasons as mentioned above.

Profit for the year and net profit margin

As a result of the foregoing, our net profit after tax increased by approximately RMB20.5 million or 33.4% to RMB81.9 million for the year ended 31 December 2016 from RMB61.4 million for the year ended 31 December 2015 and our net profit margin remained the same at approximately 9.3% for the years ended 31 December 2015 and 2016.

FINANCIAL POSITION

The following table summarises the consolidated statements of financial position as at the respective dates indicated as extracted from the Accountants' Report as set out in Appendix I to this prospectus:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	107,190	117,175	127,020	140,897
Lease prepayments	12,335	11,697	11,184	10,843
Interests in joint ventures	53,391	37,919	37,036	36,329
Other financial assets	—	10,000	13,500	13,700
Deferred tax assets	6,578	7,854	5,102	4,995
	179,494	184,645	193,842	206,764
Current assets				
Inventories	2,577	4,410	3,687	2,778
Trade and bills receivables	61,177	81,283	94,730	72,777
Prepayments, deposits and other receivables	43,009	54,325	61,739	55,929
Amounts due from related parties	—	4,956	79,096	—
Cash at bank and on hand	162,283	220,707	157,501	253,437
	269,046	365,681	396,753	384,921

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Bank loans	50,000	190,000	138,000	194,000
Trade and bills payable	36,252	43,948	41,080	41,873
Accrued expenses and other payables	27,224	39,339	46,739	137,664
Amounts due to related parties	148,451	—	—	—
Income tax payable	5,961	9,030	7,625	2,665
	267,888	282,317	233,444	376,202
Net current assets	1,158	83,364	163,309	8,719
NET ASSETS	180,652	268,009	357,151	215,483
CAPITAL AND RESERVES				
Share capital	—	—	—	—
Reserves	170,088	250,901	333,151	180,958
Total equity attributable to equity shareholders of the Company	170,088	250,901	333,151	180,958
Non-controlling interests	10,564	17,108	24,000	34,525
TOTAL EQUITY	180,652	268,009	357,151	215,483

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

As at 31 December 2015, 2016 and 2017 and 30 June 2018, the carrying amount of our property, plant and equipment was approximately RMB107.2 million, RMB117.2 million, RMB127.0 million and RMB140.9 million, respectively and primarily consisted of buildings, refuelling equipment, motor vehicles and other equipment and construction in progress.

The table below sets forth the balance of our property, plant and equipment as at the respective dates indicated:

	Buildings and properties	Refuelling equipment	Motor vehicles and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost as at 1 January 2015	42,749	77,463	56,310	3,002	179,524
Addition	368	2,026	4,223	3,789	10,406
Disposal	—	(20)	(577)	—	(597)
Accumulated depreciation	(7,297)	(36,597)	(38,249)	—	(82,143)
Carrying amount as at 31 December 2015	**35,820**	**42,872**	**21,707**	**6,791**	**107,190**
Addition	—	1,390	5,492	15,334	22,216
Transfer in/(out)	—	44	—	(44)	—
Disposal	—	(195)	(95)	—	(290)
Depreciation expenses for the year	(2,070)	(5,349)	(4,702)	—	(12,121)
Written back on disposals	—	113	67	—	180
Carrying amount as at 31 December 2016	**33,750**	**38,875**	**22,469**	**22,081**	**117,175**
Addition	415	2,565	3,511	16,220	22,711
Transfer in/(out)	4,567	6,292	—	(10,859)	—
Disposal	—	—	(2,626)	—	(2,626)
Depreciation expenses for the year	(2,088)	(5,278)	(5,169)	—	(12,535)
Written back on disposals	—	—	2,295	—	2,295
Carrying amount as at 31 December 2017	**36,644**	**42,454**	**20,480**	**27,442**	**127,020**
Addition	—	60	3,916	16,251	20,227
Transfer in/(out)	—	1,021	—	(1,021)	—
Disposal	—	(144)	(137)	—	(281)
Depreciation expenses for the year	(1,045)	(2,976)	(2,225)	—	(6,246)
Written back on disposals	—	102	75	—	177
Carrying amount as at 30 June 2018	**35,599**	**40,517**	**22,109**	**42,672**	**140,897**

Our buildings and properties represent properties located in the PRC owned by our Group. As at 31 December 2015, 2016 and 2017 and 30 June 2018, the carrying amount of our buildings and properties was approximately RMB35.8 million, RMB33.8 million, RMB36.6 million and RMB35.6 million, respectively. The carrying amount of our buildings and properties increased by approximately RMB2.8 million or 8.3% from RMB33.8 million as at 31 December 2016 to RMB36.6 million as at 31 December 2017, which was mainly due to the transfer of our LNG refuelling station from construction in progress to buildings and properties of approximately RMB3.3 million upon the commencement of operation in 2017. The carrying amount of our buildings and properties decreased by approximately RMB1.0 million or 2.7% from RMB36.6 million as at 31 December 2017 to RMB35.6 million as at 30 June 2018, which was due to the depreciation expenses incurred for the period.

Our refuelling equipment mainly consists of containers used for the storage of LNG and CNG, fuel dispensers and gas compressors. The carrying amount of our refuelling equipment amounted to approximately RMB42.9 million, RMB38.9 million, RMB42.5 million and RMB40.5 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. The carrying amount of our refuelling equipment decreased by approximately RMB4.0 million or 9.3% from approximately RMB42.9 million as at 31 December 2015 to approximately RMB38.9 million as at 31 December 2016, resulted from (i) the addition of approximately RMB1.4 million during the year ended 31 December 2016; and offset by (ii) the depreciation expenses incurred for the year ended 31 December 2016. Our carrying amount of refuelling equipment was then increased by approximately RMB3.6 million or 9.2% to RMB42.5 million as at 31 December 2017, which was mainly due to (i) the addition of approximately RMB2.6 million resulted from the new refuelling equipment installed; and (ii) the completion of construction of our LNG refuelling station in Guangdong in September 2016. Such amount of approximately RMB2.3 million was then transferred to refuelling equipment from construction in progress upon the commencement of operation in 2017. The carrying amount of our refuelling equipment decreased by approximately RMB2.0 million or 4.7% from RMB42.5 million as at 31 December 2017 to RMB40.5 million as at 30 June 2018, which was mainly due to the depreciation expenses incurred for the period; offset by the transfer from construction in progress.

Our motor vehicles mainly consist of logistic vehicles used for transportation of hazardous chemical and dangerous goods (operating under a valid license and within a fixed scope and duration). Other equipment mainly represents fire equipment, drainage equipment and circuit equipment used in our vehicular refuelling stations. As at 31 December 2016, the carrying amount of our motor vehicles and other equipment increased by approximately RMB0.8 million or 3.5% to approximately RMB22.5 million, which was mainly resulted from the acquisition of the logistic vehicles of approximately RMB4.9 million during the year ended 31 December 2016. The carrying amount decreased to approximately RMB20.5 million by approximately RMB2.0 million or 8.9% as at 31 December 2017, which was mainly because of (i) the addition of our logistic vehicles of approximately RMB3.5 million during the year of 2017; (ii) written back of accumulated depreciation on disposals of our old logistic vehicles of approximately RMB2.4 million; offset by (iii) the disposal of our old logistic vehicles of approximately RMB2.6 million; and (iv) the depreciation expenses of approximately RMB5.2 million incurred for the year. The carrying amount of our motor vehicles increased by approximately RMB1.6 million or 7.8% from RMB20.5 million as at 31 December 2017 to RMB22.1 million as at 30 June 2018, which was mainly due to the addition of logistics vehicles of approximately RMB3.9 million during the period.

Our construction in progress represents construction of our refuelling stations and Mother Stations. The amount of construction in progress completed will be transferred to the amount under buildings and properties and/or refuelling equipment. As at the Latest Practicable Date, there are 3 refuelling stations and 1 mother station under construction. For details, please refer to the section headed "Summary — Our stations" in this prospectus.

Lease prepayments

Lease prepayments represent land use right premiums paid by our Group for land located in the PRC, with lease periods of 20 to 50 years.

The table below sets forth the balance of our lease prepayments as at the respective dates indicated:

	Years ended 31 December			Six months ended 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January	14,995	18,068	18,068	18,198
Additions	3,073	—	130	—
At 31 December/30 June	18,068	18,068	18,198	18,198
Accumulated amortisation:				
At 1 January	5,051	5,733	6,371	7,014
Charge for the year/period	682	638	643	341
At 31 December/30 June	5,733	6,371	7,014	7,355
Carrying amount:				
At 31 December/30 June	12,335	11,697	11,184	10,843

Our carrying amount of lease prepayments amounted to approximately RMB12.3 million, RMB11.7 million, RMB11.2 million and RMB10.8 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. The addition of approximately RMB3.1 million as at 31 December 2015 was mainly due to the addition of land use right premiums in relation to the Xinzheng Mother Station. The carrying amount of our lease prepayments remained relatively stable at approximately RMB11.2 million as at 31 December 2017 as compared to approximately RMB11.7 million as at 31 December 2016 due to the addition of land use right premium in relation to the Xinzheng Daughter Station of approximately RMB0.1 million offset by the increase in amortisation charge for the year. The carrying amount of our lease prepayments slightly decreased from RMB11.2 million as at 31 December 2017 to RMB10.8 million as at 30 June 2018, which was due to the amortisation incurred for the period.

Interests in joint ventures

Our interests in joint ventures represented our Group's interests in JM Xinjiang Gas, Henan Blue Sky and GD Petrochemical, and amounted to approximately RMB53.4 million, RMB37.9 million, RMB37.0 million and RMB36.3 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively. For further details, please refer to Note 15 of the Accountants' Report in Appendix I to this prospectus. In September 2015, our Group acquired the entire equity interests of HK Investment and GZ Zhongxin, which in turn extended our Group's respective equity interests in GD Petrochemical and GZ New Energy from 50% to 100%, at a total consideration of RMB55.8 million. As a result, GD Petrochemical then became a subsidiary of our Group.

The table below summarises the financial information of the joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount during the Track Record Period:

	GD Petrochemical	JM Xinjiang Gas				Henan Blue Sky			
	At 31 December	At 31 December			At 30 June	At 31 December			At 30 June
	2015	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts									
Non-current assets	–	33,265	31,449	30,041	29,054	15,255	13,341	7,181	13,541
Current assets	–	20,859	18,832	22,542	41,909	26,806	26,373	38,198	32,210
Current liabilities	–	(9,110)	(11,749)	(15,241)	(10,313)	(3,526)	(2,408)	(8,649)	(10,213)
Non-current liabilities	–	–	–	–	(24,960)	–	–	–	–
Equity	–	45,014	38,532	37,342	35,690	38,535	37,306	36,730	35,538
Reconciled to the Group's interests in joint ventures									
Gross amounts of net assets	–	45,014	38,532	37,342	35,690	38,535	37,306	36,730	35,538
The Group's effective interest	–	50%	50%	50%	50%	50%	50%	50%	50%
The Group's share of net assets	–	22,507	19,266	18,671	17,845	19,267	18,653	18,365	17,769
Elimination of unrealised loss relating to a financial guarantee issued by the Group	–	–	–	–	715	–	–	–	–
Goodwill	–	11,617	–	–	–	–	–	–	–
Carrying amounts in the consolidated statements of financial position	–	34,124	19,266	18,671	18,560	19,267	18,653	18,365	17,769

The decreasing trend of the carrying interest in joint ventures was mainly due to the decrease in total gross amounts of net assets, amounted to approximately RMB83.5 million, RMB75.8 million, RMB74.1 million and RMB71.2 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively, primarily resulted from (i) decrease in non-current assets of JM Xinjiang Gas and Henan Blue Sky; (ii) the impairment on interest in JM Xinjiang Gas of approximately RMB11.6 million for the year ended 31 December 2016; offset by (iii) the increase in current liabilities of JM Xinjiang Gas and Henan Blue Sky throughout the Track Record Period.

Inventories

The following table sets forth a breakdown of our inventories balance as at the respective dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gases	932	2,696	1,901	1,066
Spare parts	1,645	1,714	1,786	1,712
Total	2,577	4,410	3,687	2,778

Our inventory mainly comprises LPG, CNG and LNG contained in (i) the storage tanks at our LPG, CNG and LNG vehicular refuelling stations; (ii) storage cylinders at the LPG domestic stations; (iii) the CNG Mother Stations; and (iv) the LPG storage facilities in Jiangmen City, Guangdong Province and Ganzhou City, Jiangxi Province and spare parts for maintenance of our station facilities. As at 31 December 2015, 2016 and 2017 and 30 June 2018, our balance of inventory was approximately RMB2.6 million, RMB4.4 million, RMB3.7 million and RMB2.8 million, respectively. Our inventory of gases increased by approximately RMB1.8 million or 1.9 times from approximately RMB0.9 million as at 31 December 2015 to approximately RMB2.7 million as at 31 December 2016, which was mainly due to the anticipated increase in demand, thus, we made more purchases of LPG in 2016 for storage. Our inventory balance further decreased to approximately RMB3.7 million as at 31 December 2017, mainly because of the usage of the LPG that we procured in 2016. Our inventory balance decreased to approximately RMB2.8 million as at 30 June 2018, mainly because of the increase in our sales during the period, leading to more inventories being utilised. The inventory turnover days for the years ended 31 December 2015, 2016 and 2017 and 30 June 2018 remained relatively stable at 1.6 days, 1.9 days, 1.7 days and 1.3 days, respectively.

The following table sets forth our inventory turnover days for the respective years indicated.

	Year ended 31 December			For the six months 30 June
	2015	**2016**	**2017**	**2018**
Inventory turnover days	1.6	1.9	1.7	1.3

As at Latest Practicable Date, approximately RMB1.8 million or 66.3% of our inventories outstanding as at 30 June 2018 were subsequently sold or utilised.

Trade and bills receivables

The following table sets forth our trade and bills receivables balance as at respective dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables due from:				
— third parties	48,655	65,454	69,658	58,300
— related parties *(Note)*	3,922	5,519	9,902	12,811
Less: allowance for doubtful debts	—	—	—	(156)
	52,577	70,973	79,560	70,955
Bills receivables	8,600	10,310	15,170	1,822
	61,177	81,283	94,730	72,777

Note: Trade receivables due from related parties were due from JM Xinjiang Gas, which is one of our Jointly Controlled Entities, which our Group is interested in 50% of its equity interest and is not considered as connected parties pursuant to the Listing Rules.

Our trade receivables due from third parties primarily comprise the receivables from operators of public transport vehicles, such as taxis, buses and long-distance trucks and private vehicles users which purchase LPG and CNG from our refuelling stations. As at 31 December 2015, 2016 and 2017 and 30 June 2018, our balance of trade receivables due from third parties was approximately RMB48.7 million, RMB65.5 million, RMB69.7 million and RMB58.3 million, respectively. The increasing trend as at 31 December 2015, 2016 and 2017 was in line with our sales performance. Our trade receivables decreased to approximately RMB58.3 million as a result of the settlement of credit from Zhengzhou Public Transportation.

Our Group generally receives prepayments or immediate payments from customers in relation to the sales of gas. For our Group's large corporate customer, such as operators of public transport vehicles, we normally granted a credit period of 30 to 90 days, approximately over 75.0% of our trade receivables from third parties during the Track Record Period were settled within our credit period.

Our bills receivables represented amounts due from banks whereby some of our corporate customers settled their balances by issuing bank acceptance notes to us which generally have a maturity period from one to six months. As at 31 December 2015, 2016 and 2017 and 30 June 2018, our bills receivable amounted to approximately RMB8.6 million, RMB10.3 million, RMB15.2 million and RMB1.8 million, respectively. Such increasing trend during the years ended 31 December 2015, 2016 and 2017 was in line with our sales performance. Our bills receivables decreased to approximately RMB1.8 million as a result of some of the bills receivables which were outstanding as at 31 December 2017 reaching maturity during the six months ended 30 June 2018.

The following table sets forth the ageing analyses of the trade and bills receivable, based on the invoice date and net of allowance for doubtful debts (if any) as at the dates indicated:

	As at 31 December			As at 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	36,377	47,143	66,160	44,958
1 to 3 months	24,800	34,140	28,570	27,819
	61,177	81,283	94,730	72,777

The table below sets forth our trade and bills receivable turnover days for the respective periods indicated:

	Year ended 31 December			Six months ended 30 June
	2015	2016	2017	2018
Trade and bills receivable turnover days(1)	36.1	29.2	28.9	27.4

(1) Average trade and bills receivable turnover days are based on the average balance of trade and bills receivable divided by revenue for the relevant year/period and multiplied by the number of days in the relevant year/period. Average balance of trade and bills receivable is calculated as the average of the beginning balance and ending balance of a given year/period.

Our average turnover days of trade and bills receivable was approximately 36.1 days, 29.2 days, 28.9 days and 27.4 days for the year ended 31 December 2015, 2016 and 2017 and 30 June 2018, respectively, which was within our normal granted credit terms.

The following table sets forth an aging analysis of our trade and bills receivables that are not individually nor collectively considered to be impaired as at the dates indicated:

	As at 31 December		
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	53,032	60,817	80,187
Less than one month past due	8,145	20,466	14,543
	61,177	81,283	94,730

Based on past experience, our Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Our Group does not hold any collateral or other credit enhancements over these balances.

As at Latest Practicable Date, approximately RMB72.1 million or 98.9%, of our trade receivable outstanding as at 30 June 2018 was subsequently settled.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables as at 31 December 2015, 2016 and 2017 and 30 June 2018 were approximately RMB43.0 million, RMB54.3 million, RMB61.7 million and RMB55.9 million, respectively.

The following table sets forth our prepayments and other receivables as at the respective dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for purchase of inventories	35,471	45,860	50,849	40,255
Prepayments for purchase and construction of property, plant and equipment	4,000	4,000	4,000	4,000
Advances to a joint venture	4,208	4,208	4,208	4,208
Value-added tax recoverable	2,870	2,666	4,569	5,289
Advances to staff	1,043	1,137	1,920	1,668
Deposits	1,274	1,172	1,648	1,527
Advances to a non-controlling equity holder of a subsidiary of our Group	1,860	1,860	853	853
Prepayments for cost incurred in connection with the proposed initial listing of the Company's shares	—	—	—	3,271
Others	491	1,630	1,900	3,066
	51,217	62,533	69,947	64,137
Less allowances for doubtful debts	(8,208)	(8,208)	(8,208)	(8,208)
	43,009	54,325	61,739	55,929

Prepayments for purchase of inventories

Our prepayments for purchase of inventories primarily consisted of prepayments to suppliers for the purchase of LPG, CNG and LNG. The suppliers generally require us to make prepayments for our purchase of inventories. Our prepayments for purchase of inventories increased by approximately RMB10.4 million or 29.3% from approximately RMB35.5 million as at 31 December 2015 to approximately RMB45.9 million as at 31 December 2016, and further increased by approximately RMB5.0 million or 10.7% from approximately RMB45.9 million as at 31 December 2016 to RMB50.8 million as at 31 December 2017. Our prepayments for purchase of inventories decreased by approximately RMB10.5 million or 20.7% from approximately RMB50.8 million as at 31 December 2017 to RMB40.3 million as at 30 June 2018.

Prepayments for purchase and construction of property, plant and equipment

Our prepayments for purchase and construction of property, plant and equipment represented prepayments in relation to the construction and establishment of a refuelling station. Our prepayments for purchase and construction of property, plant and equipment remained stable at approximately RMB4.0 million as at 31 December 2015, 2016 and 2017 and 30 June 2018. An allowance of approximately RMB4.0 million was made for such prepayments as the construction and establishment of the relevant refuelling station has ceased and our Directors considered the amount impaired.

Advances to a joint-venture

Our advances to a joint venture represented advances towards Zhuhai Hengfeng Energy Company Limited (珠海恒灃能源有限公司) ("**ZH Hengfeng**"), a joint venture of our Group. Our advances to a joint venture remained stable at approximately RMB4.2 million as at 31 December 2015, 2016 and 2017 and 30 June 2018. An allowance of approximately RMB4.2 million was made for such advances as ZH Hengfeng has ceased its operations in July 2015 and our Directors considered the amount impaired.

Advances to staff

Advances to staff represented petty cash for our daily operations and for general expenses of our refuelling stations. Our advances to staff increased by approximately RMB0.1 million or 10.0% from approximately RMB1.0 million as at 31 December 2015 to approximately RMB1.1 million as at 31 December 2016. It further increased by approximately RMB0.8 million or 72.7% from approximately RMB1.1 million as at 31 December 2016 to approximately RMB1.9 million as at 31 December 2017 as a result of the expansion of our operations. Our advances to staff decreased by approximately RMB0.2 million or 10.5% from approximately RMB1.9 million as at 31 December 2017 to RMB1.7 million as at 30 June 2018 as a result of less petty cash for our refuelling stations as our Group adopted more stringent internal control.

Deposits

Deposits mainly represented the deposits for our leased properties and utilities. As at 31 December 2015, 2016 and 2017 and 30 June 2018, the balance of our deposits was approximately RMB1.3 million, RMB1.2 million, RMB1.6 million and RMB1.5 million, respectively. Our deposits decreased by approximately RMB0.1 million or 7.7% from approximately RMB1.3 million as at 31 December 2015 to approximately RMB1.2 million as at 31 December 2016. It further increased by approximately RMB0.4 million or 33.3% to approximately RMB1.6 million as at 31 December 2017. Our deposits decreased by approximately RMB0.1 million or 6.3% from approximately RMB1.6 million as at 31 December 2017 to RMB1.5 million as at 30 June 2018.

Advances to a non-controlling equity holder of a subsidiary of our Group

Advances to a non-controlling shareholder of a subsidiary of our Group represented the borrowings of approximately RMB1.9 million to GZ Jiahexing Development, our connected party by virtue of being equity-holders of GZ Jiahexing. The balance remained stable as at 31 December 2015 and 2016, and further decreased to approximately RMB0.9 million as at 31 December 2017 and 30 June 2018 as a result of the repayment by GZ Jiahexing Development of approximately RMB1.0 million in October 2017. Our Directors confirm that the balance of the advances to a non-controlling shareholder of a subsidiary of our Group have been settled as at the Latest Practicable Date.

Allowances for doubtful debts

Allowances for doubtful debts represented the impairment of (i) our prepayments for purchase and construction of property, plant and equipment and (ii) our advances to a joint venture. The balance remained stable at approximately RMB8.2 million as at 31 December 2015, 2016 and 2017 and 30 June 2018.

Trade and bills payable

As at 31 December 2015, 2016 and 2017 and 30 June 2018, our trade and bills payable amounted to approximately RMB36.3 million, RMB43.9 million, RMB41.1 million and RMB41.9 million, respectively.

The table below sets forth the amount of our trade and bills payables as at the respective dates indicated:

	At 31 December			At 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payable due to:				
— third parties	4,071	612	806	948
— related parties[(1)]	—	90	—	—
Bills payables	32,181	43,246	40,274	40,925
	36,252	43,948	41,080	41,873

(1) Trade payables due to related parties were due to JM Xinjiang Gas, which is one of our Jointly Controlled Entities, which our Group is interested in 50% of its equity interest and is not considered as connected parties pursuant to the Listing Rules.

Our trade payables due to third parties mainly represents the procurement of LPG, CNG and LNG from our suppliers. Generally, our Group makes prepayments for the procurement of our gases. The balance of our trade payables due to third parties decreased by approximately RMB3.5 million or 85.4% from approximately RMB4.1 million as at 31 December 2015 to approximately RMB0.6 million as at 31 December 2016, which was mainly due to our acquisition of HK Investment and GZ Zhongxin in September 2015, as a result of which GD Petrochemical became one of our subsidiaries. The balance was then increased by approximately RMB0.2 million or 33.3% to approximately RMB0.8 million as at 31 December 2017, which was mainly due to the increase in the sales of wholesale LPG. The balance increased by approximately RMB0.1 million or 12.5% from approximately RMB0.8 million as at 31 December 2017 to RMB0.9 million as at 30 June 2018, which was mainly due to the further increase in the sales of wholesale LPG and wholesale LNG.

Our bills payable represents amounts due to banks whereby the banks issued bank acceptance notes to settle invoices from our suppliers on our behalf. As at 31 December 2015, 2016 and 2017 and 30 June 2018, our bills payable amounted to approximately RMB32.2 million, RMB43.2 million, RMB40.3 million and RMB40.9 million, respectively. The balance of our bills payable increased by approximately RMB11.0 million or 34.2% from approximately RMB32.2 million as at 31 December 2015 to approximately RMB43.2 million as at 31 December 2016 primarily due to the expansion of our Gas Wholesale Business and the decrease in market price of LPG in 2016, thus, leading us to purchases more of LPG in 2016 for storage. The balance decreased by approximately RMB2.9 million or 6.7% to approximately RMB40.3 million as at 31 December 2017 from RMB43.2 million as at 31 December 2016 primarily due to the extra procurement of LPG that we made in 2016, resulted from the decrease in market price of LPG. The balance remained relatively stable at approximately RMB40.9 million as at 30 June 2018 as compared to RMB40.3 million as at 31 December 2017.

As at the Latest Practicable Date, approximately RMB41.2 million or 98.5% of our trade and bills payable outstanding as at 30 June 2018 was subsequently settled.

The following table sets forth the aging analysis of our trade payables, based on the invoice date, as at the respective dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	35,409	43,611	40,424	40,428
Within 1 to 3 months	843	337	656	520
Within 3 to 6 months	—	—	—	925
	36,252	43,948	41,080	41,873

Over 90% of our trade and bills payable during Track Record Period were settled within 30 days.

The table below sets forth our trade and bills payables turnover days for the respective periods indicated:

	Year ended 31 December			Six months ended 30 June
	2015	**2016**	**2017**	**2018**
Trade and bills payables turnover days(1)	19.1	22.1	17.4	16.5

(1) Average trade and bills payables turnover days are based on the average balance of trade and bills payables divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year/period. Average balance of trade and bills payables is calculated as the average of the beginning balance and ending balance of a given year/period.

Our trade and bills payables turnover days were approximately 19.1 days, 22.1 days, 17.4 days and 16.5 days for the years ended 31 December 2015, 2016 and 2017 and for the six months ended 30 June 2018, respectively, which was within the normal credit terms granted for our Group's bills payable, which contributed over 85.0% of our Group's total trade and bills payable throughout the Track Record Period. During the Track Record Period, we did not default in any payment of our trade payables.

Accrued expenses and other payables

As at 31 December 2015, 2016 and 2017 and 30 June 2018, our accrued expenses and other payables amounted to approximately RMB27.2 million, RMB39.3 million, RMB46.7 million and RMB137.7 million, respectively.

The table below sets forth a breakdown of our accrued expenses and other payables as at the respective dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for staff related costs	9,512	9,694	10,061	2,847
Accrued transportation expenses	5,000	10,000	15,000	17,500
Payables for purchase and construction of property, plant and equipment	1,242	2,164	3,747	2,426
Payables for costs incurred in connection with the proposed initial listing of the Company's shares	—	—	—	3,931
Distributions payable to China Full	—	—	—	99,425
Other taxes payable	2,303	3,227	2,748	1,126
Subsidies for taxis	2,278	2,278	2,278	2,278
Legal fees payable	—	1,981	—	—
Others	2,137	3,040	2,331	2,975
Financial liabilities measured at amortised cost	22,472	32,384	36,165	132,508
Financial guarantee issued	—	—	—	715
Receipts in advance	4,752	6,955	10,574	4,441
Total	27,224	39,339	46,739	137,664

Note: All of the other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

Payable for staff related costs

Our payable for staff related costs mainly represented salaries and bonuses payable to our staff and social insurance payable to the relevant government authorities in the PRC. The balance of our payable for staff related costs remained stable at approximately RMB9.5 million, RMB9.7 million and RMB10.1 million as at 31 December 2015, 2016 and 2017. As at 30 June 2018, the balance of our payable for staff related costs decreased to approximately RMB2.8 million primarily as our Group granted performance bonuses to our staff in year end, leading to no such bonuses accrued for the first half of 2018.

Accrued logistics expenses

Our accrued logistic expenses mainly represented payables for one of the terminals with storage facility, mainly used for the temporary storage of gas delivered to us by gas carrier ship. As at 30 June 2018, no settlement was made because of the relatively long credit term of 4 years granted to us for the use of the storage facility. For details on the operational arrangements at this terminal, please refer to the section headed "Business — Operation process — LPG" in this prospectus.

Payables for purchase and construction of property, plant and equipment

Our payables for purchase and construction of property, plant and equipment mainly represented payables for the construction of our refuelling stations during the Track Record Period. The balance of our payables for purchase and construction of property, plant and equipment increased by approximately RMB1.0 million or 83.3% from approximately RMB1.2 million as at 31 December 2015 to approximately RMB2.2 million as at 31 December 2016, which was mainly due to the acquisition of new logistics vehicles. Our balance further increased to approximately RMB3.7 million as at 31 December 2017 was mainly due to the additional CNG Mother Station located in Xinzheng City, which was under construction and is expected to commence trial operation in the second half of 2019. Our balance as at 30 June 2018 is approximately RMB2.4 million.

Payables for costs incurred in connection with the proposed initial listing of the Company's shares

Our payables for costs incurred in connection with the proposed initial listing of our Company's shares mainly represented payables to professional parties for expenses in relation to our Group's proposed listing.

Distributions payable to China Full

Our distributions payable represented payable for the distributions declared by ZH Petrochemical, to China Full, part of which was settled by netting off against amount due from shareholders and the remaining in the amount of approximately RMB99.4 million will be settled by cash prior to the Listing.

Our Directors consider that the distribution policy during the Track Record Period is not indicative of the future dividend policy of our Company and of our Group. Our Company did not declare any dividends to the equity shareholders of our Company during the Track Record Period.

Other taxes payable

Our other taxes payable mainly represented business tax, property tax, value-added tax and surcharges. As at 31 December 2015, 2016 and 2017 and 30 June 2018, the balance of our other taxes payable was approximately RMB2.3 million, RMB3.2 million, RMB2.7 million and RMB1.1 million, respectively.

Subsidies for taxis

Subsidies for taxis represented sums to be paid to the local government in relation to the government support of taxis. As at 31 December 2015, 2016 and 2017 and 30 June 2018, the balance of our subsidies for taxis was approximately RMB2.3 million, RMB2.3 million, RMB2.3 million and RMB2.3 million, respectively.

Legal fees payable

Legal fees payable represented the legal fees for a commercial litigation in 2016 between one of our subsidiaries (ZH Petrochemical) and our supplier, GD Guangsheng, in relation to the Relevant Contractual Disputes which were concluded in our favour in early 2017. For details on the Relevant Contractual Disputes, please refer to the section headed "Business — Legal proceedings and non-compliance matters — Legal proceedings" in this prospectus.

Financial guarantee issued

The amount of financial guarantee issued was approximately RMB0.7 million as at 30 June 2018, represented the fair value of the guarantee issued in respect of the banking facilities of JM Xinjiang Gas, a Jointly Controlled Entity.

Receipts in advance

Our receipts in advance consisted of payments made by customers towards their prepaid cards and prepayments from our wholesale customers. Receipts in advance from related parties amounted to approximately RMB4.8 million, RMB7.0 million, RMB10.6 million and RMB4.4 million as at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively.

Amount due from/(to) related parties

The table below sets forth the amount due to or from related parties at the respective dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from/(to) our Controlling Shareholders	(152,580)	827	74,418	—
Amount due from JM Xinjiang Gas	4,129	4,129	4,678	—
Net amount due from/(to) related parties	(148,451)	4,956	79,096	—

Our amounts due from/(to) related parties represents advances from/(to) our Controlling Shareholders and JM Xinjiang Gas, a Jointly Controlled Entity. The amounts due from/(to) was primarily a combination of (i) the considerations for the 2014 Reorganisation & Acquisition (for details, please refer to the section headed "History, Reorganisation and Development — Overview" in this prospectus); (ii) advances from/(to) Controlling Shareholders that are non-trade in nature; and (iii) the consideration for the internal transfer of Henan Gas, the acquisition of Hengqin Gas and the acquisition of 10% of the registered capital in ZH Transportation (for details, please refer to the section headed "History, Reorganisation and development — Change of Group structure during the Track Record Period" in this prospectus. All amounts due from/(to) related parties are non-trade in nature, unsecured, non-interest bearing and have no fixed terms of repayment. Our Directors confirm that all amounts due from/(to) related parties have been settled as at 30 June 2018. For further details regarding our related party transactions, please refer to note 29 of the Accountants' Report in Appendix I to this prospectus.

Bank loans

During the Track Record Period, our bank loans primarily consisted of short term loans denominated in Renminbi.

The following table sets forth a breakdown of our bank loans as at the respective dates indicated:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured and unguaranteed	50,000	100,000	138,000	194,000
Secured by bank deposits of the Group	—	90,000	—	—
	50,000	190,000	138,000	194,000

As at 31 December 2015, 2016 and 2017 and 30 June 2018, our bank loans amounted to approximately RMB50.0 million, RMB190.0 million, RMB138.0 million and RMB194.0 million, respectively. As at 31 December 2015, our total bank loan of RMB50.0 million was unsecured and unguaranteed. Such amount of bank loans was repaid in 2015.

As at 31 December 2016, approximately RMB100.0 million of the short-term bank loans were unsecured and unguaranteed. RMB90.0 million of the short-term bank loan was secured. The pledged deposits have been released in 2017 upon the maturity and repayment of such bank loan.

As at 31 December 2017, RMB138.0 million of the short-term bank loans were unsecured and unguaranteed.

As at 30 June 2018, RMB194.0 million of the short-term bank loans were unsecured and unguaranteed.

Our outstanding bank loans as at 30 June 2018 are subject to the fulfillment of financial covenants which are commonly found in lending arrangements with financial institutions. The major financial covenants contained in the loan agreements of our outstanding bank loans as at 30 June 2018 entered into by the subsidiaries of our Group are summarized below:

(i) the liabilities to assets ratio of the respective subsidiary of our Group, as the borrower, shall not exceed 90.0%;

(ii) the total amount of debt guarantees provided by the subsidiary of our Group, as a guarantor, (the "**Guarantor**") shall not exceed 50% of the amount of our Group's net assets; and the total amount of debt guarantees provided by the Guarantor shall not exceed the maximum amount of guarantees as set out in the articles of association of the Guarantor.

Our Directors confirm that during the Track Record Period, our Group had not breached any existing financial covenants.

OPERATING LEASE COMMITMENTS AND CAPITAL COMMITMENTS

Operating lease commitments

Our Group leases certain land and buildings under operating lease arrangements. Leases for the land and buildings are negotiated for terms ranging from two to 20 years.

Our Group had future aggregate minimum lease payables under non-cancellable operating leases in respect of buildings, refuelling equipments and land use rights as at the respective dates indicated as follows:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	15,060	15,100	18,459	15,563
After 1 year but within 5 years	32,648	27,627	34,168	31,999
After 5 years	44,001	38,693	33,642	28,523
	91,709	81,420	86,269	76,085

Capital commitments

Our capital commitments outstanding at the dates indicated below not provided for were as follows:

	As at 31 December			As at 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commitments in respect of property, plant and equipment and land use rights				
— Contracted for	6,218	15,818	20,160	17,070

Details of our Group's operating lease arrangements and capital commitments are disclosed in notes 27(a) and 27(b) of the Accountants' Report in Appendix I to this prospectus, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, our working capital requirements were principally satisfied by cash generated from our operations and bank borrowings.

CASH FLOW

Our principal use of cash has been for funding our business operations. Our main source of liquidity has been cash generated from our operating activities and debt financing. We currently rely on cash generated from our operations to fund our expansion and other working capital requirements.

The following table summarises key information on our cash flows during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net cash generated from operating activities	50,601	63,858	111,735	78,294	26,010
Net cash (used in)/generated from investing activities	53,482	(30,022)	(19,418)	(4,067)	(24,908)
Net cash (used in)/generated from financing activities	(13,700)	(11,635)	(126,714)	(108,826)	69,058
Net increase/(decrease) in cash and cash equivalents	90,383	22,201	(34,397)	(34,599)	70,160
Cash and cash equivalents at beginning of year/period	64,439	154,822	177,023	177,023	142,626
Cash and cash equivalents at the end of year/period	154,822	177,023	142,626	142,424	212,786

Cash flow from operating activities

Cash generated from operating activities consisted primarily of our Group's profit for the year, adjusted by income tax paid and non-cash items or non-operating items, such as depreciation of property, plant and equipment and amortisation of lease prepayments and adjusted by changes in working capital, such as trade receivables, prepayments, deposits and other receivables, and accrued expenses and other payables.

We recorded net cash generated from operating activities of approximately RMB26.0 million for the six months ended 30 June 2018, while our Group's profit before taxation for the same period was approximately RMB37.4 million. The difference of approximately RMB11.4 million was primarily the combined effect of (i) a decrease in inventories of approximately RMB0.9 million; (ii) a decrease in trade and bills receivables of approximately RMB21.8 million; (iii) a decrease in prepayments, deposits and other receivables of approximately RMB5.8 million; (iv) an increase in trade and bills payables of approximately RMB0.8 million; (v) a increase in accrued expenses and other payables of approximately RMB7.9 million; (vi) an increase in pledged bank deposits of approximately RMB25.8 million; (vii) non-cash items, including depreciation and amortisation of approximately RMB6.6 million; (viii) non-operating items, including finance costs of approximately RMB3.7 million and share of losses of joint ventures of approximately RMB1.4 million; (ix) interest income of approximately RMB1.0 million; and (x) income tax paid of approximately RMB17.8 million.

We recorded net cash generated from operating activities of approximately RMB111.7 million for the year ended 31 December 2017, while our Group's profit before taxation for the same year of approximately RMB113.6 million. The difference of approximately RMB1.9 million was primarily the combined effect of (i) a decrease in inventories of approximately of RMB0.7 million; (ii) an increase in trade and bills receivables of approximately of RMB13.4 million; (iii) an increase in prepayments, deposits and other receivables of approximately RMB8.4 million; (iv) a decrease in trade and bills payables of approximately RMB2.9 million; (v) an increase in accrued expenses and other payables of approximately RMB5.8 million; (vi) a decrease in pledged bank deposits of approximately RMB28.8 million; (vii) non-cash items, including depreciation and amortisation of approximately RMB13.2 million; (viii) non-operating items, including finance costs of approximately RMB5.5 million; (ix) share of losses of joint ventures of approximately RMB0.9 million; (x) interest income of approximately RMB2.9 million; (xi) net gain on disposal of property, plant and equipment of approximately RMB1.1 million; and (xii) income tax paid of approximately RMB28.0 million.

We recorded net cash generated from operating activities of approximately RMB63.9 million for the year ended 31 December 2016, while our Group's profit before taxation for the same year of approximately RMB113.5 million. The difference of approximately RMB49.6 million was primarily the combined effect of (i) an increase in inventories of approximately of RMB1.8 million; (ii) an increase in trade and bills receivables of approximately of RMB20.1 million; (iii) an increase in prepayments, deposits and other receivables of approximately RMB11.3 million; (iv) an increase in trade and bills payables of approximately RMB7.7 million; (v) an increase in accrued expenses and other payables of approximately RMB11.2 million; (vi) an increase in pledged bank deposits of approximately RMB36.2 million; (vii) non-cash items, including depreciation and amortisation of approximately RMB12.8 million; (viii) non-operating items, including finance costs of approximately RMB3.7 million; (ix) share of losses of joint ventures of approximately RMB15.5 million; (x) interest income of approximately RMB1.3 million; and (xi) income tax paid of approximately RMB29.8 million.

We recorded net cash generated from operating activities of approximately RMB50.6 million for the year ended 31 December 2015, while our Group's profit before taxation for the same year of approximately RMB71.2 million. The difference of approximately RMB20.6 million was primarily the combined effect of (i) an increase in inventories of approximately RMB1.2 million; (ii) a decrease in trade and bills receivables of approximately RMB46.0 million; (iii) a decrease in prepayments, deposits and other receivables of approximately RMB4.0 million; (iv) a decrease in trade and bills payables of approximately RMB12.7 million; (v) a decrease in accrued expenses and other payables of approximately RMB26.9 million; (vi) an increase in pledged bank deposits of approximately RMB0.4 million; (vii) non-cash items, including depreciation and amortisation of approximately RMB12.4 million; (viii) non-operating items, including finance costs of approximately RMB4.4 million and share of profits of joint ventures of approximately RMB37.8 million; (ix) interest income of approximately RMB6.1 million; and (x) income tax paid of approximately RMB4.8 million.

Cash flow from investing activities

For the six months ended 30 June 2018, our Group had net cash outflow amounting to approximately RMB24.9 million from investing activities. The major cash outflow was for (i) the purchase of property, plant and equipment and land use rights amounting to approximately RMB21.5 million, and (ii) the net cash outflow on disposal of a subsidiary amounting to approximately RMB4.1 million. The major cash inflow was for interest received amounting to approximately RMB1.0 million.

For the year ended 31 December 2017, our Group had net cash outflow amounting to approximately RMB19.4 million from investing activities. The major cash outflow was for (i) the purchase of property, plant and equipment and land use rights amounting to approximately RMB21.3 million and (ii) payments for acquisition of available-for-sale investments of approximately RMB3.5 million. The major cash inflow was for (i) the proceeds generated from the interest received amounting to approximately RMB2.9 million and (ii) proceeds from the disposal of property, plant and equipment of approximately RMB1.5 million.

For the year ended 31 December 2016, our Group had net cash outflow amounting to approximately RMB30.0 million from investing activities. The major cash outflow was for the purchase of property, plant and equipment and land use rights amounting to approximately RMB21.3 million and payments for acquisition of available-for-sale investments amounting to approximately RMB10.0 million. The major cash inflow was for the proceeds generated from interest received amounting to approximately RMB1.3 million.

For the year ended 31 December 2015, our Group had net cash inflow amounting to approximately RMB53.5 million from investing activities. The major cash outflow was for (i) the purchase of property, plant and equipment and land use rights amounting to approximately RMB13.2 million; and (ii) payments for advances to a non-controlling shareholder of a subsidiary of our Group amounting to approximately RMB1.9 million. The major cash inflow was for (i) the proceeds generated from the acquisitions of businesses, net of cash acquired amounting to approximately RMB58.1 million; (ii) interest received amounting to approximately RMB6.1 million; and (iii) dividends received from a joint venture in the amount of approximately RMB4.4 million.

Cash flow from financing activities

For the six months ended 30 June 2018, our Group had net cash inflow amounting to approximately RMB69.1 million to financing activities. The major cash outflow was for (i) the repayment of bank loans amounting to approximately RMB80.0 million and (ii) interest paid of approximately RMB3.7 million. The major cash inflow was for (i) the proceeds from new bank loans amounting to RMB136.0 million, (ii) proceeds from disposal of partial equity interests in subsidiaries amounting to RMB9.1 million and (iii) net decrease in amounts due from related parties of approximately RMB7.7 million.

For the year ended 31 December 2017, our Group had net cash outflow of approximately RMB126.7 million to financing activities. The major cash outflow for the year was for (i) the repayment of bank loans amounting to approximately RMB190.0 million; (ii) the increase in the amounts due from related parties of approximately RMB74.1 million; and (iii) interest paid of approximately RMB5.5 million. The major cash inflow was for the proceeds from (i) new bank loans amounting to approximately RMB138.0 million, and (ii) proceeds from capital injection by a non-controlling shareholder of a subsidiary of our Group of approximately RMB4.9 million.

For the year ended 31 December 2016, our Group had net cash outflow of approximately RMB11.6 million to financing activities. The major cash outflow for the year was for (i) the repayment of bank loans amounting to approximately RMB50.0 million; (ii) the increase in the amounts due from related parties of approximately RMB153.4 million; and (iii) interest paid of approximately RMB3.7 million. The major cash inflow for the year was (i) the proceeds from new bank loans amounting to approximately RMB190.0 million; and (ii) the proceeds from capital injection by a non-controlling shareholder of a subsidiary of our Group of approximately RMB5.5 million.

For the year ended 31 December 2015, our Group had net cash outflow of approximately RMB13.7 million to financing activities. The major cash outflow for the year was (i) the repayment of bank loans amounting to approximately RMB130.8 million; and (ii) the interest paid amounting to approximately RMB4.4 million. Our major cash inflow for the year was for the (i) proceeds from new bank loans amounting to approximately RMB50.0 million; (ii) the decrease in the amounts due from related parties of approximately RMB66.6 million; and (iii) proceeds from capital injection by a non-controlling equity holder of a subsidiary of our Group of approximately RMB4.9 million.

WORKING CAPITAL

The table below sets forth our current assets, current liabilities and net current assets as at the respective dates indicated:

	As at 31 December			As at 30 June	As at 31 October
	2015	2016	2017	2018	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets					
Inventories	2,577	4,410	3,687	2,778	5,671
Trade and bills receivable	61,177	81,283	94,730	72,777	89,224
Prepayments, deposits and other receivables	43,009	54,325	61,739	55,929	92,363
Amounts due from related parties	—	4,956	79,096	—	—
Cash at bank and on hand	162,283	220,707	157,501	253,437	218,975
	269,046	365,681	396,753	384,921	406,233
Current liabilities					
Bank loans	50,000	190,000	138,000	194,000	174,000
Trade and bills payable	36,252	43,948	41,080	41,873	50,692
Accrued expenses and other payables	27,224	39,339	46,739	137,664	169,417
Amounts due to related parties	148,451	—	—	—	—
Income tax payable	5,961	9,030	7,625	2,665	497
	267,888	282,317	233,444	376,202	394,606
Net current assets	1,158	83,364	163,309	8,719	11,627

We recorded net current assets of approximately RMB1.2 million as at 31 December 2015. Our net current assets position as at 31 December 2015 was mainly resulting from the (i) cash at bank and on hand of approximately RMB162.3 million and (ii) the trade and bills receivables of approximately RMB61.2 million. We recorded net current assets of approximately RMB83.4 million as at 31 December 2016 because of (i) the trade and bills receivables of approximately RMB81.3 million and (ii) cash at bank and on hand of approximately RMB220.7 million. Our net current assets position further increased to approximately RMB163.3 million as at 31 December 2017 because of (i) the trade and bills receivables of approximately RMB94.7 million and (ii) the amount due from related parties of approximately RMB79.1 million. Our net current asset significantly decreased by approximately RMB154.6 million or 94.7% from approximately RMB163.3 million as at 31 December 2017 to approximately RMB8.7 million as at 30 June 2018. Such decrease was mainly due to (i) increase in bank loans of approximately RMB56.0 million, (ii) increase in accrued expenses and other payables, which was primarily resulted from the payables for costs incurred in connection with the proposed initial listing of our Company's shares of approximately RMB3.9 million and distributions payable to China Full of approximately RMB99.4 million, (iii) the decrease in amounts due from related parties of approximately RMB79.1 million and (iv) the decrease in trade and bills receivables of approximately RMB22.0 million, partially offset by the increase in cash at bank and on hand by approximately RMB95.9 million. For details regarding the distribution payable to China Full by our Group, please refer to note 25(c) of the Accountants' Report in Appendix I to this prospectus. Our net current asset increased by approximately RMB2.9 million or 33.4% from approximately RMB8.7 million as at 30 June 2018 to approximately RMB11.6 million as at 31 October 2018. Such increase was mainly due to (i) increase in prepayments, deposits and other receivables of approximately RMB36.4 million and (ii) increase in trade and bills receivable of approximately RMB16.4 million; offset by (i) the decrease in cash at bank and on hand of approximately RMB34.5 million and (ii) the increase in accrued expenses and other payables by approximately RMB31.8 million.

WORKING CAPITAL CONFIRMATION

Taking into account our cash and cash equivalents, our cash generated/to be generated from operating activities, our currently available financial resources and the net proceeds from the Global Offering, our Directors have confirmed that we have sufficient working capital for our present requirements for at least the next 12 months commencing from the date of this prospectus.

We currently do not expect any significant changes in the mix and the relative costs of our capital resources. As at the date of this prospectus, save for the proposed Global Offering, we do not have any definite external financing plan.

INDEBTEDNESS

As at 31 October 2018, our Group had total outstanding indebtedness of approximately RMB174.0 million, details of which are set forth in the table below:

	RMB million
Bank loans	
Short-term unsecured loans	174.0
Facilities granted	230.0
Facilities utilised	130.0

As at 31 October 2018, our Group had unutilised banking facilities of approximately RMB100.0 million.

Contingent liabilities

A subsidiary of our Group is named defendant on an arbitration in respect of its non-payment for the construction of a gas refuelling station. As at 30 June 2018, the arbitration is under review before arbitrators. If the subsidiary is found to be liable, the total expected monetary compensation may amount to approximately RMB6.8 million. For further details, please refer to note 28 of the Accountants' Report in Appendix I to this prospectus.

A subsidiary of our Group has issued a guarantee in respect of the banking facilities of JM Xinjiang Gas, a Jointly Controlled Entity. Such banking facilities amounted to approximately RMB30.0 million and the facilities were utilised to the extent of approximately RMB25.0 million during the six months ended 30 June 2018.

Saved as disclosed, as at the Latest Practicable Date, our Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors have confirmed that (i) we have not defaulted or delayed in any payment or breach of financial covenants during the Track Record Period and up to the Latest Practicable Date; (ii) there are no material covenants relating to our outstanding debts (if any); and (iii) up to the Latest Practicable Date, there has been no material change in indebtedness and contingent liabilities of our Group since 30 June 2018.

KEY FINANCIAL RATIOS

The following table summarises our key financial ratios as at the respective dates for the purpose indicated:

	As at/For the year ended 31 December			As at/For the six months ended 30 June
	2015	2016	2017	2018
Current ratio(1)	1.0 time	1.3 times	1.7 times	1.0 time
Quick ratio(2)	1.0 time	1.3 times	1.7 times	1.0 time
Gearing ratio(3)	27.7%	70.9%	38.6%	90.0%
Net debt to equity ratio(4)	N/A	4.8%	N/A	N/A
Interest coverage(5)	17.1 times	31.4 times	21.8 times	N/A
Return on total assets(6)	13.7%	14.9%	14.3%	N/A
Return on equity(7)	36.1%	32.6%	25.3%	N/A

Notes:

(1) Current ratio equals to total current assets divided by total current liabilities as at the end of each year/period.

(2) Quick ratio equals to total current assets less inventories divided by total current liabilities as at the end of each year/period.

(3) Gearing ratio equals to interest-bearing liabilities divided by total equity as at the end of each year/period.

(4) Net debt to equity ratio equals to net debt (all interest-bearing borrowings net of cash and cash equivalents) divided by total equity as at the end of each year.

(5) Interest coverage equals to profit before finance costs and income tax expense for the respective year divided by finance costs for the respective year.

(6) Return on total assets equals to profit and total comprehensive income for the respective year divided by total assets as at the end of each year multiplied by 100%.

(7) Return on equity equals to profit and total comprehensive income for the respective year divided by equity attributable to equity shareholders of our Company as at the end of each year multiplied by 100%.

DISCUSSION OF KEY FINANCIAL RATIOS

Current ratio/Quick ratio

Our current ratio increased from approximately 1.0 as at 31 December 2015 to approximately 1.3 as at 31 December 2016 mainly due to the decrease in amount due to related parties, which effect was partially set-off by the increase in bank loans as at 31 December 2016. Our current ratio further increased to approximately 1.7 as at 31 December 2017, which was mainly due to the increase in amounts due from related parties and the decrease in bank loans, which was partially set-off by the decrease in cash at bank and on hand as at 31 December 2017. The decrease in our current ratio to approximately 1.0 as at 30 June 2018 from 1.7 as at 31 December 2017 was primarily due to (i) increase in bank loans of RMB56.0 million, and (ii) increase in accrued expenses and other payables, which was primarily result from the payables for costs incurred in connection with the proposed initial listing of the Company's shares of approximately RMB3.9 million and distributions payable to China Full of approximately RMB99.4 million, partially offset by the increase in cash at bank and on hand by approximately RMB95.9 million.

Gearing ratio/Net debt to equity ratio

Our gearing ratio increased from approximately 27.7% for the year 31 December 2015 to approximately 70.9% for the year ended 31 December 2016, which was mainly due to the increase in bank loans as at 31 December 2016. Our gearing ratio decreased to approximately 38.6% for the year ended 31 December 2017, which was mainly due to the decrease in bank loans as at 31 December 2017. Our gearing ratio further increased to approximately 90.0% for the six months ended 30 June 2018, which was due to the increase in bank loans as at 30 June 2018. Our Group has a low net debt to equity ratio of approximately 4.8% for the year ended 31 December 2016 due to the cash and cash equivalents of approximately RMB177,000 as at 31 December 2016. The net debt to equity ratio was not applicable as at 31 December 2015 and 2017, which was due to our cash and cash equivalent for the same years were higher than the bank borrowings of our Group. Similarly, the net debt to equity ratio was not applicable as at 30 June 2018.

Interest coverage

The interest coverage increased from approximately 17.1 times for the year ended 31 December 2015 to approximately 31.4 times for the year ended 31 December 2016, which was mainly due to the combined effects of (i) the increase in net profit for the year ended 31 December 2016, and (ii) the decrease in finance cost. Our interest coverage decreased to approximately 21.8 times for the year ended 31 December 2017, which was mainly due to increase in finance cost for the year ended 31 December 2017.

Return on total assets

Our return on total assets increased from approximately 13.7% for the year ended 31 December 2015 to approximately 14.9% for the year ended 31 December 2016, which was mainly due to the increase in net profit for the year ended 31 December 2016. Our return on total asset slightly decreased to 14.3% for the year ended 31 December 2017, which was mainly due to the increase in our total assets as at 31 December 2017.

Return on equity

Our return on equity decreased from approximately 36.1% for the year ended 31 December 2015 to approximately 32.6% for the year ended 31 December 2016, and further decreased to approximately 25.3% for the year ended 31 December 2017. Such decreasing trend was mainly due to the increase in equity attributable to equity shareholders of our Company with our profits retained.

TRANSACTIONS WITH RELATED PARTIES

With respect to related parties transactions set out in the Accountants' Report as set out in note 29 of Appendix I to this prospectus, our Directors have confirmed that related party transactions during the Track Record Period were conducted on arm's length and normal commercial terms and therefore are of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

For details of our Group's exposure to credit, liquidity and interest rate risks and the financial risk management policies and practices used by our Group to manage these risks, please refer to note 26 of the Accountants' Report in Appendix I to this prospectus.

Internal control measures in relation to certain financial products

In respect of our investments, we have implemented internal control measures to monitor and control our investment risks and adopted the treasury policy which set out the framework for managing our financial assets. 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 our Board, and monitoring the investments on a continuous basis.

We primarily invest in low risk investment products with relatively stable returns when our cash balance is sufficient for our Group's capital expenditure and working capital for operations. Investment decisions are recommended by our finance department, which are passed to the general manager for approval. Where an investment amount amounts to RMB5.0 million or more, our Board's approval is sought after the general manager and chief financial controller express their endorsement of the proposed investment. We make investment decisions after taking into account factors including investment amount, investment period, credibility of bank and level of risk and corresponding return of the investment product. The finance department also reviews and prepares a list of investment products at the beginning of each year for the approval of the general manager and financial controller to enable the finance department to make investment decisions more efficiently. Further, during the term of the investment products, the finance department is responsible for monitoring and recording the returns generated from the investment products on daily basis and preparing a monthly report for the financial controller to review. We will keep in close contact with the bank who issued the investment products, monitor the performance of the investment products, strengthen risk control and supervision, and strictly control the safety of funds.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 26 March 2018, therefore there was no distributable reserves as at 30 June 2018.

DISTRIBUTIONS/DIVIDENDS

During the first half of 2018, ZH Petrochemical, a subsidiary of our Group, declared distributions to China Full, the then equity holder of ZH Petrochemical, in the amount of RMB175.0 million, part of which was settled by netting off against amount due from shareholders and the remaining in the amount of approximately RMB99.4 million will be settled by cash prior to the Listing. After the Listing, subject to our constitutional documents and the Companies Law, our Shareholders may declare, at a general meeting, dividends not exceeding the amount recommended by our Directors. The amount of dividends recommended by our Directors is under the absolute discretion of our Directors, including the discretion to not to recommend any dividends.

Our Directors shall decide and recommend the amount of dividends (or decide not to recommend any dividend) based on our earnings, cash flows, financial condition, capital requirements, future plans of our Group and any other conditions that our Directors deem relevant at such time.

The foregoing, including our dividend distribution record, should not be viewed as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. There is no guarantee or representation or indication that our Directors must or will recommend and that our Group must or will pay dividends or declare and pay dividends at all.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions and other fees incurred in connection with the Listing.

Our estimated expenses in relation to the Listing primarily consist of legal and professional fees, the underwriting commissions together with the SFC transaction levy and the Stock Exchange trading fee. Based on the Offer Price of HK$3.1 per Offer Share, being the mid-point of the proposed Offer Price range, our total listing expenses are estimated to be approximately HK$33.1 million (equivalent to RMB29.3 million), of which approximately HK$11.9 million (equivalent to RMB10.5 million) is directly attributable to the issue of the Offer Shares and will be accounted for as a deduction from equity upon the Listing. The remaining amount of approximately HK$21.2 million (equivalent to RMB18.8 million) is chargeable to the consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2018. We emphasize that the amount of the listing expenses, which is non-recurring in nature, is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for the year ending 31 December 2018 is subject to adjustment based on audit and possible changes in variables and assumptions.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to equity shareholders of our Company as at 30 June 2018 as if the Global Offering had taken place on 30 June 2018.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as at 30 June 2018 or at any future date.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as at 30 June 2018(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share(3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB(5)*	*HK$(4)*
Based on an Offer Price of HK$2.80 per share	180,958	104,933	285,891	1.32	1.50
Based on an Offer Price of HK$3.40 per share	180,958	132,745	313,703	1.45	1.64

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of our Company as at 30 June 2018 is compiled based on the consolidated statements of financial position included in the Accountants' Report set out in Appendix I to this prospectus, which is based on the consolidated total equity attributable to equity shareholders of our Company as at 30 June 2018 of RMB180,958,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$2.8 and HK$3.4 per Share, after deduction of the estimated underwriting fees and other related expenses payable by our Group and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme. The estimated net proceeds of the Global Offering have been converted to Renminbi at the PBOC rate of HK$1.0000 to RMB0.8850 prevailing on 31 October 2018.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 216,000,000 Shares, being the number of shares expected to be in issue following the completion of the Capitalisation Issue and the Global Offering, and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme.

(4) The unaudited pro forma adjusted net tangible assets per Share amounts in RMB are converted to Hong Kong dollar with the PBOC rate of RMB0.8850 to HK$1.0000 prevailing on 31 October 2018.

(5) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2018.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since 30 June 2018 and up to the Latest Practicable Date, the sales of LPG, CNG and LNG demonstrated a general increasing trend. For the ten months ended 31 October 2018, average selling price of retail LPG and CNG generally remained stable when compared to the average selling price for the year ended 31 December 2017, amounting to approximately RMB6,006 per tonne and RMB3.1 per m^3, respectively while the average selling price of retail LNG increased by approximately 11.0% when compared to the average selling price for the year ended 31 December 2017, amounting to approximately RMB4,969 per tonne. For the ten months ended 31 October 2018, average selling price of wholesale LPG increased by approximately 9.7% when compared to the year ended 31 December 2017, and CNG and LNG decreased by approximately 7.4% and 6.4%, respectively when compared to the average selling price for the year ended 31 December 2017, amounting to approximately RMB3,928 per tonne, RMB2.5 per m^3 and RMB4,176 per tonne, respectively. For the ten months ended 31 October 2018, the sales volume of LPG amounted to approximately 179,119 tonnes, representing approximately 84.0% of the sales volume of LPG for the year ended 31 December 2017 while the sales volume of CNG amounted to approximately 53.8 million m^3, representing approximately 85.0% of the sales volume of CNG for the year ended 31 December 2017. The sales volume of LNG amounted to approximately 4,012 tonnes, representing approximately 664.2% of the sales volume of LNG for the year ended 31 December 2017. Our overall gross profit margin for the four months ended 31 October 2018 and the ten months ended 31 October 2018 amounted to approximately 13.2% and 16.0%, respectively.

For the four months ended 31 October 2018, our procurement price of LPG, CNG and LNG amounted to approximately RMB4,386 per tonne, RMB2.0 per m^3 and RMB4,023 per tonne, respectively. Our procurement price of LPG has witnessed a moderate increase subsequent to the Track Record Period and our Directors envisage that the increase is likely to continue due to the international prices of crude oil and in light of the U.S. China trade war only when the trade war affects the international crude oil price. Our Directors consider that these are not within our Group's control and the effect is likely to be widespread amongst the industry and thus do not consider this being unique to our Group. Since we are required to be compatible with the retail prices in the market, the adjustments in our retail price usually lag behind the increase in our purchase cost, which will therefore result in a lower gross profit. The moderate increase in procurement price of LPG started to level off in October 2018. However, we were only able to adjust our retail price for LPG in later periods. In the event that the procurement price of LPG continues to increase in the future and we are unable to adjust our retail price in a timely manner, there will be an adverse change in the results. For details of the related risks involved, please refer to the section headed "Risk factors — Risks relating to our business and industry — Our 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" in this prospectus.

As far as our Directors are aware, save for the increase in LPG procurement price and the inability to timely adjust our retail price as mentioned above, there was no material adverse change in the market condition or regulatory conditions in our industry and environment in which we operate that materially and adversely affect our financial or operating position or prospects of our Group since 30 June 2018 and up to the date of this prospectus.

FUTURE PLANS AND PROSPECTS

Please refer to the section headed "Business — Our Business Strategies" in this prospectus for a detailed description of our future plans.

REASONS FOR THE GLOBAL OFFERING AND USE OF PROCEEDS

The net proceeds of the Global Offering will strengthen our capital base and will provide funding for achieving our business strategies and carrying out our future plans as set out in this section.

The aggregate net proceeds of the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK$3.1 per Share, being the mid-point of the indicative range of the Offer Price of HK$2.8 to HK$3.4 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK$134.3 million. Our Directors intend to apply the net proceeds from the Global Offering as follows:

1. approximately 17.0%, or HK$22.8 million, of the net proceeds from the Global Offering will be used to acquire operational rights of a LPG domestic station;

2. approximately 18.0%, or HK$24.2 million, of the net proceeds from the Global Offering will be used to strengthen our LPG logistic and storage capacity by constructing storage facilities;

3. approximately 23.0%, or HK$30.9 million, of the net proceeds from the Global Offering will be used to complete construction, purchase land, equipment and machineries for the new CNG Mother Station;

4. approximately 20.0%, or HK$26.9 million, of the net proceeds from the Global Offering will be used for completion of construction of new stations, purchase and installation of their requisite equipment and machineries and maintenance of our existing stations;

5. approximately 12.0%, or HK$16.1 million, of the net proceeds from the Global Offering will be used to increase our logistics capacity by purchasing additional vehicle fleets; and

6. approximately 10.0%, or HK$13.4 million, of the net proceeds from the Global Offering will be used for our general working capital.

If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$3.4 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK$15.7 million. We intend to apply the additional net proceeds on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK$2.8 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK$15.7 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

To the extent that the net proceeds are not sufficient to fund the purposes described above, we intend to fund the balance through a variety of means including cash generated from our operations, debt financing and/or equity fund raising.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by it, will be approximately (i) HK$26.7 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$3.4 per Share; (ii) HK$24.4 million, assuming the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK$3.1 per Share; and (iii) HK$22.0 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK$2.8 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks as permitted by the relevant laws and regulations. Our PRC Legal Adviser is of the view that there is no restriction under the PRC Laws which will prohibit the Company from transferring the net proceeds to be received by the Company from the Global Offering to the foreign invested PRC Subsidiaries by the way of capital increase or shareholders' loan subject to the approvals, registrations or filings that may be required by the PRC governmental authorities. We will comply with the PRC laws in respect of foreign exchange registration and proceeds remittance.

REASONS FOR LISTING

According to the F&S Report, China is determined to transform its fuel consumption structure to be more environmentally-friendly and multiple government policies have been launched to support LPG and natural gas infrastructure, thereby prompting strong growth in consumption of LPG and, in particular, natural gas in China in the long run. Based on the Notice of the National Development and Reform Commission of the People's Republic of China on Printing and Distributing ''Opinions on Accelerating the Use of Natural Gas'', the proportion of natural gas in China's primary energy structure by 2020 and will rise from the status quo of approximately 5.9% to 10%, and by 2030 it will reach approximately 15%. Given our utilization rates of storage facilities in use during the Track Record Period was approximately 49.8%, 84.4%, 76.6% and 96.8% and LPG and CNG logistics fleet for the year ended 31 December 2017 has reached approximately 98.6% and 98.3% respectively, in order to satisfy the growth in consumption, our Group has to further expand its scale by increasing the number of refuelling stations, enhancing the capacity of our storage facilities and logistics fleet.

The total expected investment amount of HK$332.1 million (which represents approximately RMB293.9 million) with respect to our future plans is significantly larger than our net IPO proceeds and also exceeded our Group's net debt and unutilised facilities of HK$163.9 million which represents approximately RMB145.0 million as at 31 October 2018, for details of the total expected investment amount, please refer to the section headed ''Business — Our business strategies — Our expansion plan'' in this prospectus; and given our Group requires HK$332.1 million for the expansion plan, it will be difficult for our Group to obtain borrowings of such significant amount being the status of a private company and relying on our Group's Controlling Shareholders' personal guarantee(s).

As a result, our Group has a genuine funding need and in view of our funding needs, our Group has considered the following advantages of equity financing over debt financing and our Directors considered that our Group, without a listing status, would have difficulties in obtaining bank borrowings at more commercially favourable terms:

(i) our Directors consider that further undue reliance on bank borrowings to finance our Group's capital and cash flow requirements would not be commercially feasible as it would place considerable financial burden on our Group as well as our Controlling Shareholders, which would in turn curtail our long-term sustainability and room for business development. In view of the recent upward trend of the United States federal funds rate, our Directors believe that the local interest rate for debt financing, and thus the costs of borrowing, is likely to rise in the near future. Equity fund raising therefore allows us to reduce our interest rate risk;

(ii) the permanent nature of equity capital does not involve recurring interest expenses and the subsequent fund raising process, such as private placement and rights issue, is usually simpler than negotiations with banks and other financial institutions (which generally involve (a) the lenders conducting detailed and lengthy due diligence and analysis on our Group's financial position; (b) a lengthy approval process prior to approving/providing such loans; and (c) the lenders demanding for security to secure such loans). Equity fund raising would also allow our Group to react more promptly to the changing market conditions and business opportunities which present themselves from time to time due to the high trading liquidity of the Hong Kong stock market which facilities future issuance of equity and debt securities, such as convertible debt instruments and bonds. Our Directors also believe that the listing status would allow our Group to gain leverage in obtaining bank financing on more favourable terms (such as the provision of a corporate guarantee by our Company rather than personal guarantees by our Controlling Shareholders), thus offering us more flexibility in financing our operations. Furthermore, the cost of equity fund raising is only high in the short run due to the non-recurring listing expenses, which our Directors believe will be outweighed by the benefits a listing status will bring in the long run; and

(iii) our Group only had approximately RMB146.7 million property, plant and equipment as at 31 October 2018 which may be pledged as collateral for bank borrowing, but the exact amount of borrowing that could be obtained is uncertain, as this depends on the valuation and the quality of the assets, and even if our Group is able to borrow RMB146.7 million, being the full amount of the value of the collateral, it still falls short of approximately HK$180.4 million that our Group needs for the expansion plan.

PUBLIC OFFER UNDERWRITERS

Innovax Securities Limited
Victory Securities Company Limited
Pulsar Capital Limited
China Goldjoy Securities Limited
BMI Securities Limited

JOINT BOOKRUNNERS

Innovax Securities Limited
Victory Securities Company Limited

JOINT LEAD MANAGERS

Innovax Securities Limited
Victory Securities Company Limited
Pulsar Capital Limited
China Goldjoy Securities Limited

CO-MANAGER

BMI Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the Listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriter has agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) has the right to terminate the Public Offer Underwriting Agreement by giving notice in writing to our Company, if prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

(a) there has come to the notice of the Sole Global Coordinator:

(i) any material breach of any of the representations, warranties and undertakings as set forth in the Public Offer Underwriting Agreement by our Company or any of our Controlling Shareholders; or

(ii) any statement contained in this prospectus, the Application Forms, announcement or the formal notice to be published by or on behalf of our Company in connection with the Public Offer, was or has become or been discovered to be untrue, incorrect or misleading in any material respect in the context of the Global Offering, or that any forecast, expression of opinion, intention or expectation expressed in any of this prospectus and the Application Forms (the "**Public Offer Documents**") is not, in the context of the Global Offering, fair and honest in any material respect and based on reasonable assumptions, when taken as a whole; or

(iii) any person named in the section headed "Statutory And General Information — 4. Other information — 4.7. Qualification of experts" in Appendix IV to this prospectus (other than the Sole Sponsor and any of the Public Offer Underwriters) has withdrawn its consent to being named in this prospectus or to the issue of this prospectus; or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of our Company under the indemnity provisions of the Public Offer Underwriting Agreement; or

(v) any material adverse change or development involving a prospective material adverse change in the business, assets, liabilities, business affairs, prospects, profits, losses or the financial or trading position or performance or management of our Group which is considered by the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters) as to make it impracticable or inadvisable to proceed with the Global Offering; or

(vi) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from this prospectus; or

(vii) a petition or an order is presented for the winding-up or liquidation of our Company or any member of our Group or our Company or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any such member of our

Group or a provisional liquidator, receiver or manager is appointed to take over all or a substantial part of the assets or undertaking of our Company or any such member of our Group or anything analogous thereto occurs in respect of our Company or any member of our Group which is considered by the Sole Global Coordinator (for itself and on behalf of the other Public Offer Underwriters) as to make it impracticable or inadvisable to proceed with the Global Offering; or

(viii) a material portion of the orders in the book building process at the time the International Underwriting Agreement is entered into have been withdrawn, terminated or cancelled as to make it impracticable or inadvisable to proceed with the Global Offering; or

(b) there shall develop, occur, exist or come into effect:

(i) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, regional, national, international, financial, political, economic, legal, military, industrial, fiscal, regulatory, currency, or market conditions (including, without limitation, any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or a material devaluation of the Hong Kong dollar or the RMB against any foreign currency) in or affecting any of Hong Kong, the PRC, the U.S. or the European Union (the "**Relevant Jurisdictions**"), or the imposition by the U.S. government of additional international trade sanctions or customs duties which are more stringent than those as currently in place or as disclosed in this prospectus (or written replies to queries from the Stock Exchange in connection with the application for the proposed Listing) and which have a material adverse effect on the financial conditions of our Group; or

(ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or

(iii) any event, or series of events, beyond the reasonable control of the Public Offer Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza (H5N1 and H7N9), Swine Flu (H1N1) or such related or mutated forms)) in or affecting any of the Relevant Jurisdictions; or

(iv) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions, declared or imposed by the relevant competent banking or monetary authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, in or affecting any of the Relevant Jurisdictions; or

(v) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(vi) the commencement by any governmental or regulatory body or organisation in Hong Kong or the PRC of any action against our executive Director in his or her capacity as such or an announcement by such body or organisation that it intends to take any such action; or

(vii) material non-compliance by our Company with this prospectus (and/or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or

(viii) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(ix) save as disclosed in this prospectus, any material litigation or claim being threatened or instigated against any member of our Group; or

(x) any material contravention by any member of our Group or any Director of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, the SFO or any of the Listing Rules in the context of the Global Offering or proposed Listing;

which in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) and after consultation with our Company:

(a) is or shall have or could be expected to have a material adverse effect on the business, financial or other operational condition or prospects of our Group as a whole; or

(b) has or shall have a material adverse effect on the success, marketability of the Global Offering or the level of applications under the Public Offer or the level of interest under the International Placing; or

(c) makes it inadvisable, inexpedient or impracticable for the Global Offering to proceed.

Undertakings to the Stock Exchange under the Listing Rules

By us

We have undertaken to the Stock Exchange that except pursuant to the Capitalisation Issue, the Global Offering, the Over-allotment Option and the Share Option Scheme and for other circumstances expressly allowed under Rule 10.08 of the Listing Rules, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date).

By Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and the Company that, except pursuant to the Stock Borrowing Agreement or save for the creation of a pledge or charge as permitted under Note (2) to Rule 10.07(2) of the Listing Rules (the "**Permissible Pledge**") or disposal pursuant to the Permissible Pledge, he/she/it shall not and shall procure that his/her/its close associates or companies controlled by him/her/it or his/her/its nominees or trustees (as the case may be) who is/are the registered holder(s) of the Shares as referred to in paragraph (a) below shall not:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owners (whether direct or indirect); and

(b) in the period of six months commencing on the date on which the period mentioned in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be or cease to deem to be our Controlling Shareholder(s).

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange that, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

(a) when he/she/it pledges or charges any Shares beneficially owned by him/her/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a *bona fide* commercial loan), immediately inform us in writing of such pledge or charge together with the number of such Shares so pledged or charged; and

(b) when he/she/it receives any indications, either verbal or written, from any pledgee or charge that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

For the avoidance of doubt and as permitted under Note (1) to Rule 10.07(2) of the Listing Rules, notwithstanding the above restrictions, our Controlling Shareholders are free to purchase additional Shares or other securities of our Company during the period commencing on the date of this prospectus and ending on the date which is twelve (12) months from that date, and dispose of such securities so purchased during the relevant periods without any restrictions, subject to compliance with the requirements of Rule 8.08 of the Listing Rules to maintain an open market in the Shares and a sufficient public float.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, we shall inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of an announcement as soon as possible.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by us

We have undertaken to the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters that we shall, and, each of our executive Directors and our Controlling Shareholders jointly and severally undertakes to the Sole Sponsor, the Public Offer Underwriters to procure our Company shall, except pursuant to the Capitalisation Issue, the Global Offering and the Over-allotment Option and the exercise of any options granted or to be granted under the Share Option Scheme or with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters) and unless as allowed or in compliance with the requirements of the Listing Rules,

(i) at any time commencing on the Listing Date up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(a) not offer, accept subscription for, allot, issue, sell, assign, contract to allot, issue or sell, sell any option or contract to purchase from our Company, purchase any option or contract to sell, grant or agree to grant any options, warrants or other rights to purchase or subscribe for from our Company, make any share sale, either directly or indirectly, or repurchase, any of its share capital or any securities of our Company or any interest therein (including but not limited to any warrants and securities convertible into or exercisable or exchangeable for or that represent the right to receive, or any warrants or other rights to purchase from our Company, any such share capital or securities or interest therein, as applicable);

(b) not enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the share capital or other securities of our Company or any interest therein;

(c) not enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or

(d) not agree or contract to, or publicly announce any intention to enter into any transaction described in paragraph (a), (b) or (c) above;

whether any of the foregoing transactions described in paragraph (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise; and

(ii) during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), if any of the transactions in paragraph (a), (b) or (c) above is entered into or agreed to be entered into, we will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Pursuant to the Public Offer Underwriting Agreement, each of our Controlling Shareholders has jointly and severally undertaken to our Company, the Sole Sponsor and the Public Offer Underwriters that except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of all Public Offer Underwriters) that:

(i) at any time during the First Six-Month Period, he/she/it shall not, and shall procure that his/her/its associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it who is/are the relevant registered holders of the Relevant Securities (as defined below), (collectively, the "**Related Parties**") shall not

(a) offer to sell, transfer, sell, pledge, mortgage, charge, contract to sell, sell any option or contract to purchase from him/her/it, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase from him/her/it, make any share sale, lend or otherwise transfer or dispose of, either directly or indirectly, any of the share capital of our Company or any securities of our Company or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein) beneficially owned by him/her/it directly or indirectly through its Related Parties as of the Listing Date ("**Relevant Securities**"); or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities;

(c) enter or agree to enter into, conditionally or unconditionally, or effect any of the transaction with the same economic effect as any transaction referred to in (a) or (b) above; or

(d) agree, or contract to, or publicly announce any intention to enter into or effect any of the transaction referred to in (a), (b) or (c) above;

whether any of the foregoing transactions described in paragraph (a), (b) or (c) above is to be settled by delivery of share or such other securities, in cash or otherwise; and

(ii) at any time during the Second Six-Month Period, he/she/it shall not, and shall procure that the Relevant Parties shall not, enter into any of the foregoing transactions in paragraphs (i) (a), (b) or (c) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) or would together with the other Controlling Shareholders cease to be, or regarded as, controlling shareholders (as defined in the Listing Rules) of our Company; and

(iii) at any time before the expiry of the Second Six-Month Period, in the event that he/she/it enters into any transaction referred to in paragraphs (i) (a), (b) or (c) above or agrees or contracts to or publicly announces an intention to enter into such transactions, he/she/it shall take all reasonable steps to ensure that such action shall not create a disorderly or false market for any Shares or other securities of our Company.

Each of our Controlling Shareholders has further undertaken jointly and severally to our Company, the Sole Sponsor and the Public Offer Underwriters that within the First Six-Month Period and the Second Six-Month Period, he/she/it will:

(i) when he/she/it pledges or charges any Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company, the Sole Sponsor and the Sole Global Coordinator in writing of such pledges or charges together with the number of Relevant Securities and nature of interest so pledged or charged; and

(ii) when he/she/it receives any indication, whether verbal or written, from any pledgee or chargee that any of the pledged or charged Relevant Securities will be sold, transferred or disposed of, immediately inform our Company, the Sole Sponsor and the Sole Global Coordinator in writing of such indications.

Each of our Controlling Shareholders undertakes with our Company, the Sole Sponsor and the Public Offer Underwriters that he/she/it shall and shall procure the Related Parties shall, comply with all restrictions and requirements under the Listing Rules (as may be amended from time to time) on the disposal by him/her/it or by the Related Parties of any Relevant Securities within the Second Six-Month Period.

The International Placing

In connection with the International Placing, it is expected that our Company, our Controlling Shareholders and executive Directors will enter into the International Underwriting Agreement with the Sole Sponsor, the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, agree to subscribe or procure subscribers for the International Placing Shares being offered pursuant to the International Placing.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable at the sole discretion of the Sole Global Coordinator (for itself and on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging applications under the Public Offer to require our Company to allot and issue up to an aggregate of 8,100,000 additional Shares, representing approximately 15% of the initial Offer Shares in aggregate, at the same price per Share under the Global Offering to cover, among other things, over-allocations (if any) in the International Placing.

Commission and expenses

The Underwriters will receive an underwriting commission at the rate of 2.9% of the aggregate Offer Price payable for the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option, if any), out of which they will pay any sub-underwriting commissions. The underwriting commission, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, is currently estimated to be approximately HK$33.1 million in aggregate (based on an Offer Price of HK$3.1 per Offer Share, being the mid-point of the indicative Offer Price range of HK$2.8 and HK$3.4 per Offer Share and based on the assumption that the Over-allotment Option is not exercised) and is paid or payable by our Company.

Indemnity

Our Company has agreed to indemnify the Public Offer Underwriters against certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by us of the Public Offer Underwriting Agreement.

Underwriters' interests in our Company

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Company nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Company nor any interest in the Global Offering.

Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Public Offer as part of the Global Offering. The Global Offering comprises (subject to the Over-allotment Option):

(a) the Public Offer of 5,400,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described under the paragraph headed "The Public Offer" in this section below; and

(b) the International Placing of 48,600,000 Shares offered by our Company (subject to reallocation as mentioned below) which will conditionally be placed with selected professional, institutional and other investors under the International Placing.

Investors may apply for the Shares under the Public Offer or indicate an interest, if qualified to do so, for the Shares under the International Placing, but may not do both.

The Offer Shares will represent approximately 25.0% of the issued share capital of our Company immediately following the completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the issued share capital of our Company immediately following the completion of the Global Offering and the Capitalisation Issue.

The number of Shares to be offered under the Public Offer and the International Placing respectively may be subject to reallocation as described in the paragraph headed "The Public Offer — Reallocation" in this section below.

THE PUBLIC OFFER

Number of Shares Initially Offered

We are initially offering 5,400,000 Shares at the Offer Price, representing 10% of the Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised).

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Public Offer" in this section below.

Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 2,700,000 Public Offer Shares and Pool B will comprise 2,700,000 Public Offer Shares, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants for more than 2,700,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

Reallocation

The allocation of Shares between the Public Offer and the Placing International is subject to adjustment and reallocation on the following basis.

(a) Where the International Placing Shares are fully subscribed or oversubscribed:

(i) if the Public Offer Shares are undersubscribed, the Sole Global Coordinator will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate;

(ii) if the Public Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Public Offer, then up to 5,400,000 Offer Shares may be reallocated to the Public Offer from the International Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 10,800,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Shares validly applied for in the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Public Offer Shares initially available under the Public Offer, the total number of Public Offer Shares available under the Public Offer will be increased to 16,200,000, 21,600,000 and 27,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering, and such reallocation being referred to in this prospectus as "Mandatory Reallocation".

(b) Where the International Placing Shares are not fully subscribed:

(i) if the Public Offer Shares are not fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and Underwriting Agreements; or

(ii) if the Public Offer Shares are fully subscribed or over-subscribed irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer, then up to 5,400,000 Offer Shares may be reallocated to the Public Offer from the International Placing, so that the total number of Offer Shares available under the Public Offer may be increased to 10,800,000, representing 20% of the total number of Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares between the Public Offer and the International Placing in the circumstances where (xx) the International Placing Shares are fully subscribed or oversubscribed and the Offer Shares are fully subscribed or oversubscribed by less than 15 times or (yy) the International Placing Shares are undersubscribed and the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times of the initial number of the Public Offer Shares, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK$2.8 per Offer Share) stated in this prospectus.

In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is conducted other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 10,800,000 Offer Shares).

In all cases, the number of Offer Shares allocated to the International Placing will be correspondingly reduced. The Offer Shares to be offered in the Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator and such additional Offer Shares will be allocated to Pool A and Pool B equally. If the Public Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Public Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator and the Sole Sponsor deem appropriate.

THE INTERNATIONAL PLACING

Number of Shares Initially Offered

Subject to the reallocation as described above, the number of Shares to be initially offered under the International Placing will be 48,600,000 Shares, representing 90% of the Offer Shares under the Global Offering (subject to adjustment and the Over-allotment Option). Subject to the reallocation of the Offer Shares between the International Placing and the Public Offer, the number of Shares initially offered under the International Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue (assuming the Over-allotment Option is not exercised).

Allocation

Pursuant to the International Placing, the International Placing Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. International Placing Shares will be selectively placed with certain professional and institutional investors and other investors who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the ''book-building'' process described in the paragraph headed ''Pricing and Allocation'' in the section below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell, Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of Shares on a basis which would lead to the establishment of a solid shareholder base which would be to our benefit and to that of the Shareholders as a whole.

The Sole Global Coordinator (acting in such capacity and as the Underwriter) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Public Offer, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

PRICING AND ALLOCATION

The Offer Price is not more than HK$3.4 per Offer Share and is expected to be not less than HK$2.8 per Offer Share. Applicants for Public Offer Shares under the Public Offer are required to pay, on application, the maximum indicative Offer Price of HK$3.4 for each Public Offer Share (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), amounting to a total of HK$3,434.26 for each board lot of 1,000 Shares. Each Application Form includes a table showing the exact amount payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK$3.4, appropriate refund payments (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. Please refer to the section headed "How to apply for Public Offer Shares — 13. Refund of application monies" in this prospectus.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Determining the Offer Price

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about Wednesday, 19 December 2018.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Wednesday, 19 December 2018 and in any event, no later than 5:00 p.m. on Monday, 24 December 2018.

If, for any reason, our Company and the Sole Global Coordinator (on behalf of the Underwriters) are unable to reach agreement on the Offer Price at or before 5:00 p.m. on Monday, 24 December 2018, the Global Offering will not proceed and will lapse.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Global Coordinator (for itself and on behalf of the Underwriters) considers it appropriate and together with our Company's consent, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sinogasholdings.com** notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" in this prospectus and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer. Applicants under the Public Offer should note that in no circumstances can applications be withdrawn once submitted, even if the indicative Offer Price range and/or number of Offer Shares is so reduced.

Announcement of Basis of Allocations

The applicable final Offer Price, the level of indications of interest in the International Placing, the results of applications and the basis of allocations of the Public Offer Shares are expected to be announced on Thursday, 27 December 2018 on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.sinogasholdings.com**).

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC (or by applying online through the **HK eIPO White Form Service Provider** under the **HK eIPO White Form** service), will be made available through a variety of channels as described in the section headed "How to apply for Public Offer Shares — 11. Publication of results" in this prospectus.

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement.

The International Placing is fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement.

These underwriting arrangements, and the Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional on:

- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (subject only to allotment) and the options which may be granted under the Share Option Scheme and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

- the Offer Price having been duly agreed on or about the Price Determination Date; and

- the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Public Offer Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

The consummation of each of the Public Offer and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on the Stock Exchange's website and on our Company's website on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the subsection headed "How to Apply for Public Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banker or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates will only become valid at 8:00 a.m. on Friday, 28 December 2018, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into the Central Clearing and Settlement System, or CCASS.

OVER-ALLOTMENT OPTION

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging of applications under the Public Offer. A press announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, our Company may be required to issue up to 8,100,000 additional Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price to cover over-allocations in the International Placing, if any. The Sole Global Coordinator may also cover any over-allocations by purchasing Offer Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, regulations and rules.

STOCK BORROWING AGREEMENT

Innovax Securities, as the Stabilising Manager, or any person acting for it may choose to borrow Shares from China Full, under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with China Full will only be effected by the Stabilising Manager for settlement of over-allocations in the International Placing and covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares borrowed from China Full under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to China Full or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;

- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

- no payment will be made to China Full by the Stabilising Manager or its authorised agents in relation to such stock borrowing arrangement.

STABILISATION

Stabilisation is a practice used by Underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, Innovax Securities, as the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by the applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Offer Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Public Offer. The stabilising period is expected to expire on 18 January 2019. The number of Offer Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, amounting to, 8,100,000 Offer Shares, which is approximately 15% of the number of Offer Shares initially available under the Global Offering.

Stabilising action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilisation and stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Offer Shares; (ii) selling or agreeing to sell the Offer Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Offer Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Offer Shares for the sole purpose of preventing or minimising any reduction in the market price of the Offer Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Offer Shares;

- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;

- liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Offer Shares;

- no stabilising action can be taken to support the price of the Offer Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the last Business Day immediately before the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the Offer Shares, and therefore the price of the Shares, may fall;

- the price of the Offer Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Stabilising Manager may over-allocate up to and not more than an aggregate of 8,100,000 additional Offer Shares and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price.

DEALING ARRANGEMENTS

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 28 December 2018, it is expected that dealings in the Offer Shares on the Stock Exchange will commence on 9:00 a.m. on Friday, 28 December 2018. The Offer Shares will be traded in board lots of 1,000 Offer Shares each under the stock code 1759.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form Service Provider** and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

(i) are 18 years of age or older;

(ii) have a Hong Kong address;

(iii) are outside the United States and are not a United States person (as defined in Regulation S under the U.S. Securities Act); and

(iv) are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

(i) an existing beneficial owner of Shares in our Company and/or any its subsidiaries;

(ii) a Director or chief executive officer of our Company and/or any of its subsidiaries;

(iii) a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering;

(iv) a close associate (as defined in the Listing Rules) of any of the above; and

(v) have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 14 December 2018 until 12:00 noon, Wednesday, 19 December 2018 from:

(i) any of the following offices of the Public Offer Underwriter(s):

Innovax Securities Limited at Unit A–C, 20/F, Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong

Victory Securities Company Limited at Room 1101–3, 11/F., Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong

Pulsar Capital Limited at Unit 318, 3/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong

China Goldjoy Securities Limited at Unit 1703–06, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

BMI Securities Limited at Suites 909–916 Shui On Centre, 6–8 Harbour Road, Wan Chai, Hong Kong

(ii) the following office of the Sole Sponsor:

Innovax Capital Limited at Room 2002, 20/F, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong

(iii) any of the following outlets of the receiving bank:

Bank of Communications Co., Ltd. Hong Kong Branch

District	**Outlet Name**	**Address**
Hong Kong Island	Business Department	20 Pedder Street, Central
	Quarry Bay Sub-Branch	Shops 3 and 4 on G/F., 981A-981F King's Road, Chung Hing Mansion, Quarry Bay
Kowloon	Kowloon Sub-Branch	G/F., 563 Nathan Road
New Territories	Tai Po Sub-Branch	Shop No.1, 2, 26 & 27, G/F., Wing Fai Plaza, 29–35 Ting Kok Road, Tai Po

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m., Friday, 14 December 2018 until 12:00 noon, Wednesday, 19 December 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. — Sino Gas Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the outlets of the receiving bank listed above, at the following times:

Friday, 14 December 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, 15 December 2018 — 9:00 a.m. to 1:00 p.m.
Monday, 17 December 2018 — 9:00 a.m. to 5:00 p.m.
Tuesday, 18 December 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, 19 December 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 19 December 2018, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form (or applying through the **HK eIPO White Form** service), among other things, you:

(a) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their respective agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(b) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(d) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(e) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(f) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(h) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application will be governed by the laws of Hong Kong;

(l) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(o) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in this Prospectus to collect the share certificate(s) and/or refund cheque(s) in person;

(p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(q) understand that our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form Service Provider** by you or by anyone as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

(a) General

Individuals who meet the criteria in the paragraph headed "2. Who can apply", may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form**.

(b) Time for Submitting Applications under the HK eIPO White Form

You may submit your application through the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 14 December 2018 until 11:30 a.m. on Wednesday, 19 December 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 19 December 2018 or such later time under the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

(c) No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

(d) Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(b) HKSCC Nominees will do the following things on your behalf:

(i) agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

(ii) agree to accept the Public Offer Shares applied for or any lesser number allocated;

(iii) undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

(iv) (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

(v) (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

(vi) confirm that you understand that our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

(vii) authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

(viii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(ix) confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

(x) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

(xi) agree to disclose your personal data to the Company, the Hong Kong Branch Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

(xii) agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

(xiii) agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

(xiv) agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

(xv) agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

(xvi) agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of our Company; and

(xvii) agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

(i) instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

(ii) instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

(iii) instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Public Offer Shares. Instructions for more than 1,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 14 December 2018 — 9:00 a.m. to 8:30 p.m.
Monday, 17 December 2018 — 8:00 a.m. to 8:30 p.m.
Tuesday, 18 December 2018 — 8:00 a.m. to 8:30 p.m.
Wednesday, 19 December 2018 — 8:00 a.m. to 12:00 noon

Note:

1. The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 14 December 2018 until 12:00 noon on Wednesday, 19 December 2018 (24 hours daily, except on Wednesday, 19 December 2018, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 19 December 2018, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provision) Ordinance as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, our Hong Kong Branch Share Registrar, the receiving banker, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a

WHITE or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 19 December 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

(i) an account number; or

(ii) some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

(i) the principal business of that company is dealing in securities; and

(ii) you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

(i) control the composition of the board of directors of the company;

(ii) control more than half of the voting power of the company; or

(iii) hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 1,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC). For further details on the Offer Price, see the section headed "Structure and Conditions of the Global Offering" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

(i) a tropical cyclone warning signal number 8 or above; or

(ii) a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 19 December 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 19 December 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Thursday, 27 December 2018 on our Company's website at **www.sinogasholdings.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

(i) in the announcement to be posted on our Company's website at **www.sinogasholdings.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 27 December 2018.

(ii) from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID Number/Business Registration Number" function on a 24-hour basis from 8:00 a.m. on Thursday, 27 December 2018 to 12:00 midnight on Thursday, 3 January 2019;

(iii) by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 27 December 2018 to Wednesday, 2 January 2019 on a business day;

(iv) in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 27 December 2018 to Monday, 31 December 2018 at all the receiving bank's designated outlets listed above.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in section headed "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form Service Provider**, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, our Hong Kong Branch Share Registrar, the **HK eIPO White Form Service Provider** and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

(i) within three weeks from the closing date of the application lists; or

(ii) within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

(i) you make multiple applications or suspected multiple applications;

(ii) you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and International Placing Shares;

(iii) your Application Form is not completed in accordance with the stated instructions;

(iv) your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;

(v) your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

(vi) the Underwriting Agreements do not become unconditional or are terminated;

(vii) our Company or the Sole Global Coordinator or the Joint Bookrunner believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

(viii) your application is for more than 50% of the Public Offer Shares initially offered under the Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$3.4 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with section headed "Structure and Conditions of the Global Offering — Conditions of the Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, 27 December 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(i) share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

(ii) refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Thursday, 27 December 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 28 December 2018 provided that the Global Offering has become unconditional and the right of termination described in the ''Underwriting'' section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 27 December 2018 or such other date as notified by us as the date of collection/despatch of share certificates, refund cheques payment instruction.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, 27 December 2018, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, 27 December 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 27 December 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in paragraph headed "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 27 December 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 27 December 2018, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 27 December 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

(i) If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 27 December 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

(ii) Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in paragraph headed "11. Publication of Results" above on Thursday, 27 December 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5: 00 p.m. on Thursday, 27 December 2018 or such other date as determined by HKSCC or HKSCC Nominees.

(iii) If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

(iv) If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 27 December 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

(v) Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 27 December 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-75, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINO GAS HOLDINGS GROUP LIMITED AND INNOVAX CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Sino Gas Holdings Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-75, which comprises the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 June 2018 and the statement of financial position of the Company as at 30 June 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018 (the "Track Record Period"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-75 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 14 December 2018 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2015, 2016 and 2017 and 30 June 2018 and the Company's financial position as at 30 June 2018, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REVIEW OF STUB PERIOD CORRESPONDING FINANCIAL INFORMATION

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2017 and other explanatory information (the ''Stub Period Corresponding Financial Information''). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'' issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 25(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

14 December 2018

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

1. Consolidated statements of profit or loss and other comprehensive income

(Expressed in Renminbi ("RMB"))

	Note	Years ended 31 December			Six months ended 30 June	
		2015	2016	2017	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	5	662,428	878,373	1,095,339	505,591	557,168
Cost of sales		(537,310)	(653,308)	(879,680)	(399,726)	(457,412)
Gross profit	5(b)	125,118	225,065	215,659	105,865	99,756
Other income	6	9,797	9,434	9,138	2,199	2,782
Staff costs	7(b)	(38,986)	(43,087)	(48,645)	(20,899)	(21,025)
Depreciation and amortisation	7(c)	(12,446)	(12,759)	(13,178)	(6,199)	(6,587)
Operating lease charges	7(c)	(15,195)	(15,060)	(15,100)	(7,724)	(9,370)
Other operating expenses		(30,478)	(30,941)	(27,894)	(12,644)	(23,070)
Profit from operations		37,810	132,652	119,980	60,598	42,486
Finance costs	7(a)	(4,425)	(3,728)	(5,474)	(2,150)	(3,706)
Share of profits/(losses) of joint ventures	15	37,773	(15,472)	(883)	(1,130)	(1,422)
Profit before taxation	7	71,158	113,452	113,623	57,318	37,358
Income tax	8	(9,797)	(31,595)	(29,381)	(15,147)	(13,025)
Profit and total comprehensive income for the year/period		61,361	81,857	84,242	42,171	24,333
Attributable to:						
Equity shareholders of the Company		60,906	80,813	82,250	41,902	21,440
Non-controlling interests		455	1,044	1,992	269	2,893
Profit and total comprehensive income for the year/period		61,361	81,857	84,242	42,171	24,333
Earnings per share (RMB)						
— Basic and diluted	11	N/A	N/A	N/A	N/A	N/A

The accompanying notes form part of the Historical Financial Information.

2. Consolidated statements of financial position

(Expressed in RMB)

	Note	At 31 December 2015 RMB'000	2016 RMB'000	2017 RMB'000	At 30 June 2018 RMB'000
Non-current assets					
Property, plant and equipment	12	107,190	117,175	127,020	140,897
Lease prepayments	13	12,335	11,697	11,184	10,843
Interests in joint ventures	15	53,391	37,919	37,036	36,329
Other financial assets	16	—	10,000	13,500	13,700
Deferred tax assets	24(b)	6,578	7,854	5,102	4,995
		179,494	184,645	193,842	206,764
Current assets					
Inventories	17	2,577	4,410	3,687	2,778
Trade and bills receivables	18	61,177	81,283	94,730	72,777
Prepayments, deposits and other receivables	19	43,009	54,325	61,739	55,929
Amounts due from related parties	29(c)	—	4,956	79,096	—
Cash at bank and on hand	20	162,283	220,707	157,501	253,437
		269,046	365,681	396,753	384,921
Current liabilities					
Bank loans	21	50,000	190,000	138,000	194,000
Trade and bills payables	22	36,252	43,948	41,080	41,873
Accrued expenses and other payables	23	27,224	39,339	46,739	137,664
Amounts due to related parties	29(c)	148,451	—	—	—
Income tax payable	24(a)	5,961	9,030	7,625	2,665
		267,888	282,317	233,444	376,202
Net current assets		1,158	83,364	163,309	8,719
NET ASSETS		180,652	268,009	357,151	215,483
CAPITAL AND RESERVES	25				
Share capital		—	—	—	—
Reserves		170,088	250,901	333,151	180,958
Total equity attributable to equity shareholders of the Company		170,088	250,901	333,151	180,958
Non-controlling interests		10,564	17,108	24,000	34,525
TOTAL EQUITY		180,652	268,009	357,151	215,483

The accompanying notes form part of the Historical Financial Information.

3. Statement of financial position of the Company

(Expressed in RMB)

	Note	**At 30 June 2018** *RMB'000*
Non-current assets		
Investment in a subsidiary	*14*	52,000
Current liabilities		
Amounts due to a subsidiary		1,706
NET ASSETS		50,294
CAPITAL AND RESERVES	*25*	
Share capital		—
Reserves		50,294
TOTAL EQUITY		50,294

The accompanying notes form part of the Historical Financial Information.

4. Consolidated statements of changes in equity

(Expressed in RMB)

	Attributable to equity shareholders of the Company							
	Share capital *RMB'000* *(Note 25(b))*	Share premium *RMB'000* *(Note 25(d)(i))*	Other reserve *RMB'000* *(Note 25(d)(ii))*	Statutory reserve *RMB'000* *(Note 25(d)(iii))*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2015	—	—	38,562	24,335	46,285	109,182	3,331	112,513
Changes in equity for the year ended 31 December 2015:								
Profit and total comprehensive income for the year	—	—	—	—	60,906	60,906	455	61,361
Effect on equity in connection with acquisitions of businesses *(Note 30)*	—	—	—	—	—	—	1,878	1,878
Capital injection by a non-controlling equity holder of a subsidiary of the Group	—	—	—	—	—	—	4,900	4,900
Appropriation to reserves	—	—	—	3,074	(3,074)	—	—	—
At 31 December 2015 and 1 January 2016	—	—	38,562	27,409	104,117	170,088	10,564	180,652
Changes in equity for the year ended 31 December 2016:								
Profit and total comprehensive income for the year	—	—	—	—	80,813	80,813	1,044	81,857
Capital injection by a non-controlling equity holder of a subsidiary of the Group	—	—	—	—	—	—	5,500	5,500
Appropriation to reserves	—	—	—	9,113	(9,113)	—	—	—
At 31 December 2016 and 1 January 2017	—	—	38,562	36,522	175,817	250,901	17,108	268,009
Changes in equity for the year ended 31 December 2017:								
Profit and total comprehensive income for the year	—	—	—	—	82,250	82,250	1,992	84,242
Capital injection by a non-controlling equity holder of a subsidiary of the Group	—	—	—	—	—	—	4,900	4,900
Appropriation to reserves	—	—	—	1,721	(1,721)	—	—	—
At 31 December 2017	—	—	38,562	38,243	256,346	333,151	24,000	357,151

	Attributable to equity shareholders of the Company							
	Share capital RMB'000 (Note 25(b))	Share premium RMB'000 (Note 25(d)(i))	Other reserve RMB'000 (Note 25(d)(ii))	Statutory reserve RMB'000 (Note 25(d)(iii))	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2017 *(Note)*	—	—	38,562	38,243	256,346	333,151	24,000	357,151
Impact on initial application of IFRS 9 *(Note 3)*	—	—	—	—	(101)	(101)	—	(101)
Adjusted balance as at 1 January 2018	—	—	38,562	38,243	256,245	333,050	24,000	357,050
Changes in equity for the six months ended 30 June 2018:								
Profit and total comprehensive income for the period	—	—	—	—	21,440	21,440	2,893	24,333
Effect on equity arising from decrease in equity interests in subsidiaries *(Note 14)*	—	—	1,468	—	—	1,468	7,632	9,100
Issuance of shares *(Notes 25(b) and 25(d)(ii))*	—	52,000	(52,000)	—	—	—	—	—
Distributions *(Note 25(c))*	—	—	—	—	(175,000)	(175,000)	—	(175,000)
At 30 June 2018	—	52,000	(11,970)	38,243	102,685	180,958	34,525	215,483
At 1 January 2017	—	—	38,562	36,522	175,817	250,901	17,108	268,009
Changes in equity for the six months ended 30 June 2017 (unaudited):								
Profit and total comprehensive income for the period (unaudited)	—	—	—	—	41,902	41,902	269	42,171
At 30 June 2017 (unaudited)	—	—	38,562	36,522	217,719	292,803	17,377	310,180

Note: The Group has initially applied IFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated (see Note 3).

The accompanying notes form part of the Historical Financial Information.

5. Consolidated cash flow statements

(Expressed in RMB)

		Years ended 31 December			Six months ended 30 June	
	Note	**2015**	**2016**	**2017**	**2017**	**2018**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Operating activities						
Profit before taxation		71,158	113,452	113,623	57,318	37,358
Adjustments for:						
Depreciation and amortisation	*7(c)*	12,446	12,759	13,178	6,199	6,587
Net loss/(gain) on disposal of property, plant and equipment	*6*	97	109	(1,128)	76	96
Finance costs	*7(a)*	4,425	3,728	5,474	2,150	3,706
Interest income	*6*	(6,117)	(1,271)	(2,874)	(1,888)	(975)
Share of (profits)/losses of joint ventures	*15*	(37,773)	15,472	883	1,130	1,422
Changes in working capital:						
Decrease/(increase) in inventories		1,176	(1,833)	723	(2,112)	909
Decrease/(increase) in trade and bills receivables		46,011	(20,106)	(13,447)	7,516	21,818
Decrease/(increase) in prepayments, deposits and other receivables		4,028	(11,316)	(8,421)	(21,079)	5,810
(Decrease)/increase in trade and bills payables		(12,741)	7,696	(2,868)	19,892	793
(Decrease)/increase in accrued expenses and other payables		(26,902)	11,193	5,817	(7,294)	(7,894)
(Increase)/decrease in pledged and restricted bank deposits		(422)	(36,223)	28,809	29,228	(25,776)
Cash generated from operations		55,386	93,660	139,769	91,136	43,854
Income tax paid	*24(a)*	(4,785)	(29,802)	(28,034)	(12,842)	(17,844)
Net cash generated from operating activities		50,601	63,858	111,735	78,294	26,010

	Note	Years ended 31 December 2015	2016	2017	Six months ended 30 June 2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Investing activities						
Payments for purchase of property, plant and equipment and land use rights		(13,207)	(21,294)	(21,258)	(5,977)	(21,548)
Proceeds from disposal of property, plant and equipment		25	1	1,459	22	8
Proceeds from acquisitions of businesses, net of cash acquired	*30(a)*	58,054	—	—	—	—
Net cash outflow on disposal of a subsidiary	*31*	—	—	—	—	(4,143)
Payments for acquisitions of equity investments		—	(10,000)	(3,500)	—	(200)
Net (increase)/decrease in advances to a non-controlling equity holder of a subsidiary of the Group		(1,860)	—	1,007	—	—
Interest received		6,117	1,271	2,874	1,888	975
Dividends received from a joint venture		4,353	—	—	—	—
Net cash generated from/(used in) investing activities		53,482	(30,022)	(19,418)	(4,067)	(24,908)
Financing activities						
Proceeds from new bank loans	*20(b)*	50,000	190,000	138,000	20,000	136,000
Repayments of bank loans	*20(b)*	(130,820)	(50,000)	(190,000)	(120,000)	(80,000)
Proceeds from disposal of equity interests in subsidiaries	*32*	—	—	—	—	9,100
Proceeds from capital injection by a non-controlling equity holder of a subsidiary of the Group		4,900	5,500	4,900	—	—
Net decrease/(increase) in amounts due from related parties	*20(b)*	66,645	(153,407)	(74,140)	(6,676)	7,664
Interest paid	*20(b)*	(4,425)	(3,728)	(5,474)	(2,150)	(3,706)
Net cash (used in)/generated from financing activities		(13,700)	(11,635)	(126,714)	(108,826)	69,058
Net increase/(decrease) in cash and cash equivalents		90,383	22,201	(34,397)	(34,599)	70,160
Cash and cash equivalents at the beginning of the year/period	*20(a)*	64,439	154,822	177,023	177,023	142,626
Cash and cash equivalents at the end of the year/period	*20(a)*	154,822	177,023	142,626	142,424	212,786

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL 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 Company is an investment holding company and has not carried on any business since the date of its incorporation save for the Reorganisation as defined and mentioned below. The Company and its subsidiaries (together, ''the Group'') are principally engaged in the retail and wholesale of liquefied petroleum gas (''LPG''), compressed natural gas (''CNG'') and liquefied natural gas (''LNG'') in the People's Republic of China (the ''PRC'') (the ''Listing Businesses'').

The Listing Businesses of the Group have been carried out by Sino Gas (Zhuhai) Limited (''ZH Petrochemical'') and its subsidiaries, Xinzheng Yonghui Natural Gas Company Limited (''Xinzheng Sino Gas'') and Zhengzhou Sino Gas Bus Fuel Company Limited (''Zhengzhou Sino Gas'') (together, the ''PRC Operating Entities''), that have been operating under the same management for the Track Record Period and were previously controlled by AVIC Joy Holdings (HK) Limited (''AVIC Joy''). During 2015, AVIC Joy underwent a series of corporate restructuring (the ''2014 Reorganisation and Acquisition'') involving ZH Petrochemical, Xinzheng Sino Gas and Zhengzhou Sino Gas as detailed in the section headed ''History, Reorganisation and Development'' in the Prospectus. The 2014 Reorganisation and Acquisition principally involved the reorganisation of the PRC Operating Entities by transferring to ZH Petrochemical the equity interests in other PRC Operating Entities. Upon the completion of the 2014 Reorganisation and Acquisition, ZH Petrochemical became the holding company of the Listing Businesses with no changes in the business of the Listing Businesses. As all of the PRC Operating Entities were under the common control of AVIC Joy and the control was not transitory, the 2014 Reorganisation and Acquisition is considered to be a restructuring of entities under common control in accordance with the principles of merger accounting. Accordingly, the financial information of the Listing Businesses has been prepared on a consolidated basis as if the restructuring had been completed at the beginning of the Track Record Period. Then in September 2015, Mr Ji Guang (''Mr Ji''), the co-founder of ZH Petrochemical, obtained the beneficial controlling interests in the Listing Businesses through the acquisition of additional equity interests in China Full Limited (''China Full''), the immediate holding company of ZH Petrochemical, from AVIC Joy.

To rationalise the corporate structure in preparation of the listing of the Company's shares on the Stock Exchange, the Group underwent a reorganisation (the ''Reorganisation''), as detailed in the section headed ''History, Reorganisation and Development'' in the Prospectus, which principally involved the following:

(a) On 26 March 2018, the Company was incorporated in the Cayman Islands.

(b) On 24 April 2018, Sino Gas Energy Group Limited (''Sino Gas Holding BVI'') was incorporated in the British Virgin Islands, which is directly controlled by the Company.

(c) On 17 May 2018, Sino Gas Investments Holdings Group Limited (''Sino Gas Holding HK'') was incorporated in Hong Kong, which is indirectly controlled by the Company.

(d) On 11 June 2018, Sino Gas Holding HK acquired the entire equity interests of ZH Petrochemical from China Full, which was beneficially owned by Mr Ji, for a consideration of RMB52,000,000.

(e) On 11 June 2018, the Company acquired the entire equity interests of Perfect Wise Asia Limited (''Perfect Wise'') from Sino Gas Holdings Group Limited (''Sino Gas BVI''), which was beneficially owned by Mr Ji.

(f) On 23 January 2018, Guangdong Sino Gas Petrochemical Company Limited (''GD Petrochemical''), a wholly-owned subsidiary of ZH Petrochemical, disposed of its entire equity interests in Guangdong Sino Gas New Energy Company Limited (''GD New Energy'') to Guangzhou Xingsheng Energy Company Limited (''GZ Xingsheng''), a company owned by Mr Ji and Ms Ji Ling (''Ms Ji''), at a cash consideration of RMB13,000,000. On 8 June 2018, GD Petrochemical disposed of its 60% equity interests in Sino Gas (Zhuhai) Investment Company Limited (''ZH Investment'') to GZ Xingsheng at a cash consideration of RMB1. GD New Energy and ZH Investment involved in Non-Gas Related Business (as defined below).

Upon completion of the Reorganisation on 11 June 2018, the Company became the holding company of the Listing Businesses. The Reorganisation only involved inserting newly formed entities with no substantive operations as the new holding companies of the Listing Businesses and there were no changes in the economic substance of the ownership and the business of the Group before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the financial statements of the Listing Businesses with the assets and liabilities of the Listing Businesses recognised and measured at their historical carrying amounts prior to the Reorganisation.

During the Track Record Period, GD New Energy and ZH Investment were principally engaged in the property development business (the "Non-Gas Related Business"). The Historical Financial Information excludes the Non-Gas Related Business, which are, in the opinion of the directors of the Company, clearly delineated from the Listing Businesses.

The Historical Financial Information has been prepared by consolidating the historical financial information of the entities operated the Listing Businesses, under the same management immediately before and after the Reorganisation, and the companies now comprising the Group as if the current group structure had been in existence throughout the periods presented, or since the respective date of incorporation/establishment/acquisition of the consolidating companies.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group for the Track Record Period as set out in the Historical Financial Information include the results of operations of the companies now comprising the Group for the Track Record Period (or where the companies were incorporated/established/acquired at a date later than 1 January 2015, for the period from the dates of their respective incorporation/establishment/acquisition to 30 June 2018).

The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 June 2018 as set out in the Historical Financial Information have been prepared to present the financial position of the companies comprising the Group as at the respective dates as if the Reorganisation had been completed at the respective dates, taking into account the respective dates of incorporation, establishment or acquisition, where applicable.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

As at the date of this report, no audited financial statements have been prepared for the Company, Sino Gas Holding BVI, Sino Gas Holding HK, Perfect Wise and Guangzhou Sino Gas Fuel Sales Company Limited ("GZ Fuel Sales"), as they either have not carried on any business since their respective dates of incorporation or are investment holding companies or the statutory financial statements for the Track Record Period have not been issued up to the date of the Historical Financial Information or are not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

Upon completion of the Reorganisation and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Place and date of establishment/ incorporation	Particulars of registered/issued and paid-up capital	Percentage of ownership interest: The Group's effective interest	Percentage of ownership interest: Held by the Company	Percentage of ownership interest: Held by subsidiaries	Principal activities	Name of statutory auditor: 2015	Name of statutory auditor: 2016	Name of statutory auditor: 2017
Zhengzhou Sino Gas (鄭州中油潔能巴士(燃氣)有限公司)*	The PRC 14 March 2005	RMB30,000,000	60%	—	60%	Sale of CNG to vehicular end-users by operating refuelling stations	Henan Yongxiang Certified Public Accountants (河南永祥會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))
Guangzhou Sino Gas Fuel Chain Company Limited (廣州中油潔能燃氣連鎖有限公司)*	The PRC 19 April 2005	RMB20,000,000	100%	—	100%	Sale of LPG to vehicular end-users by operating refuelling stations	Shenzhen Tianda United Certified Public Accountants (深圳天大聯合會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)
ZH Petrochemical (中油潔能(珠海)石化有限公司)**	The PRC 14 September 2005	Hong Kong dollars ("HK$") HK$38,000,000	100%	—	100%	Investment holding	Shenzhen Tianda United Certified Public Accountants (深圳天大聯合會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)
Zhuhai Sino Gas Dangerous Goods Transportation Company Limited (珠海中油潔能危險品運輸有限公司)*	The PRC 14 December 2006	RMB10,000,000	100%	—	100%	Fuel transportation	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)
Xinzheng Sino Gas (新鄭永輝天然氣有限公司)*	The PRC 1 February 2007	HK$12,000,000	100%	—	100%	Sale of CNG to vehicular end-users by operating refuelling stations and wholesale of CNG	Henan Yongxiang Certified Public Accountants (河南永祥會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))
Ganzhou Sino Gas LPG Company Limited ("Ganzhou Gas") (贛州中油潔能石油液化氣有限公司)*	The PRC 23 May 2008	RMB10,000,000	30%****	—	30%****	Wholesale and retail of LPG	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)
Jiangxi Sino Gas Logistics Company Limited ("JX Logistics") (江西中油潔能物流有限公司)*	The PRC 15 October 2008	RMB3,000,000	30%****	—	30%****	Fuel transportation	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)

Company name	Place and date of establishment/ incorporation	Particulars of registered/issued and paid-up capital	Percentage of ownership interest: The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Name of statutory auditor: 2015	2016	2017
Henan Sino Gas Sales and Transportation Company Limited ("Henan Transportation") (河南中油潔能銷售運輸有限公司)*	The PRC 17 December 2010	RMB12,000,000	100%	—	100%	Fuel transportation	Henan Yongxiang Certified Public Accountants (河南永祥會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))
Zhuhai Hengqin Xinqu Sino Gas Fuel Company Limited (珠海横琴新區中油潔能燃氣有限公司)*	The PRC 9 May 2012	RMB5,000,000	100%	—	100%	Investment holding	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)
Guangzhou Sino Gas Logistics Company Limited ("GZ Logistics") (廣州中油潔能物流有限公司)*	The PRC 23 January 2013	RMB10,000,000	100%	—	100%	Fuel transportation	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)
Guangdong Sino Gas Investment Company Limited ("GD Investment") (廣東中油潔能投資有限公司)*	The PRC 2 May 2013	RMB100,000,000 and RMB10,000,000	100%	—	100%	Investment holding	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)
Guangzhou Sino Gas New Energy Company Limited ("GZ New Energy") (廣州中油潔能新能源有限公司)*	The PRC 2 August 2013	RMB10,000,000	100%	—	100%	Sale of LNG to vehicular end-users by operating refuelling stations	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)
Henan Sino Gas Yonghui Natural Gas Company Limited ("Henan Yonghui") (河南中油潔能永輝天然氣有限公司)*	The PRC 23 September 2013	RMB10,000,000	100%	—	100%	Wholesale of CNG and LNG	Henan Yongxiang Certified Public Accountants (河南永祥會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))

Company name	Place and date of establishment/ incorporation	Particulars of registered/issued and paid-up capital	Percentage of ownership interest: The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Name of statutory auditor: 2015	2016	2017
Henan Sino Gas Fuel Company Limited ("Henan Gas") (河南中油潔能燃气有限公司)*	The PRC 13 November 2013	RMB10,000,000	100%	—	100%	Wholesale of CNG and LNG	Henan Yongxiang Certified Public Accountants (河南永祥會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))
Sino Gas New Energy Investment Limited ("HK New Energy") (中油新能源投資股份有限公司)***	Hong Kong 23 January 2014	10,000 shares	100%	—	100%	Investment holding	Vision A. S. Limited Certified Public Accountants	Vision A. S. Limited Certified Public Accountants	Vision A. S. Limited Certified Public Accountants
GD Petrochemical (廣東中油潔能石化有限公司)*	The PRC 28 March 2014	RMB20,000,000	100%	—	100%	Wholesale of LPG	Shenzhen Tianda United Certified Public Accountants (深圳天大聯合會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)	Zhuhai Zhenghe Tongtai Certified Public Accountants (珠海正和通泰會計師事務所)
Guangzhou Sino Gas Jiahexing Petrochemical Company Limited ("GZ Jiahexing") (廣州中油潔能嘉和興石化有限公司)*	The PRC 26 May 2014	RMB10,000,000	51%	—	51%	Wholesale of LPG	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)
Sino Gas Investment Group Company Limited ("HK Investment") (中油投資集團有限公司)***	Hong Kong 24 March 2015	10,000 shares	100%	—	100%	Investment holding	Vision A. S. Limited Certified Public Accountants	Vision A. S. Limited Certified Public Accountants	Vision A. S. Limited Certified Public Accountants
Zhengzhou Transport Investment Sino Gas Fuel Company Limited ("Zhengzhou Fuel") (鄭州交投中油潔能燃氣有限公司)*	The PRC 3 June 2015	RMB100,000,000 and RMBNil	51%	—	51%	Sale of CNG to vehicular end-users by operating refuelling stations	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))	Henan Jiuzhou United Certified Public Accountants (河南九洲聯合會計師事務所(普通合夥))
Guangzhou Sino Gas Natural Gas Company Limited ("GZ Natural Gas") (廣州中油潔能天然氣有限公司)*	The PRC 7 April 2016	RMB20,000,000 and RMBNil	100%	—	100%	Sale of natural gas	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)	Beijing Zhongruicheng Certified Public Accountants Co., Ltd. Guangdong Branch (北京中瑞誠會計師事務所有限公司廣東分所)

Company name	Place and date of establishment/ incorporation	Particulars of registered/issued and paid-up capital	Percentage of ownership interest: The Group's effective interest	Held by the Company	Held by subsidiaries	Principal activities	Name of statutory auditor: 2015	2016	2017
Perfect Wise*** (致慧亞洲有限公司)	The British Virgin Islands 18 April 2017	1 share of United States Dollar ("US$") 1 each	100%	—	100%	Investment holding	N/A	N/A	N/A
Sino Gas Holding BVI (中油潔能能源集團有限公司)***	The British Virgin Islands 24 April 2018	100 shares of US$1 each	100%	100%	—	Investment holding	N/A	N/A	N/A
Sino Gas Holding HK (中油潔能投資控股集團有限公司)***	Hong Kong 17 May 2018	1 share	100%	—	100%	Investment holding	N/A	N/A	N/A
GZ Fuel Sales (廣州中油潔能燃氣銷售有限公司)*	The PRC 27 July 2018	RMB10,000,000 and RMBNil	100%	—	100%	Sale of LPG	N/A	N/A	N/A

Notes:

* The official names of these entities are in Chinese. The English translations are for identification purpose only. These companies are limited liability companies established in the PRC.

** The official name of this entity is in Chinese. The English translation is for identification purpose only. This company is registered as a wholly foreign-owned enterprise under the PRC Law.

*** These companies are limited liability companies incorporated outside of the PRC.

**** The Group's effective interests in these entities were changed from 100% to 30% during the six months ended 30 June 2018. As at the date of this report, the Group controls these entities through its power over the board of directors.

All companies now comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards (''IFRSs'') which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board (the ''IASB''). Further details of the significant accounting policies adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRSs which are effective for the accounting period beginning on 1 January 2018 throughout the Track Record Period except for IFRS 9, *Financial Instruments*, which has been adopted since 1 January 2018. The Group has not adopted any other new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2018, except for the amendments to IFRS 9, *Prepayment features with negative compensation*, which have been adopted at the same time as IFRS 9. The revised and new accounting standards and interpretations issued but neither effective for the accounting period beginning on 1 January 2018 nor adopted by the Group are set out in Note 33.

The Group adopted IFRS 15 with a date of initial application of 1 January 2015. The Group's accounting policies with respect to revenue recognition are set out in Note 2(s).

IFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information unless otherwise stated.

The Stub Period Corresponding Financial Information has been prepared in accordance with the basis of preparation and presentation aforementioned.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of measurement

The Historical Financial Information is presented in Renminbi ("RMB").

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis.

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 4.

(c) Business combinations

The Group accounts for business combinations not involving entities or businesses under common control using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the consolidated statement of profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Historical Financial Information incorporates the financial statement items of the consolidating entities or businesses in which the common control consolidation occurs as if they had been consolidated from the date when the consolidating entities or businesses first came under the control of the controlling party. The net assets of the consolidating entities or businesses are consolidated using the existing carrying amounts from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control consolidation, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss includes the results of each of the consolidating entities or businesses from the earliest date presented or since the date when consolidating entities or businesses first came under the common control, where this is a shorter period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included in the Historical Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity interests in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those equity interests which would result in the Group as a whole having a contractual obligation in respect of those equity interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's equity interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative equity interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)).

(e) Joint ventures

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the Historical Financial Information under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(j)).

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(f) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (''FVPL'') for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

(A) Policy applicable from 1 January 2018

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income (''FVOCI'') (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. In limited circumstance, cost may be used as an approximation of the fair value if the most recent available information is not sufficient to determine fair value or there is a wide range of possible fair value measurements and costs represents the best estimate of fair value within that range. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(s)(iii).

(B) Policy applicable prior to 1 January 2018

Investments which did not fall into the categories of financial assets measured at FVPL and held-to-maturity securities were classified as available-for-sale financial assets. At the end of each reporting period the fair value was remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see Note 2(j)). Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss in accordance with the policies set out in Notes 2(s)(iii) and 2(s)(iv), respectively. When the investments were derecognised or impaired (see Note 2(j) — policy applicable prior to 1 January 2018), the cumulative gain or loss recognised in equity was reclassified to profit or loss.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads and borrowing costs (see Note 2(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives as follows:

	Estimated useful lives
— Buildings and properties	10–20 years
— Refuelling equipment	3–18 years
— Motor vehicles and other equipment	3–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the estimated useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for its intended use.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Payments made on the acquisition of land held under an operating lease are stated at cost less accumulated amortisation and impairment losses (see Note 2(j)). Amortisation is charged to profit or loss on a straight-line basis over the period of the lease term.

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see Note 2(l)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(j)).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

(A) Policy applicable from 1 January 2018

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(s)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an ''incurred loss'' model was used to measure impairment losses on financial assets not classified as FVPL (e.g. trade and other receivables and available-for-sale investments). Under the ''incurred loss'' model, an impairment loss was recognised only when there was objective evidence of impairment. Objective evidence of impairment included:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

— significant changes in the market, economic or legal environment that have an adverse effect on the debtor; and

— a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence existed, an impairment loss was determined and recognised as follows:

— For trade and other receivables and other financial assets carried at amortised cost, impairment loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting was material. This assessment was made collectively where these financial assets shared similar risk characteristics, such as similar past due status, and had not been individually assessed as impaired. Future cash flows for financial assets which were assessed for impairment collectively were based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreased and the decrease could be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss was reversed through profit or loss. A reversal of an impairment loss was only recognised to the extent that it did not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior periods.

— For available-for-sale investments, the cumulative loss that had been recognised in the fair value reserve (recycling) was reclassified to profit or loss. The amount of the cumulative loss that was recognised in profit or loss was the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities were not reversed through profit or loss. Any subsequent increase in the fair value of such assets was recognised in other comprehensive income.

  Impairment losses recognised in profit or loss in respect of available-for-sale debt securities were reversed if the subsequent increase in fair value could be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances were recognised in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the ''holder'') for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within ''trade and other payables'' at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised using the effective interest method in profit or loss over the term of the guarantee as income from financial guarantees issued (see Note 2(s)(vi)).

(A) Policy applicable from 1 January 2018

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in ''trade and other payables'' in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(j)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, a provision would be recognised if and when it became probable that (i) the holder of the guarantee would call upon the Group under the guarantee and (ii) the amount of the claim on the Group was expected to exceed the amount carried in ''trade and other payables'' in respect of the guarantee.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— interests in joint ventures; and

— investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(k) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see Note 2(k)(i)) or property, plant and equipment (see Note 2(g)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory or property, plant and equipment are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in Note 2(s).

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(j) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(i)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(i)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(j).

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with Note 2(j), trade and other payables are subsequently stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(q) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    — the same taxable entity; or

    — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of LPG, CNG and LNG

The Group is principally engaged in the retail and wholesale of LPG, CNG and LNG.

Revenue of LPG, CNG and LNG transferred at a point in time is recognised when goods are delivered at gas refuelling stations operated by the Group or premises which are determined by customers which is taken to be the point in time when the Group transfers control over the products to the customers.

Incremental cost of obtaining a contract is capitalised if the Group expects to recover those costs, unless the amortisation period for such costs would be one year or less. Costs that will be incurred regardless of whether the contract is obtained are expensed as they are incurred.

The Group presents a contract liability or a contract asset in the statement of financial position when either party to the contract has performed. The Group performs by transferring goods or services to the customer, and the customer performs by paying consideration to the Group.

Any unconditional rights to consideration are presented separately as "Trade and bills receivables".

Contract liabilities are obligations to transfer goods or services to customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income from unlisted equity investments is recognised when the equity holder's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)).

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently recognised in profit or loss over the useful life of the related asset.

(vi) Income from financial guarantee issued

Income from financial guarantees issued is recognised over the term of the guarantees (see Note 2(j)(ii)).

(t) Translation of foreign currencies

Foreign currency transactions are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 CHANGES IN ACCOUNTING POLICIES

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group has applied IFRS 9, including the amendments to IFRS 9, *Prepayment features with negative compensation*, to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, the Historical Financial Information for the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2017 or as at 31 December 2015, 2016 and 2017 continues to be reported under IAS 39.

The following table summarises the impact of transition to IFRS 9 on retained earnings and the related tax impact at 1 January 2018.

	RMB'000
Retained earnings	
Recognition of additional expected credit losses on financial assets measured at amortised cost *(Note 26(a))*	135
Related tax *(Note 24(b))*	(34)
Net decrease in retained earnings at 1 January 2018	101

Further details of the nature and effect of the changes to previous accounting policies and the transaction approach are set out below:

(a) Classification of financial assets and financial liabilities

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at FVOCI and at FVPL. These supersede IAS 39's categories of held-to maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

	IAS 39 carrying amount at 31 December 2017	Reclassification	IFRS 9 carrying amount at 1 January 2018
	RMB'000	*RMB'000*	*RMB'000*
Financial assets measured at FVPL			
Equity securities not held for trading	—	13,500	13,500
Financial assets classified as available-for-sale under IAS 39			
Equity securities not held for trading	13,500	(13,500)	—

Under IAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under IFRS 9. For an explanation of how the Group classifies and measures financial assets and recognises related gains and losses under IFRS 9, see respective accounting policy notes in Notes 2(f), 2(i), 2(j) and 2(m).

The measurement categories for all financial assets and liabilities remain the same, except for financial guarantee contracts (see Note 2(j)(ii)). The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 January 2018 have not been impacted by the initial application of IFRS 9. The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(b) Credit losses

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit loss" model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the"incurred loss" model in IAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables and financial guarantee contracts issued (see Note 2(j)(ii)).

For further details on the Group's accounting policy for accounting for credit losses, see Note 2(j).

The following table reconciles the closing loss allowance determined in accordance with IAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2018.

	RMB'000
Loss allowance at 31 December 2017 under IAS 39	—
Additional credit loss recognised at 1 January 2018 on trade receivables	135
Loss allowance at 1 January 2018 under IFRS 9	135

(c) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied, except as described below:

— Information relating to Historical Financial Information for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 or at 31 December 2015, 2016 and 2017 has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1 January 2018. Accordingly, the information presented for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 or at 31 December 2015, 2016 and 2017 continues to be reported under IAS 39 and thus may not be comparable with the Historical Financial Information for the six months period ended 30 June 2018 or at 30 June 2018.

— The assessment on the determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group):

— If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 26 contains information about the assumptions and their risk factors relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment of long-lived assets

If circumstances indicate that the carrying amount of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of long-lived assets as described in Note 2(j). These assets are tested for impairment periodically 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 judgement 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.

(b) Depreciation

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.

(c) Expected credit losses for trade receivables

The impairment provisions for trade receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 26(a). Changes in these assumptions and estimated could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the profit or loss.

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the retail and wholesale of LPG, CNG and LNG. All of the revenue of the Group is recognised at a point in time. The customers obtain control of LPG, CNG and LNG when they are delivered to and have been accepted at gas refuelling stations operated by the Group or premises which are determined by the customers.

Revenue of the Group is disaggregated by primary products as follows.

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
LPG	442,746	690,005	895,935	414,975	455,215
CNG	217,358	185,719	193,980	89,323	91,926
LNG and others	2,324	2,649	5,424	1,293	10,027
	662,428	878,373	1,095,339	505,591	557,168

The Group's customer base is diversified and includes one customer with whom transactions have exceeded 10% of the Group's revenues for the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2017 (unaudited). Revenue from sales of CNG to this customer amounted to approximately RMB116,951,000, RMB113,711,000, RMB122,864,000 and RMB57,695,000 for the years ended 31 December 2015, 2016 and 2017 and six months ended 30 June 2017 (unaudited), respectively. There is no customer with whom transactions have exceeded 10% of the Group's revenue for the six months ended 30 June 2018. Details of concentration of credit risks of the Group are set out in Note 26(a).

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management 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, industrial customers and bottled LPG end-users.

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

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management 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 cost 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 and amortisation, operation lease charges and other operation 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.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the Track Record Period is set out below.

	Retail					Wholesale					Total				
	Years ended 31 December			Six months ended 30 June		Years ended 31 December			Six months ended 30 June		Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018	2015	2016	2017	2017	2018	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)					*(unaudited)*					*(unaudited)*	
Revenue from external customers and reportable segment revenue	516,747	476,078	525,645	244,689	244,993	145,681	402,295	569,694	260,902	312,175	662,428	878,373	1,095,339	505,591	557,168
Reportable segment gross profit	117,213	221,569	204,464	99,989	95,225	7,905	3,496	11,195	5,876	4,531	125,118	225,065	215,659	105,865	99,756

(ii) Reconciliations of reportable segment results to consolidated profit before taxation

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Total reportable segment gross profit	125,118	225,065	215,659	105,865	99,756
Other income	9,797	9,434	9,138	2,199	2,782
Staff costs	(38,986)	(43,087)	(48,645)	(20,899)	(21,025)
Depreciation and amortisation	(12,446)	(12,759)	(13,178)	(6,199)	(6,587)
Operating lease charges	(15,195)	(15,060)	(15,100)	(7,724)	(9,370)
Other operating expenses	(30,478)	(30,941)	(27,894)	(12,644)	(23,070)
Finance costs	(4,425)	(3,728)	(5,474)	(2,150)	(3,706)
Share of profits/(losses) of joint ventures	37,773	(15,472)	(883)	(1,130)	(1,422)
Consolidated profit before taxation	71,158	113,452	113,623	57,318	37,358

(iii) 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.

6 OTHER INCOME

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Government grants	2,275	5,492	3,736	54	—
Interest income on financial assets	6,117	1,271	2,874	1,888	975
Rental income from operating leases	1,339	1,387	1,390	693	690
Net (loss)/gain on disposal of property, plant and equipment	(97)	(109)	1,128	(76)	(96)
Net foreign exchange (loss)/gain	(591)	1,249	(271)	(360)	68
Consultancy service income	—	—	—	—	943
Others	754	144	281	—	202
	9,797	9,434	9,138	2,199	2,782

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interests on bank loans	4,425	3,728	5,474	2,150	3,706

No borrowing costs have been capitalised during the Track Record Period.

(b) Staff costs:

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, wages and other benefits	36,969	40,711	45,481	19,332	19,449
Contributions to defined contribution retirement plans	2,017	2,376	3,164	1,567	1,576
	38,986	43,087	48,645	20,899	21,025

The employees of the subsidiaries of the Group established in the PRC (excluding Hong Kong) participate in defined contribution retirement benefit schemes managed by the local government authorities, whereby these subsidiaries are required to contribute to the schemes at a rate of 18% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (excluding Hong Kong), from the above mentioned retirement schemes at their normal retirement age.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) **Other items:**

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation and amortisation *(Notes 12 and 13)*	12,446	12,759	13,178	6,199	6,587
Operating lease charges in respect of buildings and properties, and land use rights: minimum lease payments	15,195	15,060	15,100	7,724	9,370
Auditors' remuneration:					
— statutory audit services	238	187	219	162	120
— services in connection with the initial listing of the Company's shares	—	—	—	—	1,753
Impairment loss on trade receivables *(Note 26(a))*	—	—	—	—	21
Cost of inventories *(Note 17(b))*	537,310	653,308	879,680	399,726	457,412

8 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represent:

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax *(Note 24(a))*					
Provision for PRC Corporate Income Tax for the year/period	8,232	32,871	26,629	14,692	12,884
Deferred tax *(Note 24(b))*					
Origination and reversal of temporary differences	1,565	(1,276)	2,752	455	141
	9,797	31,595	29,381	15,147	13,025

(b) Reconciliation between tax expenses and accounting profits at applicable tax rates:

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before taxation	71,158	113,452	113,623	57,318	37,358
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	17,790	28,363	28,406	14,330	9,956
Tax effect of share of (profits)/losses of joint ventures	(9,443)	964	221	283	356
Tax effect of non-deductible expenses	800	497	416	322	1,319
Tax effect of tax losses not recognised	650	1,771	338	212	1,394
Actual tax expense	9,797	31,595	29,381	15,147	13,025

Notes:

(i) 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.

(ii) No provision for Hong Kong Profits Tax was made for the Group's Hong Kong subsidiaries, being investment holding companies, as these companies have not derive taxable income during the Track Record Period.

(iii) The Group's PRC subsidiaries (excluding Hong Kong) are subject to PRC Corporate Income Tax at a rate of 25% during the Track Record Period.

9 DIRECTORS' EMOLUMENTS

Details of the emoluments of the directors during the Track Record Period are as follows:

	Year ended 31 December 2015				
	Directors' fees	**Salaries, allowances and benefits in-kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr Ji Guang	—	1,457	868	4	2,329
Ms Ji Ling	—	—	—	—	—
Ms Cui Meijian	—	234	420	4	658
Mr Zhou Feng	—	159	216	4	379
	—	1,850	1,504	12	3,366

	Year ended 31 December 2016				
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr Ji Guang	—	980	660	4	1,644
Ms Ji Ling	—	82	10	3	95
Ms Cui Meijian	—	272	400	5	677
Mr Zhou Feng	—	160	135	4	299
	—	1,494	1,205	16	2,715

	Year ended 31 December 2017				
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr Ji Guang	—	978	—	5	983
Ms Ji Ling	—	185	108	5	298
Ms Cui Meijian	—	282	350	5	637
Mr Zhou Feng	—	166	150	5	321
	—	1,611	608	20	2,239

	Six months ended 30 June 2017 (unaudited)				
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr Ji Guang	—	489	—	2	491
Ms Ji Ling	—	103	—	2	105
Ms Cui Meijian	—	142	—	2	144
Mr Zhou Feng	—	81	—	2	83
	—	815	—	8	823

	Six months ended 30 June 2018				
	Directors' fees	Salaries, allowances and benefits in-kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr Ji Guang	—	488	—	3	491
Ms Ji Ling	—	114	—	3	117
Ms Cui Meijian	—	152	—	3	155
Mr Zhou Feng	—	96	—	3	99
	—	850	—	12	862

On 11 June 2018, Mr Ji Guang, Ms Ji Ling, Ms Cui Meijian and Mr Zhou Feng were redesignated as executive directors of the Company.

On 22 November 2018, Mr Sheng Yuhong, Mr Wang Zhonghua and Dr Zheng Jianpeng were appointed as independent non-executive directors of the Company.

During the Track Record Period, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No emoluments was paid to independent non-executive directors during the Track Record Period as the independent non-executive directors were appointed subsequent to the Track Record Period.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Track Record Period, of the five individuals with the highest emoluments, 2, 2, 2, 3 (unaudited) and 3 are directors of the Company for the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2017 (unaudited) and 2018, respectively, whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and other emoluments	1,072	613	683	266	303
Discretionary bonuses	1,256	1,190	1,000	—	—
Retirement scheme contributions	16	19	22	9	5
	2,344	1,822	1,705	275	308

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals (unaudited)*	*Number of individuals*
HK$Nil to HK$1,000,000	2	3	3	2	2
HK$1,000,001 to HK$1,500,000	1	—	—	—	—

During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results for the Track Record Period using the basis of preparation as disclosed in Note 1 above.

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings and properties *RMB'000*	Refuelling equipment *RMB'000*	Motor vehicles and other equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:					
At 1 January 2015	42,749	77,463	56,310	3,002	179,524
Additions	368	2,026	4,136	3,789	10,319
Additions through acquisitions of businesses *(Note 30)*	—	—	87	—	87
Disposals	—	(20)	(577)	—	(597)
At 31 December 2015	43,117	79,469	59,956	6,791	189,333
Accumulated depreciation:					
At 1 January 2015	5,274	31,491	34,089	—	70,854
Charge for the year	2,023	5,115	4,626	—	11,764
Written back on disposals	—	(9)	(466)	—	(475)
At 31 December 2015	7,297	36,597	38,249	—	82,143
Carrying amount:					
At 31 December 2015	35,820	42,872	21,707	6,791	107,190
Cost:					
At 1 January 2016	43,117	79,469	59,956	6,791	189,333
Additions	—	1,390	5,492	15,334	22,216
Transfer in/(out)	—	44	—	(44)	—
Disposals	—	(195)	(95)	—	(290)
At 31 December 2016	43,117	80,708	65,353	22,081	211,259
Accumulated depreciation:					
At 1 January 2016	7,297	36,597	38,249	—	82,143
Charge for the year	2,070	5,349	4,702	—	12,121
Written back on disposals	—	(113)	(67)	—	(180)
At 31 December 2016	9,367	41,833	42,884	—	94,084
Carrying amount:					
At 31 December 2016	33,750	38,875	22,469	22,081	117,175

	Buildings and properties	Refuelling equipment	Motor vehicles and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2017	43,117	80,708	65,353	22,081	211,259
Additions	415	2,565	3,511	16,220	22,711
Transfer in/(out)	4,567	6,292	—	(10,859)	—
Disposals	—	—	(2,626)	—	(2,626)
At 31 December 2017	48,099	89,565	66,238	27,442	231,344
Accumulated depreciation:					
At 1 January 2017	9,367	41,833	42,884	—	94,084
Charge for the year	2,088	5,278	5,169	—	12,535
Written back on disposals	—	—	(2,295)	—	(2,295)
At 31 December 2017	11,455	47,111	45,758	—	104,324
Carrying amount:					
At 31 December 2017	36,644	42,454	20,480	27,442	127,020
Cost:					
At 1 January 2018	48,099	89,565	66,238	27,442	231,344
Additions	—	60	3,916	16,251	20,227
Transfer in/(out)	—	1,021	—	(1,021)	—
Disposals	—	(144)	(137)	—	(281)
At 30 June 2018	48,099	90,502	70,017	42,672	251,290
Accumulated depreciation:					
At 1 January 2018	11,455	47,111	45,758	—	104,324
Charge for the period	1,045	2,976	2,225	—	6,246
Written back on disposals	—	(102)	(75)	—	(177)
At 30 June 2018	12,500	49,985	47,908	—	110,393
Carrying amount:					
At 30 June 2018	35,599	40,517	22,109	42,672	140,897

Notes:

(i) At 31 December 2015, 2016 and 2017 and 30 June 2018, property certificates of certain properties with carrying amounts of RMB1,293,000, RMB1,213,000, RMB1,134,000 and RMB1,094,000, respectively, are yet to be obtained. At 30 June 2018, the Group is in the process of applying for the ownership certificates for these properties. Mr Ji has undertaken to procure the obtaining of the title documents for the above mentioned properties. If title documents could not be obtained, Mr Ji agreed to indemnify the Group for all the losses and damages arising therefrom.

(ii) The Group leases out a number of items of properties and equipment under operating leases. The leases typically run for an initial period of 15 years, with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent rentals.

The total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,323	1,323	1,389	1,389
After 1 year but within 5 years	5,490	5,626	5,695	5,765
After 5 years	4,376	2,917	1,459	—
	11,189	9,866	8,543	7,154

13 LEASE PREPAYMENTS

	Years ended 31 December			Six months ended 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January	14,995	18,068	18,068	18,198
Additions	3,073	—	130	—
At 31 December/30 June	18,068	18,068	18,198	18,198
Accumulated amortisation:				
At 1 January	5,051	5,733	6,371	7,014
Charge for the year/period	682	638	643	341
At 31 December/30 June	5,733	6,371	7,014	7,355
Carrying amount:				
At 31 December/30 June	12,335	11,697	11,184	10,843

Note:

(i) Lease prepayments represent land use right premiums paid by the Group for land located in the PRC. These land use rights are with lease periods of 20 to 50 years.

14 INVESTMENTS IN SUBSIDIARIES

The Group

The following table lists out the information relating to subsidiaries of the Group with material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

		At 31 December			At 30 June
	Note	**2015**	**2016**	**2017**	**2018**
NCI percentage:					
— Zhengzhou Fuel		49%	49%	49%	49%
— Zhengzhou Sino Gas		40%	40%	40%	40%
— GZ Jiahexing		49%	49%	49%	49%
— Ganzhou Gas	*(i)*	0%	0%	0%	70%
— JX Logistics	*(i)*	0%	0%	0%	70%

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
— Zhengzhou Fuel	298	6,266	8,917	9,233
— Zhengzhou Sino Gas	38,455	38,191	35,295	34,117
— Others	—	—	16	5,647
	38,753	44,457	44,228	48,997
Current assets				
— Zhengzhou Fuel	9,209	12,309	17,665	16,634
— Zhengzhou Sino Gas	29,444	30,864	40,374	43,755
— Others	32,058	6,772	6,761	10,775
	70,711	49,945	64,800	71,164
Current liabilities				
— Zhengzhou Fuel	(21)	(367)	(152)	(159)
— Zhengzhou Sino Gas	(57,106)	(53,487)	(52,135)	(45,146)
— Others	(28,060)	(2,773)	(3,437)	(3,058)
	(85,187)	(56,627)	(55,724)	(48,363)
Net assets				
— Zhengzhou Fuel	9,486	18,208	26,430	25,708
— Zhengzhou Sino Gas	10,793	15,568	23,534	32,726
— Others	3,998	3,999	3,340	13,364
	24,277	37,775	53,304	71,798
Net assets attributable to NCI				
— Zhengzhou Fuel	4,648	8,922	12,951	12,597
— Zhengzhou Sino Gas	3,957	6,227	9,413	13,091
— Others	1,959	1,959	1,636	8,837
	10,564	17,108	24,000	34,525

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Revenue					
— Zhengzhou Fuel	—	—	—	—	—
— Zhengzhou Sino Gas	207,104	185,590	190,496	87,614	80,330
— Others	—	—	3,248	—	48,657
	207,104	185,590	193,744	87,614	128,987
Profit/(loss) and total comprehensive income for the year/period					
— Zhengzhou Fuel	(515)	(1,277)	(1,778)	(719)	(721)
— Zhengzhou Sino Gas	1,806	4,175	7,967	1,551	9,190
— Others	(2)	—	(659)	2	419
	1,289	2,898	5,530	834	8,888
Profit/(loss) and total comprehensive income attributable to NCI					
— Zhengzhou Fuel	(252)	(626)	(871)	(352)	(353)
— Zhengzhou Sino Gas	708	1,670	3,186	620	3,676
— Others	(1)	—	(323)	1	(430)
	455	1,044	1,992	269	2,893

Notes:

(i) On 12 June 2018, the Group disposed of its 70% equity interests in Ganzhou Gas and JX Logistics to third parties for a total consideration of RMB9,100,000. The Group's effective interests in these entities were changed from 100% to 30% upon the completion of the disposals and the Group remains its control over these entities through its power over the respective companies' board of directors.

(ii) Further details of the subsidiaries of the Group are set out in Note 1.

The Company

	At 30 June 2018
	RMB'000
Investment in unlisted shares, at cost	52,000

15 INTERESTS IN JOINT VENTURES

Details of the Group's material interests in the joint ventures, which are accounted for using the equity method in the Historical Financial Information, are as follows:

Name of joint venture	Place of establishment and business	Particulars of registered and paid up capital	Proportion of ownership interest: The Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
GD Petrochemical	The PRC	RMB20,000,000	50%**	—	50%**	Wholesale of LPG
Jiangmen Xinjiang Gas Company Limited ("JM Xinjiang Gas") (江門市新江煤氣有限公司)*	The PRC	RMB119,600,000	50%	—	50%	Wholesale of LPG
Henan Blue Sky Sinopetroleum Clean Energy Science & Technology Company Limited ("Henan Blue Sky") (河南藍天中油潔能科技有限公司)*	The PRC	RMB20,000,000	50%	—	50%	Sale of CNG to vehicular end-users by operating refuelling stations

* The official names of these entities are in Chinese. The English translations are for identification purpose only.

** On 25 September 2015, the Group acquired the remaining 50% equity interests of GD Petrochemical (see Note 30).

The Group's joint ventures are unlisted entities.

Summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the Historical Financial Information, are disclosed below.

	GD Petrochemical	JM Xinjiang Gas				Henan Blue Sky			
	At 31 December	At 31 December			At 30 June	At 31 December			At 30 June
	2015	2015	2016	2017	2018	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts									
Non-current assets	—	33,265	31,449	30,041	29,054	15,255	13,341	7,181	13,541
Current assets	—	20,859	18,832	22,542	41,909	26,806	26,373	38,198	32,210
Current liabilities	—	(9,110)	(11,749)	(15,241)	(10,313)	(3,526)	(2,408)	(8,649)	(10,213)
Non-current liabilities	—	—	—	—	(24,960)	—	—	—	—
Equity	—	45,014	38,532	37,342	35,690	38,535	37,306	36,730	35,538
Reconciled to the Group's interests in joint ventures									
Gross amounts of net assets	—	45,014	38,532	37,342	35,690	38,535	37,306	36,730	35,538
The Group's effective interest	—	50%	50%	50%	50%	50%	50%	50%	50%
The Group's share of net assets	—	22,507	19,266	18,671	17,845	19,267	18,653	18,365	17,769
Elimination of unrealised loss relating to a financial guarantee issued by the Group	—	—	—	—	715	—	—	—	—
Goodwill	—	11,617	—	—	—	—	—	—	—
Carrying amounts in the consolidated statements of financial position	—	34,124	19,266	18,671	18,560	19,267	18,653	18,365	17,769

	GD Petrochemical	JM Xinjiang Gas					Henan Blue Sky				
	Period ended 25 September	Years ended 31 December			Six months ended 30 June		Years ended 31 December			Six months ended 30 June	
	2015	2015	2016	2017	2017	2018	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)					*(unaudited)*	
Gross amounts											
Revenue	561,092	46,967	126,534	187,339	83,232	102,221	56,563	33,067	37,546	18,844	17,733
Profit/(loss) for the year/period	78,676	(3,941)	(6,481)	(1,189)	(1,006)	(1,652)	831	(1,229)	(577)	(1,254)	(1,192)
Reconciled to the Group's interests in joint ventures											
Gross amounts of profit/(loss) for the year/period	78,676	(3,941)	(6,481)	(1,189)	(1,006)	(1,652)	831	(1,229)	(577)	(1,254)	(1,192)
The Group's effective interest	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
The Group's share of profit/(loss)	39,338	(1,971)	(3,241)	(595)	(503)	(826)	416	(614)	(288)	(627)	(596)

16 OTHER FINANCIAL ASSETS

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets measured at FVPL				
— Unlisted equity securities	—	—	—	13,700
Available-for-sale financial assets				
— Unlisted equity securities	—	10,000	13,500	—
	—	10,000	13,500	13,700

Notes:

(i) Available-for-sale financial assets were reclassified to financial assets measured at FVPL upon the initial application of IFRS 9 at 1 January 2018.

(ii) At 31 December 2015, 2016 and 2017, the unlisted equity securities are recognised in the statements of financial position at cost less impairment losses, if any, in respect of that these investments do not have quoted prices in an active market for identical instruments and whose fair value cannot be reliably measured.

At 30 June 2018, costs of the unlisted equity securities are used as approximations of their fair values, as the most recent available information is not sufficient to determine the fair value.

17 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gases	932	2,696	1,901	1,066
Spare parts	1,645	1,714	1,786	1,712
	2,577	4,410	3,687	2,778

(b) The analyses of the amounts of inventories recognised as expenses and included in the consolidated statements of profit or loss and other comprehensive income are as follows:

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Carrying amount of inventories sold	537,310	653,308	879,680	399,726	457,412

18 TRADE AND BILLS RECEIVABLES

	At 31 December			At 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables due from:				
— third parties	48,655	65,454	69,658	58,300
— related parties *(Note 29(c))*	3,922	5,519	9,902	12,811
Less: allowance for doubtful debts *(Note 26(a))*	—	—	—	(156)
	52,577	70,973	79,560	70,955
Bills receivables	8,600	10,310	15,170	1,822
	61,177	81,283	94,730	72,777

Note: All of the trade and bills receivables, net of allowance for doubtful debts (if any), are expected to be recovered within one year.

Ageing analyses

At 31 December 2015, 2016 and 2017 and 30 June 2018, the ageing analyses of trade and bills receivables, based on the invoice date and net of allowance for doubtful debts (if any), are as follows:

	At 31 December			At 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	36,377	47,143	66,160	44,958
1 to 3 months	24,800	34,140	28,570	27,819
	61,177	81,283	94,730	72,777

Further details on the Group's credit policy are set out in Note 26(a).

19 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for purchase of inventories	35,471	45,860	50,849	40,255
Value-add-tax recoverable	2,870	2,666	4,569	5,289
Advances to a non-controlling equity holder of a subsidiary of the Group	1,860	1,860	853	853
Advances to staff	1,043	1,137	1,920	1,668
Deposits	1,274	1,172	1,648	1,527
Prepayments for costs incurred in connection with the initial listing of the Company's shares *(Note (ii))*	—	—	—	3,271
Others	8,699	9,838	10,108	11,274
	51,217	62,533	69,947	64,137
Less: allowance for doubtful debts	(8,208)	(8,208)	(8,208)	(8,208)
	43,009	54,325	61,739	55,929

Notes:

(i) All of the prepayments, deposits and other receivables are expected to be recovered or recognised as expenses within one year.

(ii) The balance at 30 June 2018 will be transferred to the share premium account within equity upon the listing of the Company's shares on the Stock Exchange.

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	154,822	177,023	142,626	212,786
Pledged and restricted bank deposits *(Note (i))*	7,461	43,684	14,875	40,651
Cash at bank and on hand in the consolidated statements of financial position	162,283	220,707	157,501	253,437
Less: pledged and restricted bank deposits	(7,461)	(43,684)	(14,875)	(40,651)
Cash and cash equivalents in the consolidated cash flow statements	154,822	177,023	142,626	212,786

Notes:

(i) Included in the pledged and restricted bank deposits, RMB13,000,000 was pledged as securities for bank loans of RMB90,000,000 at 31 December 2016 (see Note 21). The remaining pledged and restricted bank deposits of RMB7,461,000, RMB30,684,000, RMB14,875,000 and RMB40,651,000 were pledged as securities for bank acceptance notes issued by the Group (see Note 22) and for bank guarantee letters issued to suppliers for construction of the Group's property, plant and equipment at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively.

(ii) The Group's operations in the PRC (excluding Hong Kong) conducted their businesses in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

(b) Reconciliation of liabilities arising from financing activities:

The tables below detail changes in the Group's assets and liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Bank loans	Amounts due to/(from) related parties	Interest payable	Distributions payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 21)	*(Note 29(c))*		*(Note 23)*	
At 1 January 2015	80,820	115,236	—	—	196,056
Changes from financing cash flows:					
Proceeds from new bank loans	50,000	—	—	—	50,000
Repayments of bank loans	(130,820)	—	—	—	(130,820)
Net increase in amounts due to related parties	—	66,645	—	—	66,645
Interest paid	—	—	(4,425)	—	(4,425)
Total changes from financing cash flows	(80,820)	66,645	(4,425)	—	(18,600)
Other changes:					
Finance costs *(Note 7(a))*	—	—	4,425	—	4,425
Acquisitions of businesses *(Note 30)*	50,000	(33,430)	—	—	16,570
	50,000	(33,430)	4,425	—	20,995
At 31 December 2015	50,000	148,451	—	—	198,451
At 1 January 2016	50,000	148,451	—	—	198,451
Changes from financing cash flows:					
Proceeds from new bank loans	190,000	—	—	—	190,000
Repayments of bank loans	(50,000)	—	—	—	(50,000)
Net increase in amounts due from related parties	—	(153,407)	—	—	(153,407)
Interest paid	—	—	(3,728)	—	(3,728)
Total changes from financing cash flows	140,000	(153,407)	(3,728)	—	(17,135)
Other changes:					
Finance costs *(Note 7(a))*	—	—	3,728	—	3,728
At 31 December 2016	190,000	(4,956)	—	—	185,044

	Bank loans	Amounts due to/(from) related parties	Interest payable	Distributions payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 21)	*(Note 29(c))*		*(Note 23)*	
At 1 January 2017	190,000	(4,956)	—	—	185,044
Changes from financing cash flows:					
Proceeds from new bank loans	138,000	—	—	—	138,000
Repayments of bank loans	(190,000)	—	—	—	(190,000)
Net increase in amounts due from related parties	—	(74,140)	—	—	(74,140)
Interest paid	—	—	(5,474)	—	(5,474)
Total changes from financing cash flows	(52,000)	(74,140)	(5,474)	—	(131,614)
Other changes:					
Finance costs *(Note 7(a))*	—	—	5,474	—	5,474
At 31 December 2017	138,000	(79,096)	—	—	58,904
At 1 January 2018	138,000	(79,096)	—	—	58,904
Changes from financing cash flows:					
Proceeds from new bank loans	136,000	—	—	—	136,000
Repayments of bank loans	(80,000)	—	—	—	(80,000)
Net decrease in amounts due from related parties	—	7,664	—	—	7,664
Interest paid	—	—	(3,706)	—	(3,706)
Total changes from financing cash flows	56,000	7,664	(3,706)	—	59,958
Other changes:					
Finance costs *(Note 7(a))*	—	—	3,706	—	3,706
Decrease through disposal of a subsidiary *(Note 31)*	—	(4,143)	—	—	(4,143)
Distributions *(Note 25(c))*	—	—	—	175,000	175,000
Non-cash transaction *(Note (i))*	—	75,575	—	(75,575)	—
	—	71,432	3,706	99,425	174,563
At 30 June 2018	194,000	—	—	99,425	293,425

	Bank loans	Amounts due to/(from) related parties	Interest payable	Distributions payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 21)	*(Note 29(c))*		*(Note 23)*	
At 1 January 2017	190,000	(4,956)	—	—	185,044
Changes from financing cash flows: (unaudited)					
Proceeds from new bank loans (unaudited)	20,000	—	—	—	20,000
Repayments of bank loans (unaudited)	(120,000)	—	—	—	(120,000)
Net increase in amounts due from related parties (unaudited)	—	(6,676)	—	—	(6,676)
Interest paid (unaudited)	—	—	(2,150)	—	(2,150)
Total changes from financing cash flows (unaudited)	(100,000)	(6,676)	(2,150)	—	(108,826)
Other changes: (unaudited)					
Finance costs *(Note 7(a))* (unaudited)	—	—	2,150	—	2,150
At 30 June 2017 (unaudited)	90,000	(11,632)	—	—	78,368

Note:

(i) The amounts due from related parties were partially set-off by profit distributions made by a subsidiary of the Group (Note 25(c)) during the six months ended 30 June 2018.

21 BANK LOANS

(a) The Group's short-term bank loans are analysed as follows:

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unsecured and unguaranteed	50,000	100,000	138,000	194,000
Secured by bank deposits of the Group *(Note 20(a)(i))*	—	90,000	—	—
	50,000	190,000	138,000	194,000

(b) Details of the Group's standby banking facilities are as follows:

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Facilities obtained	200,000	200,000	270,000	170,000
Facilities utilised	—	93,000	128,000	140,720

Some of the Group's banking facilities are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 26(b). As at 31 December 2015, 2016 and 2017 and 30 June 2018, none of the covenants relating to the drawn down facilities had been breached.

22 TRADE AND BILLS PAYABLES

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables due to:				
— third parties	4,071	612	806	948
— related parties *(Note 29(c))*	—	90	—	—
Bills payables	32,181	43,246	40,274	40,925
	36,252	43,948	41,080	41,873

All of the trade and bills payable are expected to be settled within one year or are repayable on demand.

At 31 December 2015, 2016 and 2017 and 30 June 2018, the ageing analyses of the Group's trade and bills payable, based on the invoice date, are as follows:

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	35,409	43,611	40,424	40,428
1 to 3 months	843	337	656	520
3 to 6 months	—	—	—	925
	36,252	43,948	41,080	41,873

23 ACCRUED EXPENSES AND OTHER PAYABLES

	At 31 December			At 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for staff related costs	9,512	9,694	10,061	2,847
Accrued transportation expenses	5,000	10,000	15,000	17,500
Other taxes payable	2,303	3,227	2,748	1,126
Payables for purchase and construction of property, plant and equipment	1,242	2,164	3,747	2,426
Payables for costs incurred in connection with the initial listing of the Company's shares	—	—	—	3,931
Distributions payable to China Full *(Note 29(c))*	—	—	—	99,425
Others	4,415	7,299	4,609	5,253
Financial liabilities measured at amortised cost	22,472	32,384	36,165	132,508
Financial guarantee issued	—	—	—	715
Receipts in advance	4,752	6,955	10,574	4,441
	27,224	39,339	46,739	137,664

At 30 June 2018, the amount of financial guarantees issued expected to be recognised as other income after more than one year is RMB455,000. All of the other accrued expenses and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Movements of current taxation in the consolidated statements of financial position are as follows:

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Income tax payable at 1 January	2,514	5,961	9,030	9,030	7,625
Provision for the year/period *(Note 8(a))*	8,232	32,871	26,629	14,692	12,884
Income tax paid	(4,785)	(29,802)	(28,034)	(12,842)	(17,844)
Income tax payable at 31 December/ 30 June	5,961	9,030	7,625	10,880	2,665

(b) Deferred tax assets recognised:

The deferred tax assets recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

Deferred tax arising from:	Credit loss allowance on other receivables	Impairment loss on interest in a joint venture	Unused tax losses	Credit loss allowance on trade receivables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	1,000	—	6,091	—	7,091
Acquisitions of businesses *(Note 30)*	1,052	—	—	—	1,052
Charged to the consolidated statement of profit or loss and other comprehensive income *(Note 8(a))*	—	—	(1,565)	—	(1,565)
At 31 December 2015 and 1 January 2016	2,052	—	4,526	—	6,578
Credited/(charged) to the consolidated statement of profit or loss and other comprehensive income *(Note 8(a))*	—	2,904	(1,628)	—	1,276
At 31 December 2016 and 1 January 2017	2,052	2,904	2,898	—	7,854
Charged to the consolidated statement of profit or loss and other comprehensive income *(Note 8(a))*	—	—	(2,752)	—	(2,752)
At 31 December 2017	2,052	2,904	146	—	5,102
Impact on initial application of IFRS 9 *(Note 3)*	—	—	—	34	34
Adjusted balance at 1 January 2018	2,052	2,904	146	34	5,136
Charged/(credited) to the consolidated statement of profit or loss and other comprehensive income *(Note 8(a))*	—	—	(146)	5	(141)
At 30 June 2018	2,052	2,904	—	39	4,995

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(q), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB33,369,000, RMB38,197,000, RMB44,677,000 and RMB50,254,000 at 31 December 2015, 2016 and 2017 and 30 June 2018, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available to the relevant subsidiaries. The tax losses expire within the next five years.

(d) Deferred tax liabilities not recognised

At 31 December 2015, 2016 and 2017 and 30 June 2018, taxable temporary differences relating to the undistributed profits of the Group's subsidiaries established in the PRC (excluding Hong Kong) amounted to RMB77,816,000, RMB115,354,000 and RMB147,687,000, RMB190,999,000, respectively, where deferred tax liabilities in respect of the PRC Withholding Tax that would be payable on the distributions of these profits, have not been recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

25 CAPITAL, RESERVES AND DISTRIBUTIONS/DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity during the Track Record Period are set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the period are set out below.

	Share capital	Share premium	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 25(b))	*(Note 25(d)(i))*		
Balance at 26 March 2018 (date of incorporation)	—	—	—	—
Changes in equity for the period from 26 March 2018 (date of incorporation) to 30 June 2018:				
Issuance of shares *(Note 25(b))*	—	52,000	—	52,000
Loss for the period	—	—	(1,706)	(1,706)
Balance at 30 June 2018	—	52,000	(1,706)	50,294

(b) Share capital

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 26 March 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same date, 1 share was allotted and issued at par by the Company.

On 11 June 2018, Sino Gas Holding HK acquired the entire interest of ZH Petrochemical from China Full at the consideration of RMB52,000,000, which was settled with 7,499 shares of HK$0.01 each of the Company. On the same date, the Company further allotted and issued 2,500 shares of HK$0.01 each, credited as fully paid by capitalising HK$15,922,007 standing to share premium arising from the aforementioned allotment of 7,499 shares.

For the purpose of the Historical Financial Information, the paid-in capital of the PRC subsidiaries of the Group at 1 January 2015, 31 December 2015, 2016 and 2017 are combined and included in "other reserve" within equity. The share capital of the Group at 30 June 2018 represented issued capital of the Company, comprising 10,000 shares of HK$0.01 each.

(c) Distributions/dividends

During the Track Record Period, ZH Petrochemical, a subsidiary of the Group, made the following distributions to China Full, the then equity holder of ZH Petrochemical.

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Distributions	—	—	—	—	175,000

The directors of the Company consider that the distribution policy during the Track Record Period is not indicative of the future dividend policy of the Company and of the Group. The Company did not declare any dividends to the equity shareholders of the Company during the Track Record Period.

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

(ii) Other reserve

The balance of other reserve at 1 January 2015, 31 December 2015, 2016 and 2017 represented the paid-in capital of ZH Petrochemical.

Pursuant to the Reorganisation completed on 11 June 2018, the Company became the holding company of the companies now comprising the Group and accordingly, the paid-in capital of ZH Petrochemical was eliminated against the consideration payable of RMB52,000,000 when preparing the Historical Financial Information since that date.

(iii) Statutory reserve

In accordance with the relevant PRC laws and regulations, the Company's subsidiaries established in the PRC (excluding Hong Kong) required to transfer 10% of their net profit to their respective statutory reserves until the respective reserves reach 50% of the respective registered capital. The transfer to this reserve must be made before distributions to equity holders. This reserve can be utilised in setting off accumulated losses or increasing capital of the respective subsidiaries and is non-distributable other than in liquidation.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in the economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest and currency rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable is limited because the counterparties are banks and financial institutions with a high credit rating assigned by the management of the Group, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in Note 28(b), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees is disclosed in Note 28(b).

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2015, 2016 and 2017 and 30 June 2018, 29%, 7%, 10% and 14% of the trade receivables, respectively, were due from the Group's largest debtor, and 70%, 65%, 50% and 74% of the trade receivables, respectively, were due from the Group's five largest debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables at 30 June 2018:

	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 1 month	0.1%	43,179	(43)
1 to 3 months	0.4%	27,932	(113)
		71,111	(156)

Expected loss rates are based on actual loss experience over the recent past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Comparative information under IAS 39

Prior to 1 January 2018, an impairment loss was recognised only when there was objective evidence of impairment (see Note 2(j) — policy applicable prior to 1 January 2018). At 31 December 2015, 2016 and 2017, trade and bills receivables of RMBNil, RMBNil and RMBNil, respectively, were determined to be impaired. The ageing analyses of trade debtors that were not considered to be impaired were as follows:

		At 31 December	
	2015	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	53,032	60,817	80,187
Less than 1 month past due	8,145	20,466	14,543
	61,177	81,283	94,730

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, management believed that no impairment allowance was necessary in respect of these balances as there had been no significant change in credit quality and the balances were still considered fully recoverable.

Upon adoption of IFRS 9, an opening adjustment at 1 January 2018 was made to recognise additional ECLs on trade receivables (see Note 3).

Movements in the loss allowance account in respect of trade receivables is a follows:

	RMB'000
Balance at 31 December 2017 under IAS 39	—
Impact on initial application at IFRS 9 *(Note 3)*	135
Adjusted balance at 1 January 2018	135
Impairment loss recognised in profit or loss during the period	21
Balance at 30 June 2018	156

Bills receivables and other receivables

The Group has assessed that the ECLs for bills receivables and other receivables under the 12 months expected losses method are not materially different from those already recognised. Thus no additional loss allowance was recognised at 31 December 2015, 2016 and 2017 and 30 June 2018.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest dates the Group can be required to pay:

	At 31 December 2015		At 31 December 2016		At 31 December 2017		At 30 June 2018	
	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount	Contractual undiscounted cash outflow within 1 year or on demand	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	50,978	50,000	192,836	190,000	142,892	138,000	200,769	194,000
Trade and bills payables	36,252	36,252	43,948	43,948	41,080	41,080	41,873	41,873
Accrued expenses and other payables measured at amortised cost	22,472	22,472	32,384	32,384	36,165	36,165	132,508	132,508
Amounts due to related parties	148,451	148,451	—	—	—	—	—	—
	258,153	257,175	269,168	266,332	220,137	215,245	375,150	368,381
Financial guarantees issued:								
Maximum amount guaranteed *(Note 28(b))*	—	—	—	—	—	—	24,960	715

(c) Interest rate risk

The Group's interest rate risk arises primarily from interest bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively.

(i) Interest rate profile

The following tables detail the interest rate profile of the Group's borrowings at the end of each reporting period:

	At 31 December 2015		At 31 December 2016		At 31 December 2017		At 30 June 2018	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
Fixed rate borrowings								
Bank loans	5.10%	50,000	3.40%–4.35%	140,000	4.79%–6.24%	138,000	5.00%–6.15%	184,000
Variable rate borrowings								
Bank loans		—	4.30%–4.35%	50,000		—	5.22%	10,000
Total borrowings		50,000		190,000		138,000		194,000
Fixed rate borrowings as a percentage of total borrowings		100%		74%		100%		95%

(ii) Sensitivity analyses

At 31 December 2015, 2016 and 2017 and 30 June 2018, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMBNil, RMB375,000, RMBNil and RMB75,000, respectively.

The sensitivity analyses above indicate the Group's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at 31 December 2015, 2016 and 2017 and 30 June 2018. The impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense of such a change in interest rates. The analyses are performed on the same basis during the Track Record Period.

(d) Currency risk

The Group is exposed to currency risk primarily through cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US$ and HK$.

(i) Exposure to currency risk

The following table details the Group's exposure at 31 December 2015, 2016 and 2017 and 30 June 2018 to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year/period end date.

	Exposure to foreign currencies (expressed in RMB)							
	At 31 December 2015		At 31 December 2016		At 31 December 2017		At 30 June 2018	
	HK$	*US$*	*HK$*	*US$*	*HK$*	*US$*	*HK$*	*US$*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand	18,090	2,667	4,204	67	3,456	56	749	55
Exposure arising from recognised assets	18,090	2,667	4,204	67	3,456	56	749	55

(ii) Sensitivity analyses

The following tables indicate the instantaneous change in the Group's profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at 31 December 2015, 2016 and 2017 and 30 June 2018 had changed at that date, assuming all other risk variables remained constant.

	Exposure to foreign currencies (expressed in RMB)							
	At 31 December 2015		At 31 December 2016		At 31 December 2017		At 30 June 2018	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *RMB'000*
HK$	5%	905	5%	210	5%	173	5%	37
	(5)%	(905)	(5)%	(210)	(5)%	(173)	(5)%	(37)
US$	5%	133	5%	3	5%	3	5%	3
	(5)%	(133)	(5)%	(3)	(5)%	(3)	(5)%	(3)

Results of the analyses as presented in the above tables represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes. The sensitivity analyses assume that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analyses are performed on the same basis during the Track Record Period.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 June 2018 *RMB'000*	Fair value measurements at 30 June 2018 categorised into Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Recurring fair value measurements				
Assets:				
Unlisted equity securities	13,700	—	—	13,700

The Group did not have financial assets or liabilities measured at fair value at 31 December 2015, 2016 and 2017.

During the six months ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair values of unlisted equity instruments are determined by their recent transaction prices or using their costs as approximations if the recent transaction price is not available. At 30 June 2018, it is estimated that an increase/decrease in the recent transaction prices by 5% would have increased/decreased the Group's profit after tax by RMB514,000.

At 30 June 2018, costs of the unlisted equity securities are used as approximations of their fair values, as the most recent available information is not sufficient to determine the fair value. The movements during the six months ended 30 June 2018 in the balance of the Level 3 fair value measurements are as follows:

	For the six months ended 30 June 2018
	RMB'000
Unlisted equity securities:	
At January	—
Reclassified from available-for-sales financial assets *(Note)*	13,500
Acquisitions	200
At 30 June	13,700
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	—

Note: Available-for-sale financial assets were reclassified to financial assets measured at FVPL upon the initial application of IFRS 9 at 1 January 2018.

(ii) The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at 31 December 2015, 2016 and 2017 and 30 June 2018.

27 Commitments

(a) Capital commitments outstanding at the end of each reporting period not provided for in the Historical Financial Information were as follows:

	At 31 December			**At 30 June**
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commitments in respect of property, plant and equipment:				
— Contracted for	6,218	15,818	20,160	17,070

(b) At the end of each reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December			At 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	15,060	15,100	18,459	15,563
After 1 year but within 5 years	32,648	27,627	34,168	31,999
After 5 years	44,001	38,693	33,642	28,523
	91,709	81,420	86,269	76,085

The Group leases certain land and buildings under operating leases. The leases typically run for an initial period of 2 to 20 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

28 CONTINGENT LIABILITIES

(a) A subsidiary of the Group is named defendant on an arbitration in respect of its non-payment for the construction of a gas refuelling station. At 30 June 2018, the arbitration is under review before arbitrators. If the subsidiary is found to be liable, the total expected monetary compensation may amount to approximately RMB6,750,000. Based on legal advices, the directors of the Company do not believe it is probable that the arbitrators will find against the subsidiary of the Group on the arbitration, and accordingly, no provision has been made at 31 December 2015, 2016 and 2017 and 30 June 2018.

(b) A subsidiary of the Group has issued a guarantee in respect of the banking facilities of JM Xinjiang Gas, a joint venture of the Group, amounting to RMB30,000,000 and the facilities were utilised to the extent of RMB24,960,000 at 30 June 2018. The guarantee will expire on 31 December 2022 and the loans relating to drawn down facilities are repayable by 2 March 2021. The maximum liability of the Group under the guarantee issued is the outstanding amount of the bank loans of RMB24,960,000 at 30 June 2018. The directors do not consider it probable that a claim will be made against the Group under the guarantee, and accordingly, no provision has been made at 30 June 2018.

The directors do not consider that the fair value of the financial guarantee issued is significant at initial recognition. Deferred income in respect of the guarantee issued is disclosed in Note 23.

29 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

The material related party transactions entered into by the Group during the Track Record Period and the balances with related parties at the end of each reporting period are set out below.

(a) Names and relationships of the related parties that had material transactions with the Group during the Track Record Period:

Name of related party	Relationship
Mr Ji	One of the controlling shareholders of the Company (the "Controlling Shareholders")
China Full	The then equity holder of ZH Petrochemical
Sino Gas BVI	One of the Controlling Shareholders
JM Xinjiang Gas	A joint venture of the Group
GD Petrochemical	A joint venture of the Group before 25 September 2015
Henan Yonghui	A joint venture of the Group before 25 September 2015

(b) Transactions with related parties during the Track Record Period

	Years ended 31 December			Six months ended 30 June	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Sales of goods					
— joint ventures	31,630	125,946	181,366	81,623	103,039
Purchases of goods					
— joint ventures	313,895	1,717	1,422	914	1,410
Provision of transportation services					
— joint ventures	1,633	371	217	164	34
Acquisitions of businesses *(Note 30)*					
— The Controlling Shareholders	55,805	—	—	—	—
Net (decrease)/increase in net amounts due from related parties					
— The Controlling Shareholders	(33,215)	149,278	73,591	6,660	(74,418)
— A joint venture	—	4,129	549	16	(4,678)

The directors of the Company expect the above transactions in the form of (i) sales of goods; and (ii) provision of transportation services to be continued after the listing of the Company's shares on the Stock Exchange.

(c) Balances with related parties

The Group's balances with related parties at the end of each reporting period are as follows:

	At 31 December			At 30 June
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature:				
Trade receivables *(Note 18)*				
— A joint venture	3,922	5,519	9,902	12,811
Other receivables				
— A joint venture	—	—	—	121
Trade payables *(Note 22)*				
— A joint venture	—	90	—	—
Non-trade in nature:				
Distributions payable to China Full *(Note 23)*	—	—	—	99,425
Amounts due from related parties				
— The Controlling Shareholders	—	827	74,418	—
— A joint venture	—	4,129	4,678	—
Amounts due to related parties				
— The Controlling Shareholders	148,451	—	—	—

All of the amounts due from and to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

(d) Guarantees with related parties

	At 31 December			At 30 June
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee issued to a bank in respect of bank facilities granted to and utilised by a related party				
— A joint venture *(Note 28(b))*	—	—	—	24,960

(e) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	Years ended 31 December			Six months ended 30 June	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Short-term employee benefits	5,682	4,502	3,902	1,081	1,153
Contributions to defined contribution retirement schemes	28	35	42	17	17
	5,710	4,537	3,944	1,098	1,170

Total remuneration is included in "staff costs" in Note 7(b).

30 ACQUISITIONS OF BUSINESSES

On 25 September 2015, the Group acquired the entire equity interests of HK New Energy and Guangzhou Zhongxin Energy Company Limited ("GZ Zhongxin") (together the "Acquired Businesses") from Mr Ji, which in turn own the remaining 50% equity interests of the Group's joint ventures (namely GD Petrochemical and GZ New Energy), for a total consideration of RMB55,805,000. The consideration is approximated to the fair value of net assets acquired, therefore no significant goodwill or bargain purchase arising from the acquisitions was recognised. Upon completion of the acquisitions, both GD Petrochemical and GZ New Energy became wholly-owned subsidiaries of the Group. The Group has accounted for the acquisitions of these subsidiaries in accordance with the accounting policy set out in Note 2(c).

For the period from the acquisition date to 31 December 2015, the Acquired Businesses contributed revenue of RMB116,614,000 and net profit of RMB2,871,000 to the Group's financial results for the year ended 31 December 2015. If the acquisitions had occurred on 1 January 2015, management estimates that the consolidated revenue and consolidated profit for the year ended 31 December 2015 would have been RMB909,903,000 and RMB100,689,000, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition dates would have been the same if the acquisitions had occurred on 1 January 2015.

(a) The following summarises the consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition dates.

Identifiable net assets acquired by the Group

	Recognised values on acquisitions
	RMB'000
Property, plant and equipment *(Note 12)*	87
Deferred tax assets *(Note 24(b))*	1,052
Inventories	1,431
Trade receivables	35,683
Prepayments, deposits and other receivables	36,453
Amounts due from related parties	89,235
Cash and cash equivalents	58,054
Pledged bank deposits	5,500
Bank loans	(50,000)
Trade and bills payables	(28,261)
Accrued expenses and other payables	(29,484)
Income tax payable	(10,689)
Total identifiable net assets acquired	109,061
Less: Non-controlling interests	(1,878)
Fair value of previously-held interests	(51,378)
Considerations	55,805

Analysis of the net cash outflow/(inflow) of cash and cash equivalents in respect of the acquisitions of businesses by the Group	*RMB'000*
Considerations	55,805
Less: Cash and cash equivalents acquired	(58,054)
Amounts due to the Controlling Shareholders	(55,805)
Net cash inflow	(58,054)

(b) Supplementary pre-acquisition financial information

The following pre-acquisition financial information of the Acquired Businesses from the beginning of the Track Record Period to the date of acquisition ("Pre-acquisition Period") presented in accordance with Rule 4.05A of the Listing Rules is disclosed below. The accounting policies adopted in the preparation of the pre-acquisition financial information is consistent with those adopted in the preparation of the Historical Financial Information.

(i) Combined statement of profit or loss and other comprehensive income

	Note	Period from 1 January 2015 to 25 September 2015 RMB'000
Revenue		—
Cost of sales		—
Gross profit		—
Other operating expenses		(32)
Loss from operations		(32)
Share of profits of joint ventures	*(1)*	39,328
Profit before taxation		39,296
Income tax	*(2)*	(1,450)
Profit and total comprehensive income for the period		37,846
Attributable to:		
Equity shareholders of the Acquired Businesses		37,846

(ii) Combined statement of financial position

	Note	At 25 September 2015 RMB'000
Non-current assets		
Interests in joint ventures	*(1)*	55,521
Current assets		
Cash at bank and on hand		13,439
Current liabilities		
Amounts due to related parties	*(3)*	(15,421)
Net current liabilities		(1,982)
NET ASSETS		53,539
CAPITAL AND RESERVES		
Paid-in capital		—
Reserves		53,539
TOTAL EQUITY		53,539

(iii) Combined statement of changes in equity

	Paid-in capital *RMB'000*	Other reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2015	—	10	15,683	15,693
Changes in equity for the Pre-acquisition Period:				
Profit and total comprehensive income for the period	—	—	37,846	37,846
At 25 September 2015	—	10	53,529	53,539

(iv) Combined cash flow statement

		Period from 1 January 2015 to 25 September 2015 *RMB'000*
Operating activities		
Profit before taxation		39,296
Adjustment for:		
Share of profits of joint ventures		(39,328)
Cash used in operations		(32)
Income tax paid		—
Net cash used in operating activities		(32)
Investing activities		
Payments for capital injections into a joint venture		(8,000)
Payment for acquisition of a joint venture		(5,000)
Dividend received from a joint venture		13,050
Net cash generated from investing activities		50
Financing activities		
Net increase in amounts due to related parties	*(3)*	4,840
Net cash generated from financing activities		4,840
Net increase in cash and cash equivalents		4,858
Cash and cash equivalents at the beginning of the period		8,581
Cash and cash equivalents at the end of the period		13,439

Notes to the financial information of the Acquired Businesses:

(1) Interests in joint ventures

Details of the Acquired Businesses, interests in the joint ventures, which were accounted for using the equity method, are as follows:

Name of joint venture	Place of establishment and business	Particulars of registered and paid up capital	Effective interest	Principal activities
GD Petrochemical	The PRC	RMB20,000,000	50%	Wholesale of LPG
GZ New Energy	The PRC	RMB10,000,000	50%	Sale of LNG to vehicular end-users by operating refuelling stations

Both joint ventures are unlisted entities.

Summarised financial information of the joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount, are disclosed below.

	GD Petrochemical At 25 September 2015 *RMB'000*	GZ New Energy At 25 September 2015 *RMB'000*
Gross amounts		
Property, plant and equipment	41	46
Deferred tax assets	1,052	—
Inventories	1,431	—
Trade receivables	35,683	—
Prepayments, deposits and other receivables	27,874	8,579
Amounts due from related parties	104,656	—
Cash and cash equivalents	44,153	462
Pledged bank deposits	5,500	—
Bank loans	(50,000)	—
Trade and bills payables	(28,261)	—
Accrued expense and other payables	(29,484)	—
Income tax payable	(10,689)	—
Total equity	101,956	9,087

	GD Petrochemical Period from 1 January 2015 to 25 September 2015	GZ New Energy Period from 1 January 2015 to 25 September 2015
	RMB'000	*RMB'000*
Gross amounts		
Revenue	561,092	—
Cost of sales	(448,747)	—
Other income	676	—
Staff costs	(2,003)	—
Other operating expenses	(1,732)	(21)
Income tax	(30,610)	—
Profit/(loss) for the period	78,676	(21)

	GD Petrochemical At 25 September 2015	GZ New Energy At 25 September 2015
	RMB'000	*RMB'000*
Reconciled to the Acquired Businesses' interests in joint ventures		
Gross amounts of net assets	101,956	9,087
The Acquired Businesses' effective interest	50%	50%
The Acquired Businesses' share of net assets and carrying amount in the combined statement of financial position	50,978	4,543

(2) Income tax in the combined statement of profit or loss and other comprehensive income

Taxation in the combined statement of profit or loss and other comprehensive income represents:

	Period from 1 January 2015 to 25 September 2015
	RMB'000
Current tax	
Withholding Tax for the period	1,450

Reconciliation between tax expense and accounting profit at applicable tax rates:

	Period from 1 January 2015 to 25 September 2015
	RMB'000
Profit before taxation	39,296
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	6,484
Tax effect of share of profits of joint ventures	(6,489)
Tax effect of non-deductible expenses	5
Withholding Tax on distributions	1,450
Actual tax expense	1,450

(3) Material related party transactions and balances

The material related party transactions entered into by the Acquired Businesses during the Pre-acquisition Period and the balances with related parties at the end of the period are set out below.

Names and relationships of the related parties:

Name of related party	Relationship
Mr Ji and his affiliates	Controlling shareholders of the Group
GZ New Energy	A joint venture of the Acquired Businesses
GD Petrochemical	A joint venture of the Acquired Businesses

Transactions with related parties

	Period from 1 January 2015 to 25 September 2015
	RMB'000
Increase in net amounts due to related parties	
— The Controlling Shareholders of the Group	(1,110)
— Joint ventures	5,950

Balances with related parties

The Acquired Businesses' balances with related parties at the end of Pre-acquisition Period are as follows:

	At 25 September 2015
	RMB'000
Amount due to related parties	
— The Controlling Shareholders of the Group	9,471
— Joint ventures	5,950

All of the amounts due to related parties were unsecured, non-interest bearing and had no fixed terms of repayment.

31 DISPOSAL OF A SUBSIDIARY

On 1 June 2018, the Group disposed of its equity interests in GZ Zhongxin, which was then a wholly owned subsidiary of the Group, to a third party for a consideration of RMB1.

The net assets disposed of as at the disposal date are as follows:

	At 1 June 2018
	RMB'000
Cash at bank and on hand	4,143
Amounts due to related parties	(4,143)
Net assets	—
Cash consideration	—
Gain on disposal of a subsidiary	—

Effect of disposal of a subsidiary on the cash flow of the Group is as follows:

	RMB'000
Consideration received	—
Cash and cash equivalents disposed of	(4,143)
Net cash outflow	(4,143)

32 DISPOSAL OF EQUITY INTERESTS IN SUBSIDIARIES

On 12 June 2018, the Group disposed of its 70% equity interests in Ganzhou Gas and JX Logistics to third parties for a total consideration of RMB9,100,000. The Group's effective interests in these entities were changed from 100% to 30% upon the completion of the disposals and the Group remains its control over these entities through its power over the respective companies' board of director.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON 1 JANUARY 2018

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period beginning on 1 January 2018 and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
IFRS 16, *Leases*	1 January 2019
IFRIC 23, *Uncertainty over income tax treatments*	1 January 2019
Amendments to IAS 19, *Plan amendments, curtailment or settlement*	1 January 2019
Amendments to IAS 28, *Long-term interests in associates and joint ventures*	1 January 2019
Annual Improvements to IFRSs 2015–2017 Cycle	1 January 2019
Amendments to IFRS 3, *Definition of a business*	1 January 2020
Amendments to IAS 1 and IAS 8, *Definition of material*	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17, *Insurance contracts*	1 January 2021
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the Historical Financial Information. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied. The Group may also change its accounting policy elections, including the transaction options, until the standards are initially applied in that financial report.

IFRS 16, Leases

As disclosed in Note 2(h), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for property, plant and equipment and land use rights which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in Note 27(b), at 30 June 2018 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB76,085,000 for property, plant and equipment and land use rights, the majority of which is payable either between one and five years after the end of the Track Record Period or in more than five years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the initial adoption of IFRS 16 will not have significant impact on the financial position and financial performance of the Group. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

The Group has started an initial assessment of the potential impact on its consolidated financial statements. So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases. In addition, the nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Group has not yet decided whether it will use the optional exemptions.

34 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Pursuant of the resolutions of the equity shareholders of the Company passed on 22 November 2018 as detailed in the section headed "Statutory and General Information" set out in this Prospectus, the directors of the Company were authorised to allot and issue a total of 161,990,000 shares credited as fully paid at par to the equity shareholders whose names appeared on the register of members of the Company at the close of business on 22 November 2018 by way of capitalisation of the sum of HK$1,619,900 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"), and these shares rank pari passu in all respects with the shares in issue (other than the right to participate in the Capitalisation Issue).

35 IMMEDIATE PARENT AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate parent and the ultimate controlling party of the Company at 30 June 2018 to be China Full and Mr Ji, respectively.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries comprising the Group in respect of any period subsequent to 30 June 2018.

The following information does not form part of the Accountants' Report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the historical financial information included in the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2018 as if the Global Offering had taken place on 30 June 2018.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2018 or at any future date.

	Consolidated net tangible assets attributable to the equity shareholders of the Company as at 30 June 2018(1)	**Estimated net proceeds from the Global Offering(2)**	**Unaudited pro forma adjusted net tangible assets**	**Unaudited pro forma adjusted net tangible assets per Share(3)**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB(4)*	*HK$(4)*
Based on an Offer Price of HK$2.80 per share	180,958	104,933	285,891	1.32	1.50
Based on an Offer Price of HK$3.40 per share	180,958	132,745	313,703	1.45	1.64

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as at 30 June 2018 is compiled based on the consolidated statements of financial position included in the Accountants' Report set out in Appendix I to this Prospectus, which is based on the consolidated total equity attributable to the equity shareholders of the Company as at 30 June 2018 of RMB180,958,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Prices of HK$2.80 and HK$3.40 per Share, after deduction of the underwriting fees and other related expenses payable by the Group and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme. The estimated net proceeds of the Global Offering have been converted to Renminbi at the PBOC rate of HK$1.0000 to RMB0.8850 prevailing on 31 October 2018. No representation is made that Hong Kong dollars amount have been, could have been or may be converted to Renminbi, or vice versa, at that rate.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at by dividing the unaudited pro forma adjusted net tangible assets by 216,000,000 Shares, being the number of shares expected to be in issue following the completion of the Capitalisation Issue and the Global Offering, and does not take into account any shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme.

(4) The unaudited pro forma adjusted net tangible assets per Share amounts in RMB are converted to Hong Kong dollar with the PBOC rate of RMB0.8850 to HK$1.0000 prevailing on 31 October 2018. No representation is made that Renminbi amount have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2018.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SINO GAS HOLDINGS GROUP LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sino Gas Holdings Group Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 June 2018 and related notes as set out in Part A of Appendix II to the prospectus dated 14 December 2018 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at 30 June 2018 as if the Global Offering had taken place at 30 June 2018. As part of this process, information about the Group's financial position as at 30 June 2018 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June 2018 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

a. the pro forma financial information has been properly compiled on the basis stated;

b. such basis is consistent with the accounting policies of the Group, and

c. the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
14 December 2018

Set out below is a summary of certain provisions of the memorandum and articles of association of the Company and of certain aspects of Cayman Islands company law.

1. MEMORANDUM OF ASSOCIATION

The memorandum of association provides that the Company's objects are unrestricted. The objects of the Company are set out in Clause 3 of the memorandum of association which is available for inspection at the address and during the period specified in the paragraph headed "2. Documents available for inspection" specified in Appendix V to this Prospectus. As an exempted company, the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The articles of association of the Company (the "Articles") were adopted with effect from the Listing Date. The following is a summary of certain provisions of the Articles.

(a) Directors

(i) Power to allot and issue shares

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Directors may determine) and any preference shares may be issued on terms that they are liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or at the option of the holder. The Directors may issue warrants to subscribe for any class of shares or securities of the Company on such terms as they may from time to time determine.

All unissued shares in the Company shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms they shall in their absolute discretion think fit, but so that no shares shall be issued at a discount.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries although the Directors may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or relevant statutes of the Cayman Islands to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and the giving of security for loans to Directors

Where the shares of the Company remain listed on the Stock Exchange or on a stock exchange in such other territory as the Directors may from time to time decide, the Company may not make, without the approval of, or ratification by, the Company in general meeting, any loans to, or provide any guarantee, indemnity or security in respect of any loan to a Director or any of his associates, provided that the Articles do not prohibit the granting of any loan or the provision of any guarantee, indemnity or security (i) to be applied for, or in respect of a liability incurred for any business of the Company, (ii) for the purchase by a Director (or the repayment of a loan for his purchase) of a residence where the amount of the loan, the liability under the guarantee or indemnity or the value of the security does not exceed 80 per cent. of the fair market value of such residence nor 5 per cent. of the consolidated net asset value of the Company as shown in its latest audited accounts; provided that any such loan is on normal commercial terms and is secured by a legal charge over the residence; or, (iii) of any amount to, or in respect of a liability of, a company in which the Company has an equity interest, and the amount of such loan, or the liability assumed by the Company under such guarantee, indemnity or security, does not exceed its proportional interest in such company.

(v) Financial assistance to purchase shares of the Company or its holdings company

There are no provisions in the Articles relating to the giving by the Company of financial assistance for the purchase, subscription or other acquisition of shares of the Company or of its holding company. The law on this area is summarised in paragraph 4(b) below.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of an auditor) in conjunction with his office of Director for such period and upon such terms as the Directors may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine. A Director may be or become a director or other officer of, or be otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Directors may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A Director shall not vote or be counted in the quorum on any resolution of the Directors concerning his own appointment or the appointment of any of his associates as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

Subject to the provisions of the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor will any contract with regard thereto or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. If to the knowledge of a Director, he or any of his associates, is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company, he must declare the nature of his or, as the case may be, his associate(s)' interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest or that of his associates then exists, or in any other case at the first meeting of the Directors after he knows that he or his associate(s) is or has become so interested.

Save as otherwise provided by the Articles, a Director may not vote (nor be counted in the quorum for the voting) on any resolution of the Directors approving any contract or arrangement in which he or any of his close associate(s) (as defined in the Articles) is to his knowledge materially interested, and if he does so his vote will not be counted, but this prohibition will not apply to any of the following matters, namely:

(aa) any contract or arrangement for the giving to the Director or his close associate(s) of any security or indemnity in respect of money lent by him or any of them or obligations undertaken by him for the benefit of the Company;

(bb) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any company in which the Company has an interest for which the Director or his close associate(s) has himself/themselves guaranteed or secured in whole or in part;

(cc) any contract or arrangement by a Director or his close associate(s) to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the members or debenture or other securities holders or to the public which does not provide the Director and his close associate(s) any privilege not accorded to any other members or debenture or other securities holders or to the public;

(dd) any contract or arrangement concerning an offer of the shares, debentures or other securities of or by the Company for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested by virtue only of his/their interest in shares or debentures or other securities of the Company and/or his/their being the offeror or one of the offerors or is interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;

(ff) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director, his close associate(s) and employees of the Company or of any of its subsidiaries may benefit and which has been approved by or is subject to and conditional on approval by the relevant tax authorities for taxation purposes or relates to Directors, close associate(s) of Directors and employees of the Company or any of its subsidiaries and does not give the Director or his close associate(s) any privilege not accorded to the relevant class of officers of which the Director is a member and to whom such scheme or fund relates;

(gg) any proposal concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of, the employees of the Company or its subsidiaries under which the Director or his close associate(s) may benefit; and

(hh) any contract, agreement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, his close associate(s), officer or employee pursuant to the Articles.

(vii) Remuneration

The Directors shall be entitled to receive by way of ordinary remuneration for their services such sum as is from time to time determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from Directors' meetings, committee meetings or general meetings, or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who performs any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged. Notwithstanding the foregoing the remuneration of the managing director, joint managing director, deputy managing director or an executive Director or a Director appointed to any other office in the management of the Company may be fixed from time to time by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration is in addition to his ordinary remuneration as a Director.

The Directors also have power to establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons and may make payments for or towards the insurance of any such persons. Any Director holding any such employment or office is entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

(viii) Retirement, appointment and removal

At each annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

A Director is not required to retire upon reaching any particular age.

The Directors are entitled to attend and speak at all general meetings.

The number of Directors shall not be fewer than one. A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company). Subject to the statutes and the provisions of the Articles, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. In addition, the Directors may appoint any person to be a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the members in general meeting. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

The Directors may from time to time entrust to and confer upon the chairman, deputy chairman, managing director, joint managing director, deputy managing director or executive director of the Company all or any of the powers of the Directors that they may think fit, provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Directors may from time to time make and impose. The Directors may delegate any of their powers to committees consisting of such member or members of their body and such other persons as they think fit, and they may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Directors.

(ix) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Directors may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular, but subject to the provisions of the Companies Law, by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: The provisions summarised above, in common with the Articles in general, may be varied with the sanction of a special resolution of the Company.

(x) Qualification shares

Directors of the Company are not required under the Articles to hold any qualification shares.

(xi) Indemnity to Directors

The Articles contain provisions that provide indemnity to, among other persons, the Directors from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

(b) Alterations to constitutive documents

The memorandum of association of the Company may be altered by the Company in general meeting. The Articles may also be amended by the Company in general meeting. As more fully described in paragraph 3 below, the Articles provide that, subject to certain exceptions, a special resolution is required to alter the memorandum of association, to approve any alteration to the Articles and to change the name of the Company.

(c) Alterations of capital

The Company may from time to time by ordinary resolution:

(i) increase its share capital;

(ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may, as between the holders of the shares to be consolidated, determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

(iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;

(v) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association, subject nevertheless to the Companies Law, and so that the resolution whereby any shares are sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;

(vi) change the currency of denomination of its share capital; and

(vii) make provision for the issue and allotment of shares which do not carry any voting rights.

The Company may by special resolution reduce its issued share capital, any capital redemption reserve fund or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law. The Company may apply its share premium account in any manner permitted by law.

(d) Variation of rights of existing shares or classes of shares

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of that class) attached to any class may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, save as to the provisions regarding the quorum of meetings, as to which see paragraph 2(s) below.

(e) Special resolutions — majority required

For so long as any part of the issued capital of the Company remains listed on the Stock Exchange, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives, or by proxy, at a general meeting of which notice has been duly given in accordance with the Article 2(i) below for further details.

(f) Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or instalments is treated for the foregoing purposes as paid on the share). So long as the shares are listed on the Stock Exchange, where any member is, under the Listing Rules (as defined in the Articles), required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted. On a poll, a member entitled to more than one vote need not use all his votes or cast all his votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

Where a shareholder is a clearing house (as defined in the Articles) or a nominee of a clearing house, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of shareholders provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of the Articles shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominees) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

(g) Requirements for annual general meetings

For so long as any part of the issued capital of the Company remains listed on the Stock Exchange, an annual general meeting must be held once in every year and within not more than 15 months after the last preceding annual general meeting or such longer period as is permissible or not prohibited under the rules of the Stock Exchange on which any securities of the Company are listed with the permission of the Company.

(h) Accounts and audit

The Directors shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by law or are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts are to be kept at the principal office of the Company or at such other place as the Directors think fit and shall always be open to the inspection of the Directors. No member (not being a Director) or other person has any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Directors or by the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

The Directors shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports and so long as any shares in the Company are listed on the Stock Exchange, the accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong or the International Financial Reporting Standards or such other standards as the Stock Exchange may permit. Every balance sheet of the Company shall be signed on behalf of the Directors by two Directors and a copy of every balance sheet (including every document required by law to be comprised therein or attached or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than 21 days before the date of the meeting, be sent to every member of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the Companies Law or of the Articles. Subject to due compliance with the Companies Law and the rules of the Stock Exchange, and to obtaining all necessary consents, if any, required thereunder and such consents being in full force and effect, such requirements shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Companies Law and instead of such copies, a summary financial statement derived from the Company's annual financial statements and the directors' report thereon, which shall be in the form and containing the information required by applicable laws and regulation, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon. If all or any of the shares or debentures of the Company are for the time being (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

At the annual general meeting in each year, the members shall appoint one or more firms of auditors to hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of the term of office and shall by ordinary resolution at that meeting appoint another auditor in its place for the remainder of his term. Save as otherwise provided by such provisions the remuneration of the auditors shall be fixed by or on the authority of the Company at each annual general meeting, but in respect of any particular year, the Company in general meeting may delegate the fixing of such remuneration to the Directors.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days. The notice shall specify the place, the day and the hour of meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of that business.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(j) Transfer of shares

All transfers of shares must be effected by transfer in writing in the usual or common form or so long as any shares in the Company are listed on the Stock Exchange, such standard form prescribed by the Stock Exchange or in any other form acceptable to the Board and may be under hand only or, if the transferor or transferee is a clearing house or its nominee(s), by hand, by machine imprinted signature or by such other means of execution as the Directors may approve from time to time; and an instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof, provided that the Directors may in their absolute discretion dispense with the requirement for the production of a transfer in writing before registering a transfer of a share, and may accept mechanically executed transfers in any case.

The Directors may, in their absolute discretion, at any time and from time to time transfer or agree to transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Directors otherwise agree, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the transfer office for that register.

The Directors may in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of any shares (not being fully paid shares) to a person of whom they do not approve and they may refuse to register the transfer of any shares (not being fully paid shares) on which the Company has a lien. The Directors may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly or any share issued under any share option scheme for employees upon which a restriction on transfer imposed thereby shall subsist, or where the transfer is to an infant or a person of unsound mind or under other legal disability. If the Directors refuse to register a transfer, they must within two months after the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal and (if the shares concerned are fully paid shares) the reasons(s) for such refusal.

The Directors may, if applicable, decline to recognise an instrument of transfer unless the instrument of transfer is properly stamped, is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as they may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may, on giving notice by advertisement in one English and one Chinese newspaper circulating in Hong Kong, be suspended at such times and for such periods as the Directors may from time to time determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole 30 days in any year.

(k) Power for the Company to purchase its own shares

The Articles provide that the power of the Company to purchase or otherwise acquire its shares is exercisable by the Directors upon such terms and conditions as they think fit subject to the conditions prescribed by the Companies Law.

(l) Power of any subsidiary to own securities in the Company

There are no provisions in the Articles relating to ownership of securities in the Company by a subsidiary.

(m) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency but no dividend may exceed the amount recommended by the Directors. The Company may also make a distribution out of share premium account subject to the provisions of the Companies Law.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends will be apportioned and paid pro rata according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls will for this purpose be treated as paid on the shares. The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid in lieu of the whole or such part of the dividend as the Directors may think fit.

The Company may also upon the recommendation of the Directors by an ordinary resolution resolve in respect of any particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared the Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions or proceeds as aforesaid unclaimed for six years after having been declared may be forfeited by the Directors and, upon such forfeiture, shall revert to the Company and, in the case where any of the same are securities in the Company, may be re-allotted or re-issued for such consideration as the Directors think fit.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him to vote on his behalf at a general meeting of the Company or at a class meeting. At any general meeting, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy. Proxies need not be members of the Company.

A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member.

(o) Corporate representatives

A corporate member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint any person or persons as its representative to attend and vote on its behalf. A corporate member represented by its representative is deemed to be present in person at the relevant meeting and its representative may vote on a poll on any resolution put at such meeting.

(p) Calls on shares and forfeiture of shares

The Directors may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20 per cent. per annum as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment, but the Directors may waive payment of such interest wholly or in part. The Directors may, if they think fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20 per cent. per annum as the Directors may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it will also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20 per cent. per annum as the Board may prescribe.

(q) Inspection of register of members

For so long as any part of the share capital is listed on the Stock Exchange, any member may inspect the principal or branch register of the Company maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respect as if the Company were incorporated under and is subject to the Companies Ordinance (Cap. 622) of the laws of Hong Kong.

(r) Inspection of register of Directors

There are no provisions in the Articles relating to the inspection of the register of Directors and Officers of the Company, since the register is not open to inspection (as to which see paragraph 4(k) below).

(s) Quorum for meetings and separate class meetings

For all purposes the quorum for a general meeting shall be two members present in person and entitled to vote (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall not be less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class and, where such meeting is adjourned for want of quorum, the quorum for the adjourned meeting shall be any two members present in person and entitled to vote or by proxy (whatever the number of shares held by them).

(t) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority members in relation to fraud or oppression. However, certain remedies are available to members of the Company under Cayman Islands company law as summarised in paragraph 4(e) below.

(u) Procedures on liquidation

A resolution for a court or voluntary winding up of the Company must be passed by way of a special resolution.

If the Company shall be wound up, the surplus assets remaining after payment to all creditors are to be divided among the members in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions.

If the Company shall be wound up (whether the liquidation is voluntary or by the court), the liquidator may, with the sanction of a special resolution, divide among the members in specie or kind the whole or any part of the assets of the Company and whether the assets consist of property of one kind or properties of different kinds and the liquidator may, for such purposes, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division is to be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other assets upon which there is a liability.

(v) Untraceable members

The Company may sell the shares of any member if: (i) dividends or other distributions have been declared by the Company on at least three occasions during a period of 12 years and these dividends or distributions have been unclaimed on such shares; (ii) the Company has published an advertisement of its intention to sell such shares in English and in Chinese in one leading English and (unless unavailable) one leading Chinese newspaper circulating in the territory of the stock exchange on which the ordinary share capital of the Company is listed and a period of three months has elapsed since the date of the first publication of such notice; (iii) the Company has not at any time during the said periods of 12 years and three months received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operations of law; and (iv) the Company has notified the stock exchange on which the ordinary share capital of the Company is listed of its intention to sell such shares. The net proceeds of any such sale will belong to the Company and upon the receipt of such net proceeds by the Company, the Company will become indebted to the former holder of such shares for an amount equal to the amount of such net proceeds.

(w) Stock

The Company may by ordinary resolution convert any fully paid shares into stock, and may from time to time by like resolution reconvert any stock into fully paid shares of any denominations. The holders of stock may transfer the same or any part thereof in the same manner, and subject to the same regulations as and subject to which the shares from which the stock arose might prior to conversion have been transferred or as near thereto as circumstances admit, but the Directors may from time to time, if they think fit, fix the minimum amount of stock transferable and restrict or prohibit the transfer of fractions of that minimum, but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose. No warrants to bearer shall be issued in respect of any stock. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, participation in assets on a winding-up, voting at meetings, and other matters, as if they held the shares from which the stock arose, but no such privilege of the Company shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage. All such of the provisions of the Articles as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" and "member" therein shall include "stock" and "stockholder".

(x) Other provisions

The Articles provide that, to the extent that it is not prohibited by and is in compliance with the Companies Law, if any rights attaching to any warrants which the Company may issue after the date of this prospectus shall remain exercisable and the Company does any act which would result in the subscription price under such warrants being reduced below the par value of a Share, a subscription right reserve shall be established and applied in paying up the shortfall between the subscription price and the par value of a Share on any exercise of the warrants.

3. VARIATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION

Subject to the rights of the Company set out in paragraph 2(c) above to amend its capital by ordinary resolution, the memorandum of association of the Company may be altered by the Company by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the memorandum of association (subject as provided above) or the Articles or to change the name of the Company. For these purposes, a resolution is a special resolution if it has been passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled to do so, vote in person or, in the case of such members as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than 21 clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution has been duly given. Except in the case of an annual general meeting, the requirement of not less than 21 clear days' notice and not less than ten (10) clear business days notice may be waived by a majority in number of the members having the right to attend and vote at the relevant meeting, being a majority together representing not less than 95 per cent. of the total voting rights at the meeting of all the members.

4. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of the Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". The share premium account may be applied by a company subject to the provisions of its memorandum and articles of association in such manner as the company may from time to time determine including, but without limitation:

(i) in paying distributions or dividends to members;

(ii) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;

(iii) in redeeming or purchasing its shares as provided in the Companies Law; or

(iv) in writing off

(aa) the preliminary expenses of the company; or

(bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No dividend or distribution may be paid to members out of the share premium account unless immediately following the date of the proposed payment, the company is able to pay its debts as they fall due in the ordinary course of business.

A company may issue preference shares and redeemable preference shares.

The Companies Law does not contain any express provisions dealing with the variation of rights of holders of different classes of shares.

(b) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands against the provision of financial assistance for the purchase, subscription or other acquisition of its shares, though on English common law principles, the directors have a duty to act in good faith for a proper purpose in the best interests of the company, and moreover, there are restrictions on any act which amounts to a reduction of capital. Accordingly, it may, depending on the circumstances be legitimate for the directors to authorise the provision by a company of financial assistance for the purchase, subscription or other acquisition of its own shares, or the shares of its holding company.

(c) Redemption and Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its articles of associations issue redeemable shares and, purchase its own shares, including any redeemable shares and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. Purchases and redemptions may only be effected out of the profits of the company or the share premium account of the company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the company or out of the company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any purchase by a company of its own shares may be authorised by its directors or otherwise by or in accordance with the provisions of its articles. A payment out of capital for a redemption or purchase of a company's own shares is not lawful unless immediately following the date of the proposed payment the company is able to pay its debts as they fall due in the ordinary course of business. Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own subscription warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its articles of association.

(d) Dividends and distributions

A company may not pay a dividend, or make a distribution out of share premium account unless immediately following the date on which the payment is proposed to be made, the company is able to pay its debts as they fall due in the ordinary course of business.

(e) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of a company to challenge (a) an act which is ultra vires the company or illegal (b) an act which constitutes a fraud against the minority and the wrong doers are themselves in control of the company, or (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of company (not being a bank) having a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the court shall direct.

Any shareholder of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company shall be wound up.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the memorandum and articles of association of the company.

(f) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary is required, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(g) Accounting and auditing requirements

The Companies Law requires a company to cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company. A company is required to keep such books of account as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(h) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(i) Taxation

There are no income, corporation, capital gains or other taxes in effect in the Cayman Islands on the basis of the present legislation. As an exempted company, the Company has received from the Governor-in-Counsel of the Cayman Islands pursuant to the Tax Concessions Law of the Cayman Islands, an undertaking that in the event of any change to the foregoing, the Company, for a period of 20 years from the date of the grant of the undertaking, will not be chargeable to tax in the Cayman Islands on its income or its capital gains arising in the Cayman Islands or elsewhere and that dividends of the Company will be payable without deductions of Cayman Islands tax. No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Shares.

(j) Stamp duty

Certain documents (which do not include contract, notes for the sale and purchase of, or instruments of transfer of, shares in Cayman Islands companies) are subject to stamp duty which is generally calculated on an ad valorem basis.

(k) Inspection of corporate records

Neither the members of a company nor the general public have the right to inspect the register of directors and officers, the minutes, accounts or, in the case of any exempted company, the register of members. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands. The register of mortgages and charges must be kept at the registered office of the company and must be open to inspection by any creditor or member at all reasonable times.

Members of the public have no right to inspect the constitutive documents of a company but the memorandum and articles of association must be forwarded to any member of the company upon request. If no articles of association have been registered with the Registrar of Companies, each member has the right to receive copies of special resolutions of members upon request upon payment of a nominal fee.

The location of the registered office of a company is available to the general public upon request to the Registrar of Companies.

(l) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(m) Winding up

A company may be wound up by the Cayman Islands court on application presented by the company itself, its creditors or its contributors. The Cayman Islands court also has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Cayman Islands court, just and equitable that such company be wound up.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles of association expires, or the event occurs on the occurrence of which the memorandum or articles of association provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where a resolution has been passed for the voluntary winding up of a company, the court may make an order that the winding up should continue subject to the supervision of the court with such liberty to creditors, contributors or others to apply to the court as the court may think fit.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purposes of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full, he is obliged to summon a meeting of creditors.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice called by Public Notice in the Cayman Islands or otherwise as the Registrar of Companies may direct.

5. GENERAL

Conyers Dill & Pearman, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "1. Documents delivered to the Registrars of Companies in Hong Kong" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. FURTHER INFORMATION ABOUT OUR GROUP

1.1 Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 26 March 2018 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 29 May 2018, and our principal place of business in Hong Kong is at Suite 4018, 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong. Ms. Ji Ling (one of our executive Directors, the Vice-Chairman of our Board and the financial controller of our Group) has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company is incorporated in the Cayman Islands, we are subject to the relevant laws of the Cayman Islands and our constitution comprises the Memorandum of Association and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix III to this prospectus.

1.2 Changes in the share capital in our Company

(a) Changes in the authorised and issued share capital

As at the date of incorporation of our Company, our Company had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. On 26 March 2018 (i.e. the date of its incorporation), one subscriber Share was allotted and issued, credited as fully paid up, to an officer of the secretarial company of our Company, and such share was transferred to Mr. Ji on the same date. The following alterations in the share capital of our Company have taken place since the date of incorporation up to the date of this prospectus:

(i) on 6 June 2018, Mr. Ji transferred the entire issued share capital of our Company (being 1 Share) to China Full at the consideration of HK$0.01;

(ii) on 11 June 2018, our Company allotted and issued 7,499 Shares to China Full at the aggregate subscription price of RMB52 million, for purpose of settlement of (and representing) the consideration of the acquisition of the entire registered capital of ZH Petrochemical by Sino Gas Holding HK (an indirect wholly owned subsidiary of our Company) from China Full;

(iii) on the same date, our Company allotted and issued 1,500 Shares to PCG Employee BVI and 1,000 Shares to PCG BVI, credited as fully paid, by capitalising HK$15,922,006.67 standing to the credit of the share premium account of our Company;

(iv) pursuant to the written resolutions passed by all our Shareholders on 22 November 2018, among others, the authorised share capital of our Company was increased from HK$380,000 (divided into 38,000,000 Shares of HK$0.01 each) to HK$20,000,000 (divided into 2,000,000,000 Shares of HK$0.01 each) by the creation of an additional of 1,962,000,000 Shares of HK$0.01 each, each ranking pari passu with the Shares then in issue in all respects;

(v) on 22 November 2018, our Shareholders resolved that conditional on the share premium account of our Company being credited as a result of the issue of new Shares under the Global Offering, our Directors were authorised to capitalise an amount of HK$1,619,900 standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par 121,492,500 Shares, 24,298,500 Shares and 16,199,000 Shares for allotment and issue to China Full, PCG Employee BVI and PCG BVI, respectively, whose name appeared in the register of members of our Company at close of business on 22 November 2018; and

(vi) immediately following completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of options under the Share Option Scheme or the Over-allotment Option), 216,000,000 Shares will be issued fully paid or credited as fully paid, and 1,784,000,000 Shares will remain unissued.

See "History, Reorganisation and development — Change of Group structure during the Track Record Period — Change in issued capital and/or owners of our Company" in this prospectus for the details of changes in the share capital of our Company.

(b) Information as at the Latest Practicable Date and immediately after the Global Offering

The following is a description of the authorised share capital and the share capital of our Company in issue and to be issued as fully paid immediately prior to and following the completion of the Global Offering:

Number		*HK$*
Authorised share capital:		
2,000,000,000	Shares	20,000,000
Issued and to be issued and fully paid or credited as fully paid:		
10,000	Shares in issue as at the date of this prospectus	100
161,990,000	Shares to be issued pursuant to the Capitalisation Issue	1,619,900
54,000,000	Shares to be issued pursuant to the Global Offering	540,000
216,000,000	Total	2,160,000

Assumptions

The above table assumes that the Global Offering becomes unconditional and Shares are issued pursuant to the Global Offering. It takes no account of any Shares which may be issued upon the exercise of options under the Share Option Scheme or the Over-allotment Option or of any Shares which may be issued or purchased by us pursuant to the Issuing Mandate and Repurchase Mandate granted to our Directors to issue or purchase Shares as described below.

Immediately following completion of the Global Offering and upon the exercise of the Over-allotment Option in full but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, it is expected that the share capital of our Company will be comprised of 224,100,000 Shares.

(c) Founder shares

Our Company has no founder shares, management shares or deferred shares.

Other than pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any shares of our Company and, without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed above, there has been no alteration in the share capital of our Company since our incorporation up to the date of this prospectus.

1.3 Resolutions in writing of our Shareholders passed on 22 November 2018

Pursuant to the written resolutions passed by all of our Shareholders on 22 November 2018, among others:

(a) our Company approved and adopted the Memorandum and the Articles in substitution for and to the exclusion of the then existing memorandum of association and articles of association of our Company with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 Shares of HK$0.01 each by the creation of an additional of 1,962,000,000 Shares of HK$0.01 each, each ranking pari passu with the Shares then in issue in all respects;

(c) conditional on all the conditions set out in "Structure and conditions of the Global Offering — Conditions of the Public Offer" in this prospectus being fulfilled:

(i) the Global Offering and the grant of the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;

(ii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected by the Stock Exchange, and at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any options granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the issue of new Shares under the Global Offering, our Directors were authorised to capitalise HK$1,619,900 standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par 161,990,000 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on 22 November 2018 (or as they may direct) in proportion (as nearly as possible without involving factions so that no fraction of a share shall be allotted and issued) to their then existing respective shareholding in our Company and so that the Shares be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares (other than the right to participate in the Capitalisation Issue) and our Directors were authorised to give effect to such capitalisation;

(iv) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with unissued Shares in the capital of our Company and to make or grant offers, agreements and options which may require the exercise of such powers, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme or other arrangements regulated by Chapter 17 of the Listing Rules, or under the Global Offering or the Capitalisation Issue, or issue of Shares upon exercise of rights of subscription or conversion attaching to any warrants of our Company or any securities which are convertible into Shares, with an aggregate number of not exceeding the sum of (aa) 20% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering (but excluding (where applicable) any Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme) and (bb) the number of

Shares which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or the Companies Law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever occurs first;

(v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and recognised by the SFC and the Stock Exchange for this purpose and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules, with an aggregate number of not exceeding 10% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (but excluding (where applicable) any Shares which may be issued pursuant to the exercise of the Over-allotment Option or exercise of options that may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or the Companies Law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors, whichever occurs first; and

(vi) the extension of the general mandate to allot, issue and deal with Shares to include the number of Shares which may be purchased or repurchased pursuant to paragraph (v) above.

1.4 Reorganisation

See "History, Reorganisation and development — Reorganisation" in this prospectus for details of the Reorganisation in preparation for the Listing of our Shares on the Stock Exchange.

1.5 Information about our subsidiaries in PRC

Our Group has the following subsidiaries in PRC, a summary of the corporate information of these enterprises as of the Latest Practicable Date is set out as follows:

		1. ZH Petrochemical	2. GZ Sino Gas	3. GZ Logistics	4. Henan Transportation
(i)	Full name of company	Sino Gas (Zhuhai) Limited (中油潔能(珠海)石化有限公司)	Guangzhou Sino Gas Fuel Chain Company Limited (廣州中油潔能燃氣連鎖有限公司)	Guangzhou Sino Gas Logistics Company Limited (廣州中油潔能物流有限公司)	Henan Sino Gas Sales And Transportation Company Limited (河南中油潔能銷售運輸有限公司)
(ii)	Date of establishment	14 September 2005	19 April 2005	23 January 2013	17 December 2010
(iii)	Economic nature	Wholly foreign-owned enterprise	Limited liability company	Limited liability company	Limited liability company
(iv)	Registered holder(s)	Sino Gas Holding HK	ZH Petrochemical	GZ Sino Gas	GZ Logistics
(v)	Registered capital (fully paid up, unless otherwise stated)	HK$38 million	RMB20 million	RMB10 million	RMB12 million
(vi)	Term of operation (or, where applicable, its expiry date)	14 September 2025	long term	long term	16 December 2040
(vii)	Equity interest attributable to our Group	100%	100%	100%	100%

		5. Ganzhou Gas	6. GD Investment	7. GZ Natural Gas	8. GZ New Energy
(i)	Full name of company	Ganzhou Sino Gas LPG Company Limited (贛州中油潔能石油液化氣有限公司)	Guangdong Sino Gas Investment Company Limited (廣東中油潔能投資有限公司)	Guangzhou Sino Gas Natural Gas Company Limited (廣州中油潔能天然氣有限公司)	Guangzhou Sino Gas New Energy Company Limited (廣州中油潔能新能源有限公司)
(ii)	Date of establishment	23 May 2008	2 May 2013	7 April 2016	2 August 2013
(iii)	Economic nature	Limited liability company	Limited liability company	Limited liability company	Limited liability company
(iv)	Registered holder(s)	GZ Sino Gas (30.0%) Mr. Yang Gen (29.5%) Ms. Jin Hangjun (29.5%) Ms. Zeng Qiaohan (11.0%)	GZ Sino Gas	GD Investment	GD Investment
(v)	Registered capital fully paid up	RMB10 million	RMB10 million	Nil *(Note)*	RMB10 million
(vi)	Term of operation (or, where applicable, its expiry date)	22 May 2028	long term	long term	long term
(vii)	Equity interest attributable to our Group	30%	100%	100%	100%

		9. GD Petrochemical	10. ZH Transportation	11. JX Logistics	12. Henan Gas
(i)	Full name of company	Guangdong Sino Gas Petrochemical Company Limited (廣東中油潔能石化有限公司)	Zhuhai Sino Gas Dangerous Goods Transportation Company Limited (珠海中油潔能危險品運輸有限公司)	Jiangxi Sino Gas Logistics Company Limited (江西中油潔能物流有限公司)	Henan Sino Gas Fuel Company Limited (河南中油潔能燃氣有限公司)
(ii)	Date of establishment	28 March 2014	14 December 2006	15 October 2008	13 November 2013
(iii)	Economic nature	Limited liability company	Limited liability company	Limited liability company	Limited liability company
(iv)	Registered holder(s)	HK New Energy (50%) GD Investment (50%)	ZH Petrochemical (90%) GD Petrochemical (10%)	ZH Transportation (30.0%) Mr. Yang Gen (29.5%) Ms. Jin Hangjun (29.5%) Ms. Zeng Qiaohan (11.0%)	GD Petrochemical
(v)	Registered capital fully paid up	RMB20 million	RMB10 million	RMB3 million	RMB10 million
(vi)	Term of operation (or, where applicable, its expiry date)	28 March 2044	Long term	Long term	12 November 2023
(vii)	Equity interest attributable to our Group	100%	100%	30%	100%

		13. Zhengzhou Fuel	14. Henan Yonghui	15. Hengqin Gas	16. GZ Jiahexing
(i)	Full name of company	Zhengzhou Transport Investment Sino Gas Fuel Company Limited (鄭州交投中油潔能燃氣有限公司)	Henan Sino Gas Yonghui Natural Gas Company Limited (河南中油潔能永輝天然氣有限公司)	Zhuhai Hengqin Xinqu Sino Gas Fuel Company Limited (珠海橫琴新區中油潔能燃氣有限公司)	Guangzhou Sino Gas Jiahexing Petrochemical Company Limited (廣州中油潔能嘉和興石化有限公司)
(ii)	Date of establishment	3 June 2015	23 September 2013	9 May 2012	26 May 2014
(iii)	Economic nature	Limited liability company	Limited liability company	Limited liability company	Limited liability company
(iv)	Registered holder(s)	Henan Gas (51%) Zhengzhou Xinneng Industrial (49%)	GD Petrochemical	GD Petrochemical	GD Petrochemical (51%) GZ Jiahexing Development (49%)
(v)	Registered capital fully paid up	Nil *(Note)*	RMB10 million	RMB5 million	RMB4 million *(Note)*
(vi)	Term of operation (or, where applicable, its expiry date)	long term	long term	long term	long term
(vii)	Equity interest attributable to our Group	51%	100%	100%	51%

		17. Xinzheng Sino Gas	18. Zhengzhou Sino Gas	19. GZ Fuel Sales
(i)	Full name of company	Xinzheng Yonghui Natural Gas Company Limited (新鄭永輝天然氣有限公司)	Zhengzhou Sino Gas Bus Fuel Company Limited (鄭州中油潔能巴士燃氣有限公司)	Guangzhou Sino Gas Fuel Sales Company Limited (廣州中油潔能燃氣銷售有限公司)
(ii)	Date of establishment	1 February 2007	14 March 2005	27 July 2018
(iii)	Economic nature	Wholly foreign-owned enterprise	Limited liability company	Limited liability company
(iv)	Registered holder(s)	HK Investment	HK Investment (60%) Zhengzhou Public Transportation (38%) Zhengzhou Investment Holdings Company Limited (2%)	Hengqin Gas
(v)	Registered capital fully paid up	HK$12 million	RMB30 million	RMB10 million
(vi)	Term of operation (or, where applicable, its expiry date)	30 January 2027	13 March 2025	long term
(vii)	Equity interest attributable to our Group	100%	60%	Nil *(Note)*

Note: According to the respective articles of association of the following subsidiaries, their respective registered capital is provided to be fully paid before the dates set out at the last column of the following table:

Name of subsidiary	Amount of registered capital	Amount of paid-up capital as of the Latest Practicable Date	Prescribed date for payment of the remaining balance of the unpaid registered capital
GD Investment	RMB100 million	RMB10 million	31 December 2035
GZ Natural Gas	RMB20 million	Nil	30 December 2026
Zhengzhou Fuel	RMB100 million	Nil	31 December 2045
GZ Jiahexing	RMB10 million	RMB4 million	30 December 2024
GZ Fuel Sales	RMB10 million	Nil	31 December 2038

The scope of permitted business as recorded in the business licences of our respective PRC subsidiaries as at the Latest Practicable Date is set out below:

1.	ZH Petrochemical	Wholesale of LPG, natural gas and fuel oil (excluding gasoline, diesel and kerosene, warehousing, store operations, and items which are subject to approval), technological development, retail of automobile-use gas conversion apparatus, gas refuelling station accessories and related technical services (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
2.	GZ Sino Gas	Machinery technology transfer services; retail and wholesale trade of products (except for products which are subject to approval); sales of general machinery apparatus; sales of fuel oil (excluding refined oil); wholesale of petroleum products (excluding refined oil and hazardous chemicals); sales of asphalt and related products; wholesale of oil-bearing crops; leasing and operating of gas refuelling stations; sites leasing (excluding warehousing); gas operation (excluding storage, transportation and provision of services to end-users); retail of groceries; wholesale of utensils and groceries; wholesale of automobile apparatus accessories; retail of automobile parts; wholesale and retail of rubber products; wholesale and retail of lubricants; battery charging service for electric vehicles; installation and management of charging pile facilities; advertising; approved items include: gas operation (for end-users); gas storage; retail of refined oil (gasoline); retail of refined oil (kerosene); retail of refined oil (diesel (closed cup flash point of not higher than 60°C); retail of diesel (closed cup flash point of higher than 60°C)); retail of pre-packaged food; retail of liquor, tobacco and dairy products; car cleaning services; automobile repair and maintenance (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
3.	GZ Logistics	Transportation of hazardous chemical; car rental
4.	Henan Transportation	Transportation of dangerous goods (type 2 category 1) (operating under a valid licence and within a fixed scope and term)

5.	Ganzhou Gas	LPG operation (operating under valid licence until 29 March 2019); filling LPG cylinders (operating under valid licence until 10 April 2022; investment in LPG, CNG, and LNG enterprise (not permitted to engage in financial, securities, futures and financial credit businesses such as deposits, fund-raising, entrusted loans, granting of loans, etc.); sales of gas stoves, water heaters, range hoods and related apparatus accessories (including online sales); LPG sales consultation (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
6.	GD Investment	Business services industry (specific business scopes include investment of self-owned capital; marketing planning services; energy technology research, technology development services; investment management services; corporate image planning services; retail and wholesale trade of products (excluding products which are subject to approval))
7.	GZ Natural Gas	Wholesale industry (gas operation excluding storage, transportation and provision of services to end-users); pipeline transportation industry; energy-saving technology promotion, development, consultation, exchange, technological development and transfer services; energy technology consulting, technical research and development services, energy management services, wholesale and retail trade of products (excluding products which are subject to approval); manufacturing of asphalt mixture, sales of asphalt and related products, sales of fuel oil (excluding refined oil); processing of fuel oil; wholesale of petroleum products (excluding refined oil, hazardous chemicals); wholesale of oil-bearing crop; gas operation (for end-users); gas storage (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)

8.	GZ New Energy	General operation items: Investment of self-owned capital; wholesale trade of products (excluding products which are subject to approval); machinery technology transfer services; sales of general machinery apparatus; sales of fuel oil (excluding refined oil); wholesale of petroleum products (excluding refined oil and hazardous chemicals); wholesale of oil-bearing crops; sales of asphalt and related products; machinery technical consultation and exchange services; investment consultation services; energy technology research and consulting services, technology development services; retail and trade of products (excluding products which are subject to approval); gas operation (excluding storage, transportation and provision of services to end-users); leasing and operation of petroleum refuelling stations; sites leasing (excluding warehousing); retail of groceries; wholesale of utensils and groceries; wholesale of automobile apparatus accessories; retail of automobile parts; wholesale and retail of rubber products; wholesale and retail of lubricants; battery charging service for electric vehicles; installation and management of charging pile facilities; advertising; approved items include: retail of refined oil (kerosene); gas storage; retail of refined oil (gasoline); gas operation (for end-users); retail of refined oil (diesel); retail of pre-packaged food; retail of liquor, tobacco and dairy products; car cleaning services; automobile repair and maintenance (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
9.	GD Petrochemical	Wholesale and retail of LPG, CNG, LNG and petroleum products (excluding hazardous chemicals), gas conversion apparatus (excluding store operations), and import and export business; new energy, renewable energy and clean energy research, development and technical services; corporate image design, marketing planning; domestic wholesale and retail of fuel oil (excluding gasoline, diesel and kerosene) and asphalt (excluding warehousing, store operations and specific items which are subject to approval), and loading and unloading services
10.	ZH Transportation	Transportation of dangerous goods (type 2 category 1, type 3 category 3) (operating under valid licence until 31 December 2020) (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)

11.	JX Logistics	Road transportation of normal goods, transportation of dangerous goods (type 2 category 1), transportation of dangerous goods (type 3) (operating under valid licence until 31 October 2022) (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
12.	Henan Gas	Technical development of gas apparatus (non-developed); sales of gas apparatus (The above scope does not include those which require approval under national laws, administrative regulations or rules) (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
13.	Zhengzhou Fuel	Wholesale and retail of: groceries; new energy technology development; energy-saving technology development; enterprise consultation regarding petroleum refuelling stations and gas refuelling station; pipeline works construction (with an effective qualification certificate); sales of town gas, motor vehicle maintenance (The above scope does not include those which require approval under national laws, administrative regulations or rules) (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
14.	Henan Yonghui	Natural gas operation (limited to operation by branches with effective qualification certificate); construction of the Xuedian Town Mother Station and ancillary facilities outside the station; construction of natural gas pipelines; investment in CNG, LNG and LPG refuelling stations (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
15.	Hengqin Gas	Wholesale of LPG and natural gas (excluding warehousing and transportation, according to Yue Zhu An Jing (Yi) Zi [2012] No. G00004 (粵珠安經(乙)字[2012]G00004號), valid licence until 26 April 2015); wholesale and retail of fuel oil (flash point of higher than 60°C, excluding refined oil); research and consultancy services for petroleum-to-gas automobile apparatus; development, sales, technology transfer, technical consulting and technical services for gas conversion apparatus for gas automobiles and apparatus for gas automobile refuelling stations; commercial wholesale and retail (except for products which are subject to approval); rental of gas refuelling machines and gas refuelling station apparatus

16.	GZ Jiahexing	Wholesale trade of products (except for products which are subject to approval); sales of fuel oil (excluding refined oil); investment of self-owned capital; retail trade of products (except for products which are subject to approval); retail of products on the internet (except for products which are subject to approval); machinery technical promotion, development, consultation, exchange and transfer services; sales and retail of general machinery apparatus; wholesale of petroleum products (excluding refined oil and hazardous chemicals); wholesale of oil-bearing crops; sales of asphalt and related products; investment consultation services; energy technology consulting services, technology research and development services; new energy power generation engineering survey and design; energy management services; renewable energy technology consulting and technical services; new energy power generation engineering consulting services; gas operation (excluding storage, transportation and provision of services to end-users); property leasing; site leasing (excluding warehousing); machinery apparatus leasing; retail of groceries; wholesale of utensils and groceries; wholesale of automobile apparatus accessories; wholesale and retail of rubber products; wholesale and retail of lubricants; sale of automobile charging models; installation and management of charging pile facilities; battery charging service for electric vehicles; advertising; trade agency; trade consulting services; energy-saving technology promotion, development, research, consulting, exchange and transfer services, thermal production and supply; gas operation (for end-users); gas storage; wholesale and retail of pre-package food; retail of liquor, tobacco and dairy products; car cleaning services; retail of grain and oil; construction and operation of professional network platforms (except for projects prohibited by laws, administrative regulations, and decisions of the State Council, for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
17.	Xinzheng Sino Gas	Urban gas sales; research, development and corresponding technical services of automobile-use gas apparatus; leasing and utilization of gas apparatus; gas technical consulting and services; clean energy development and utilisation; construction and operation of CNG refuelling stations (for items which are subject to operation approval, subject to approval) (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)

18.	Zhengzhou Sino Gas	Research, development and corresponding technical services of automobile-use gas apparatus; energy-saving technology development; development of clean energy new products; environmental pollution control (urban automobile exhaust control); investment and operation of CNG refuelling station (for the above items which are subject to approval, subject to the approval from relevant authorities which must be obtained prior to operation)
19.	GZ Fuel Sales	Machinery technology transfer services; retail and wholesale trade of products (except for products which are subject to approval); sales of general machinery apparatus; sales of fuel oil (excluding refined oil); wholesale of petroleum products (excluding refined oil and hazardous chemicals); sales of asphalt and related products; wholesale of oil-bearing crops; sites leasing (excluding warehousing); gas operation (excluding storage, transportation and provision of services to end-users); wholesale and retail of automobile parts; wholesale and retail of rubber products; wholesale and retail of lubricants; battery charging service for electric vehicles; installation and management of charging pile facilities; advertising. Approved items include: gas operation (for end-users); gas storage; transportation of hazardous chemical; automobile cleaning services; automobile repair and maintenance.

A summary of the principal terms of the articles of associations of the non-wholly owned subsidiaries and some joint ventures of our Company are set out below:

1. Ganzhou Gas

On 12 June 2018, GZ Sino Gas, Mr. Yang Gen, Ms. Jin Hangjun and Ms. Zeng Qiaohan entered into the articles of association of Ganzhou Gas in relation to the governance of Ganzhou Gas and the rights of the shareholders of Ganzhou Gas. A summary of the articles of association is set out as follows:

(a) Capital commitments

The company has a registered capital of RMB10 million. Each of the then joint venture partners has contributed towards all its share of registered capital by injection of cash by 25 Mach 2009.

(b) Composition of board of directors

The board of directors of the company consists of five directors, three of whom shall be appointed by GZ Sino Gas, one of whom shall be Mr. Yang Gen and the remaining one shall be Ms. Jin Hangjun. The board of directors shall have a chairman, which shall be elected by the board of directors.

(c) Proceedings of board meetings

There is no prescribed requirement for the number of board meetings to be held each year. Notice of at least 10 days should be given to all directors for convening a board meeting. The quorum for board meetings shall be over half of all the directors. The board of directors shall exercise the following functions and powers:

(i) to convene and preside over shareholders' meetings, and to report to the board of shareholders on its work;

(ii) to execute resolutions of the board of shareholders;

(iii) to determine the company's operational plans and investment plans;

(iv) to formulate the company's annual budgets and final accounts;

(v) to formulate the company's profit distribution plans and loss recovery plans;

(vi) to formulate the company's plans on the increase or reduction of its registered capital and on the issuance of corporate bonds;

(vii) to formulate the company's plans on the merger, division, dissolution or transformation of the company;

(viii) to make decisions on the establishment of the company's internal management departments;

(ix) to make decisions on the appointment or dismissal of the company's manager and financial principal, and to determine their respective remuneration;

(x) to draw up and determine the company's basic management system;

(xi) to determine the company's investments and provision of guarantee;

(xii) to determine the company's annual management and operation plans;

(xiii) to determine the company's employment plan and budget for remuneration and bonus; and

(xiv) to determine the company's annual dividend distribution plan.

All such matter shall be resolved by a simple majority of all the directors.

(d) Proceedings of general meetings

There is no prescribed requirement for the number of general meetings to be held each year. No prescribed notice is required for convening a general meeting. The functions and powers of the board of shareholders are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (d) Proceedings of general meetings" in this section above.

(i) to determine the company's operational plans and investment plans;

(ii) to nominate and charge directors and supervisors, and determine matters relating to their remunerations;

(iii) to deliberate on and approve reports of the board of directors;

(iv) to deliberate on and approve reports of the board of supervisors or (if no board of supervisors is formed) the supervisor(s);

(v) to deliberate on and approve annual budgets and final accounts of the company;

(vi) to deliberate on and approve the company's profit distribution plans and loss recovery plans;

(vii) to make resolutions on any increase or reduction of the company's registered capital;

(viii) to make resolutions on the issuance of corporate bonds;

(ix) to make resolutions on any merger, division, dissolution or transformation of the company;

(x) to make resolutions on transfer of shares in the company;

(xi) to revise the articles of association of the company; and

(xii) to delegate some of the powers of the shareholders to the board of directors.

All such matter shall be resolved by more than three quarters of the votes of the shareholders.

(e) Manager

The company shall have one general manager, which shall be appointed by GZ Sino Gas.

(f) Profit distribution and return of assets

Dividends shall be distributed in proportion to the contribution to the registered capital.

In the event of dissolution, surplus assets shall be distributed in proportion to the contribution to the registered capital.

(g) Dissolution

No prescribed circumstances was adopted for the dissolution of the company.

2. JX Logistics

On 12 June 2018, ZH Transportation, Mr. Yang Gen, Ms. Jin Hangjun and Ms. Zeng Qiaohan entered into the articles of association of JX Logistics in relation to the governance of JX Logistics and the rights of the shareholders of JX Logistics. A summary of the articles of association is set out as follows:

(a) Capital commitments

The company has a registered capital of RMB3 million. ZH Transportation has contributed towards all its share of registered capital by injection of cash by 10 October 2008.

(b) Composition of board of directors

The composition the board of directors provisions are the same as those of Ganzhou Gas as set out in the sub-paragraph headed "1. Ganzhou Gas — (b) Composition of board of directors" in this section above.

(c) Proceedings of board meetings

The frequency, prescribed notice and quorum requirements, together with the functions and powers of the board of directors are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (c) Proceedings of board meetings" in this section above.

(d) Proceedings of general meetings

The frequency, prescribed notice and quorum requirements, together with the functions and powers of the board of directors are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (d) Proceedings of general meetings" in this section above.

(e) Manager

The company shall have one general manager, which shall be appointed by ZH Transportation.

(f) Profit distribution and return of assets

The relevant provisions are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (f) Profit distribution and return of assets" in this section above.

(g) Dissolution

The company may be dissolved under the circumstances provided under Article 180 of the Company Law of the People's Republic of China.

3. GZ Jiahexing

On 20 May 2014, GD Petrochemical and GZ Jiahexing Development entered into the articles of association of GZ Jiahexing in relation to the governance of GZ Jiahexing and the rights of the shareholders of GZ Jiahexing. A summary of the articles of association is set out as follows:

(a) Capital commitments

The company has a registered capital of RMB10 million. GD Petrochemical and GZ Jiahexing Development (in proportion to the respective equity-holdings) contributed an aggregate of RMB4 million towards the registered capital by injection of cash by 24 July 2014. Under the articles of association, the prescribed date for payment of the remaining balance of the unpaid registered capital is 30 December 2024.

(b) Composition of board of directors

The board of directors of the company consists of five directors, three of whom shall be appointed by GD Petrochemical and the remaining two shall be appointed by GZ Jiahexing Development. The board of directors shall have a chairman and a vice-chairman, both of which shall be elected by the shareholders.

(c) Proceedings of board meetings

Board meetings should be held at least once each quarter. Notice of at least 10 days should be given to all directors for convening a board meeting. The functions and powers of directors are substantially similar to the provisions of the articles set out in the sub-paragraph head "1. Ganzhou Gas — (c) Proceedings of board meetings" above.

All such matter shall be resolved by a simple majority of all the directors.

(d) Proceedings of general meetings

General meetings should be held at least once each quarter. Notice of at least 15 days should be given to all shareholders for convening a general meeting. The function and powers of the board of shareholders are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (d) Proceedings of general meetings" in this section above.

All such matter shall be resolved by more than 60% of the votes cast by the shareholders.

(e) General manager

The company shall have one general manager, which shall be nominated by both shareholders.

(f) Profit distribution and return of assets

The relevant provisions are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (f) Profit distribution and return of assets" in this section above.

(g) Dissolution

The company may be dissolved where:

(i) its term of business operation expires;

(ii) the board of shareholders resolves to dissolve the company;

(iii) dissolution of the company is necessary due to any combination or division to which the company is a party;

(iv) the company is required to be dissolved due to force majeure such as natural disasters.

4. Zhengzhou Fuel

On 1 June 2015, Henan Gas and Zhengzhou Xinneng Industrial entered into the articles of association of Zhengzhou Fuel in relation to the governance of Zhengzhou Fuel and the rights of the shareholders of Zhengzhou Fuel. A summary of the articles of association is set out as follows:

(a) Capital commitments

The company has a registered capital of RMB100 million, such registered capital shall be contributed by Henan Gas and Zhengzhou Xinneng Industrial on or before 31 December 2045. Henan Gas shall contribute to the registered capital in cash and/or in kind, while Zhengzhou Xinneng Industrial shall contribute in cash or property.

(b) Composition of board of directors

The board of directors of the company consists of five directors, all of whom are elected by the board of shareholders. The board of directors shall have a chairman and a vice-chairman, both of which shall be elected by the board of directors.

(c) Proceedings of board meetings

Board meetings should be held at least once a year. No prescribed notice is required for convening a board meeting. The quorum for board meetings shall be two-thirds of all the directors. The functions and powers of the board of directors are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (c) Proceedings of board meetings" in this section above.

All such matter shall be resolved by two-thirds of all the directors.

(d) Proceedings of general meetings

Notice of at least 15 days should be given to all shareholders for convening a general meeting. The functions and powers of the board of shareholders are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (d) Proceedings of general meetings" in this section above.

All such matter shall be resolved by a simple majority of the shareholders.

(e) Manager

The company shall have one general manager, which shall be appointed by the board of directors.

(f) Profit distribution and return of assets

The relevant provisions are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (f) Profit distribution and return of assets" in this section above.

(g) Dissolution

The company may be dissolved under the circumstances provided under Article 180 of the Company Law of the People's Republic of China (中華人民共和國公司法).

5. Zhengzhou Sino Gas

On 15 January 2015, Beijing Sino Gas, Zhengzhou Public Transportation and Sino Gas Hengran entered into the Joint Venture Agreement ("JV Agreement") for the purpose of jointly establishing Zhengzhou Sino Gas to engage in the operation of CNG vehicular refuelling station in Zhengzhou City. On the same date, the above joint venture partners entered into the articles of association of Zhengzhou Sino Gas in relation to the governance of Zhengzhou Sino Gas and the rights of the shareholders of Zhengzhou Sino Gas. A summary of the JV Agreement and the articles of association is set out as follows:

(a) Capital commitments

Under the JV Agreement, the company has a registered capital of RMB30 million. Each of the joint venture partners has contributed towards all its share of registered capital by injection of cash by 1 September 2016.

(b) Responsibility of each joint venture partner and the company

Under the JV Agreement:

(b-1) the rights and duties of Beijing Sino Gas are as follows:

(i) to inject the necessary technical equipment and constructions funds to the company based on its established investment size;

(ii) to provide complete sets of the equipment for CNG vehicular refuelling stations and technical support to the company, and to guarantee that the equipment provided;

(iii) to provide unmodified complete set of motor vehicle fuel equipment for public buses to Zhengzhou Public Transportation; and

(iv) Beijing Sino Gas shall be entitled to the depreciation of the fixed assets of the company for the five years.

(b-2) the rights and duties of Zhengzhou Public Transportation are as follows:

(i) to provide parcels of land with site usage right of 20 years or above and equipment for use as CNG vehicular refuelling stations to the company;

(ii) Zhengzhou Public Transportation agreed that Beijing Sino Gas and Sino Gas Hengran are the only parties involved in the cooperation in the Zhengzhou public buses CNG project;

(iii) to ensure that the company shall enjoy the benefit of the vehicular gas market of the public bus system in Zhengzhou City;

(iv) to modify its public buses for using CNG according to the agreed schedule; and

(v) to coordinate with the electric supply authorities to enhance the power capacity of the gas stations.

(b-3) the rights and duties of Sino Gas Hengran are as follows:

(i) to provide automobile-use CNG that satisfy the national standard at a discount price to the company; and

(ii) to complete the construction of the mother station.

(b-4) the rights and duties of the company:

(i) to allow prioritised CNG supply to Zhengzhou Public Transportation's motor vehicles;

(ii) to provide CNG to Zhengzhou Public Transportation at a discount of 5% to the prevailing market prices of CNG in Zhengzhou City; and

(iii) to allow priority for the employment of the existing employees of Zhengzhou Public Transportation as the employees of the company.

Items (b-4)(i) and (b-4)(ii) above were superseded by the terms and conditions under the CNG Supply Agreement entered into between our Group and Zhengzhou Public Transportation.

(c) Composition of board of directors

Under the JV Agreement, the board of directors of the company consists of five directors, Beijing Sino Gas and Zhengzhou Public Transportation shall each appoint two directors and the remaining director shall be appointed by Sino Gas Hengran. The board of directors shall have a chairman nominated by Beijing Sino Gas and a vice-chairman nominated by Zhengzhou Public Transportation.

(d) Proceedings of board meetings

Under the articles of the company, board meetings should be held at least once a year. No prescribed notice is required for convening a board meeting. The quorum for board meetings shall be two-thirds of all the directors. The board of directors shall exercise the following functions and powers:

(i) to determine and approve the company's production and operational plans;

(ii) to approve the company's annual budgets and final accounts;

(iii) to approve the company's material regulations and systems;

(iv) to determine to establish branches;

(v) to revise the articles of association of the company based on the investors' decisions;

(vi) to discuss and determine cessation of business, termination or the merger of the company;

(vii) to appointment and/or remove senior management of the company such as the general manger and the deputy general manager; and

(viii) to be responsible for the liquidation of the company when the company terminate and its term of business operation expires.

All such matter shall be effective after the approval of chairman of board of director.

(e) Proceedings of general meetings

No provisions are set out under the JV Agreement or the articles of association of the company in relation to general meetings or the written resolutions of shareholders.

(f) General manager

Under the JV Agreement, the company shall have one general manager nominated by Beijing Sino Gas and one deputy general manager nominated by Zhengzhou Public Transportation.

(g) Profit distribution and return of assets

The relevant provisions are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (f) Profit distribution and return of assets" in this section above.

(h) Dissolution

The company may be dissolved where:

(a) its term of business operation expires;

(b) the board of shareholders resolves to dissolve the company due to poor management and/or substantial loss;

(c) the company is unable to continue its operation due to force majeure such as natural disasters or war;

(d) bankruptcy;

(e) revocation of the business licence as a result of breach of PRC laws and/or regulations, and/or prejudice to public interests;

(f) other events as provided in the articles of associations.

Upon the acquisition of the 60% of the registered capital in Zhengzhou Sino Gas by HK Investment from Beijing Sino Gas in February 2017, the articles of association of Zhengzhou Sino Gas were amended in February 2017, such that HK Investment shall replace Beijing Sino Gas as an equity-holder of Zhengzhou Sino Gas.

6. JM Xinjiang Gas

On 20 January 2014, GD Investment, Guangzhou Yinye Development Group Company Limited (廣州銀業發展集團有限公司) ("**GZ Yinye Development**") and Mr. Yu Fei (俞飛) entered into the articles of association of JM Xinjiang Gas in relation to the governance of JM Xinjiang Gas and the rights of the shareholders of JM Xinjiang Gas. A summary of the articles of association is set out as follows:

(a) Capital commitments

The company has a registered capital of RMB119.6 million. Each of the joint venture partners has contributed towards all its share of registered capital by land use rights and/or in kind by 14 May 1997.

(b) Composition of board of directors

The board of directors of the company consists of five directors, three of whom shall be appointed by GD Investment and the remaining two shall be appointed by GZ Yinye Development. The board of directors shall have a chairman nominated by GZ Yinye Development and a vice-chairman nominated by GD Investment.

(c) Proceedings of board meetings

Board meetings should be held at least twice a year. Notice of at least 10 days should be given to all directors for convening a board meeting. The functions and powers of the board of directors are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (c) Proceedings of board meetings" in this section above.

All such matter shall be resolved by a simple majority of all the directors.

(d) Proceedings of general meetings

General meetings should be held at least twice a year. Notice of at least 15 days should be given to all shareholders for convening a general meeting. The functions and powers of the board of shareholders are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (d) Proceedings of general meetings" in this section above.

All such matter shall be resolved by a simple majority of the shareholders.

(e) Manager

The company shall have one general manager, which shall be appointed by GD Investment.

(f) Profit distribution and return of assets

The relevant provisions are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (f) Profit distribution and return of assets" in this section above.

(g) Dissolution

The company may be dissolved under the circumstances stated under Article 180 of the Company Law of the People's Republic of China.

7. Henan Blue Sky

On 22 February 2007, Zhumadian Sino Gas Sales Company Limited (駐馬店中油銷售有限公司) ("**ZMD Sino Gas**") and SGGIL entered into an agreement ("**HBS JV Agreement**") regarding the cooperation of the construction of clean energy project for the purpose of jointly establishing Henan Blue Sky. On the same date, the above joint venture partners entered into the articles of association of Henan Blue Sky in relation to the governance of Henan Blue Sky and the rights of the shareholders of Henan Blue Sky. A summary of the HBS JV Agreement and the articles of association is set out as follows:

(a) Capital commitments

The company has a registered capital of RMB20 million. Each of the joint venture partners has contributed towards all its share of registered capital by cash by 21 August 2007.

(b) Composition of board of directors

The board of directors of the company consists of five directors, three of whom shall be appointed by SGGIL and the remaining two shall be appointed by ZMD Sino Gas. The board of directors shall have a chairman nominated by SGGIL and a vice-chairman nominated by ZMD Sino Gas.

(c) Proceedings of board meetings

Board meetings should be held at least once a year. Notice of at least 10 days should be given to all directors for convening a board meeting. The functions and powers of the board of directors are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (c) Proceedings of board meetings" in this section above.

All such matter shall be resolved by all the directors.

(d) Proceedings of general meetings

No provisions were made under the HBS JV Agreement or the articles of association of the company in relation to general meetings or the board of shareholders.

(e) Manager

The company shall have one general manager, which shall be appointed by ZMD Sino Gas

(f) Profit distribution and return of assets

The relevant provisions are substantially similar to the provisions of the articles set out in the sub-paragraph headed "1. Ganzhou Gas — (f) Profit distribution and return of assets" in this section above.

(g) Dissolution

The company shall be dissolved upon expiry of its joint venture period of 20 years, subject to extension or early dissolution as mutual by agreed between the joint venture partners.

Upon the acquisition of the 50% of the registered capital in Henan Blue Sky by HK Investment from SGGIL in July 2015, the articles of association of Henan Blue Sky were amended in July 2015, such that HK Investment shall replace SGGIL as an equity-holder of Henan Blue Sky.

1.6 Changes in the share capital of our subsidiaries

The subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Apart from the alterations disclosed in paragraph 1.4 under this appendix and the section headed "History, Reorganisation and development — Change of Group structure during the Track Record Period" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

1.7 Repurchases by our Company of our own securities

This section includes information required by the Stock Exchange to be included in the prospectus concerning the repurchase of our Shares by our Company.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' approval

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. Our Company may not repurchase our own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time our Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Trading Restrictions

The total number of shares which our Company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. Our Company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase whether on the Stock Exchange or otherwise (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, our Company is prohibited from repurchasing our Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which our Shares were traded on the Stock Exchange. The Listing Rules also prohibit our Company from repurchasing our securities which would result in the number of the listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchase

Our Company shall not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, we may not repurchase our Shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, our Company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vii) Core connected persons

The Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a "core connected person" (which includes a Director, chief executive or substantial shareholder of our Company or any of our subsidiaries or a close associate of any of them) and a core connected person shall not knowingly sell Shares to our Company.

(b) Reasons for repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and our Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. Our Directors have sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of repurchases and impact on working capital or gearing position

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the Repurchase Mandate were to be carried out in full at any time during the share repurchase period.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of 216,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, could accordingly result in up to approximately 21,600,000 Shares being repurchased by our Company during the period prior to the earliest occurrence of any of the following:

(i) the conclusion of the next annual general meeting of our Company; or

(ii) the date by which the next annual general meeting of our Company is required by the Articles of Association or the Companies Law to be held; or

(iii) the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to our Directors.

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

2.1 Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement (in Chinese) dated 14 February 2017 entered into between HK Investment and Beijing Sinogas Company Limited (北京中油潔能環保科技有限責任公司), pursuant to which HK Investment acquired 60% of the registered capital in Zhengzhou Sino Gas from Beijing Sinogas Company Limited for a consideration of RMB60,018,240;

(b) an equity transfer agreement (in Chinese) dated 1 June 2018 entered into between HK Investment, Guangzhou Neite Investment Management Company Limited (廣州內特投資管理有限公司) and Shanxi Sino Gas, pursuant to which Guangzhou Neite Investment Management Company Limited acquired the entire registered capital in Shanxi Sino Gas from HK Investment for a consideration of RMB1.72 million;

(c) a transfer agreement (in Chinese) dated 30 April 2018 entered into between HK Investment and Guangzhou Neite Investment Management Company Limited, pursuant to which Guangzhou Neite Investment Management Company Limited acquired HK

Investment's rights in Henan Sino Gas Nanhai Energy Company Limited (河南中油潔能南海能源有限公司) and certain contractual rights under the original proposed acquisition from HK Investment for a consideration of RMB0.8 million;

(d) an equity transfer agreement (in Chinese) dated 9 May 2018 entered into between GD Investment, Shanghai Chenxi Financial Consultancy Company Limited (上海宸熙財務諮詢有限公司) and Zhuhai Hengfeng Energy Company Limited (珠海恒灃能源有限公司), pursuant to which Shanghai Chenxi Financial Consultancy Company Limited acquired 50% of the registered capital in Zhuhai Hengfeng Energy Company Limited from GD Investment for a consideration of RMB5 million;

(e) an equity transfer agreement (in Chinese) dated 12 June 2018 entered into between GZ Sino Gas and Mr. Yang Gen (楊根), pursuant to which Mr. Yang Gen acquired 29.5% of the registered capital in Ganzhou Gas from GZ Sino Gas for a consideration of RMB2.95 million;

(f) an equity transfer agreement (in Chinese) dated 12 June 2018 entered into between GZ Sino Gas and Ms. Jin Hangjun (金杭君), pursuant to which Ms. Jin Hangjun acquired 29.5% of the registered capital in Ganzhou Gas from GZ Sino Gas for a consideration of RMB2.95 million;

(g) an equity transfer agreement (in Chinese) dated 12 June 2018 entered into between GZ Sino Gas and Ms. Zeng Qiaohan (曾俏寒), pursuant to which Ms. Zeng Qiaohan acquired 11.0% of the registered capital in Ganzhou Gas from GZ Sino Gas for a consideration of RMB1.10 million;

(h) an equity transfer agreement (in Chinese) dated 12 June 2018 entered into between ZH Transportation and Mr. Yang Gen, pursuant to which Mr. Yang Gen acquired 29.5% of the registered capital in JX Logistics from ZH Transportation for a consideration of RMB885,000;

(i) an equity transfer agreement (in Chinese) dated 12 June 2018 entered into between ZH Transportation and Ms. Jin Hangjun, pursuant to which Ms. Jin Hangjun acquired 29.5% of the registered capital in JX Logistics from ZH Transportation for a consideration of RMB885,000;

(j) an equity transfer agreement (in Chinese) dated 12 June 2018 entered into between ZH Transportation and Ms. Zeng Qiaohan, pursuant to which Ms. Zeng Qiaohan acquired 11.0% of the registered capital in JX Logistics from ZH Transportation for a consideration of RMB330,000;

(k) an equity transfer agreement (in Chinese) dated 11 June 2018 entered into between Sino Gas Holding HK, China Full and ZH Petrochemical, pursuant to which Sino Gas Holding HK acquired the entire registered capital of ZH Petrochemical from China Full for a consideration of RMB52 million;

(l) an instrument of transfer dated 11 June 2018 entered into between our Company (a Cayman Islands company) and Sino Gas BVI (a BVI company), pursuant to which our Company acquired the entire issued share capital of Perfect Wise from Sino Gas BVI for a consideration of RMB40,000;

(m) an equity transfer agreement (in Chinese) dated 23 January 2018 entered into between GD Petrochemical and Guangzhou Xingsheng Energy Company Limited (廣州興盛能源有限公司), pursuant to which Guangzhou Xingsheng Energy Company Limited acquired the entire registered capital in GD New Energy from GD Petrochemical for a consideration of RMB13,016,100;

(n) an equity transfer agreement (in Chinese) dated 21 May 2018 entered into between GD Petrochemical and Mr. Zhou Feng (周楓), pursuant to which GD Petrochemical acquired 20% of the registered capital in ZH Investment from Mr. Zhou Feng for a consideration of RMB1;

(o) an equity transfer agreement (in Chinese) dated 21 May 2018 entered into between GD Petrochemical and Zhuhai Long Term Investment Holdings Company Limited (珠海長遠投資控股有限公司), pursuant to which GD Petrochemical acquired 20% of the registered capital in ZH Investment from Zhuhai Long Term Investment Holdings Company Limited for a consideration of RMB1;

(p) an equity transfer agreement (in Chinese) dated 8 June 2018 entered into between GD Petrochemical and GD New Energy, pursuant to which GD New Energy acquired the entire registered capital in ZH Investment from GD Petrochemical for a consideration of RMB1;

(q) the Deed of Non-competition, brief details of which are set out in the section headed "Relationship with our Controlling Shareholders — Competition and conflict of interests" in this prospectus;

(r) the Deed of Indemnity, brief details of which are set out in paragraph 4.1 under this appendix; and

(s) the Public Offer Underwriting Agreement.

2.2 Intellectual property rights of our Group

(a) Trademarks

As of the Latest Practicable Date, our Group was the registered owner of the following trademark:

Trademark	Place of registration	Registration number	Class	Validity period	Registered owner
中油潔能 中油潔能	Hong Kong	304176252	4	19 June 2017– 18 June 2027	ZH Petrochemical
	Hong Kong	304176234	4	19 June 2017– 18 June 2027	ZH Petrochemical
中油潔能 SINOGAS	PRC	6389852	7	28 March 2010– 27 March 2020	Perfect Wise
中油潔能 SINOGAS	PRC	4685534	7	7 April 2009– 6 April 2019	Perfect Wise
中油潔能 SINOGAS	PRC	4685535	4	28 October 2018– 27 October 2028	Perfect Wise
中油潔能 SINOGAS	PRC	4685536	9	21 March 2018– 20 March 2028	Perfect Wise
中油潔能 SINOGAS	PRC	4685537	6	21 March 2018– 20 March 2028	Perfect Wise

As of the Latest Practicable Date, our Group had applied for the registration of the following trademark, registration of which has not yet been granted:

Trademark	Place of registration	Application number	Class	Date of application	Name of applicant
	PRC	25415502	4	19 July 2017	ZH Petrochemical

(b) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names:

No.	Domain name Place of registration	Registrant	Registration date	Expiration date
1	www.sinogasholdings.com	ZH Petrochemical	28 June 2017	28 June 2019

3. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 Disclosure of Interests

(a) *Interests and short positions of our Directors and the chief executive in the shares, underlying shares or debentures of our Company and our associated corporations*

As at the date of this prospectus and immediately following the completion of the Capitalisation Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, the interests and/or short positions of our Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register kept by our Company referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, will be as follows:

Long Positions in Shares of our Company

			As at the date of this prospectus		Immediately after the Capitalisation Issue and the Global Offering	
Name of Director	**Nature of interest/ Capacity**	**Relevant company (including associated corporations)**	**Number of shares (or, as the case may be, amount of registered capital) in the relevant company**	**Approximate percentage of shareholding**	**Number of shares (or, as the case may be, amount of registered capital) in the relevant company**	**Approximate percentage of shareholding**
Mr. Ji *(Note)*	Founder of a discretionary trust, interest in controlled corporations	Our Company	10,000	100%	162,000,000	75%

Note: UBS Trustees acts as the trustee of J&Y Family Trust (through UBS Nominees Limited, its wholly-owned subsidiary) holding the entire issued share capital of VISTA Co, which in turn indirectly owns the entire equity interest of China Full through Sino Gas BVI, all of which are indirectly wholly owned by UBS Trustees in its capacity as trustee. J&Y Family Trust is a discretionary trust established by Mr. Ji (as founder and protector (and under the relevant deed which constitutes the J&Y Family Trust, the trustee shall only add or remove discretionary objects of J&Y Family Trust with the consent of the protector). The discretionary objects of J&Y Family Trust include Mr. Ji himself, Mrs. Ji and Ms. Ji. By virtue of the SFO, Mr. Ji, UBS Nominees Limited, VISTA Co and Sino Gas BVI are deemed to be interested in the same parcel of Shares in which China Full is interested. As at the date of this prospectus, China Full directly held 7,500 Shares.

Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in the both parcels of Shares in which PCG Employee BVI and PCG BVI is respectively interested. As at the date of this prospectus, PCG Employee BVI and PCG BVI directly held 1,500 and 1,000 Shares respectively.

(b) Interests of our Substantial Shareholders

So far as is known to any Director or chief executive of our Company as at the date of this prospectus, and immediately following the completion of the Capitalisation Issue and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, the following persons (other than a Director or chief executive of our Company) will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or are, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

Long Positions in Shares of our Company

		As at the date of this prospectus		Immediately after the Capitalisation Issue and the Global Offering	
Name of Shareholder	**Nature of interest/ Capacity**	**Number of Shares**	**Approximate percentage of Shareholding in Our Company**	**Number of Shares**	**Approximate percentage of Shareholding in Our Company**
UBS Trustees	Trustee of a trust *(Note)*	7,500	75%	121,500,000	56.25%
UBS Nominees Limited	Interest of controlled corporation *(Note)*	7,500	75%	121,500,000	56.25%
VISTA Co	Interest of controlled corporation *(Note)*	7,500	75%	121,500,000	56.25%
Sino Gas BVI	Interest of controlled corporation *(Note)*	7,500	75%	121,500,000	56.25%
China Full	Beneficial owner	7,500	75%	121,500,000	56.25%
PCG Employee BVI	Beneficial owner	1,500	15%	24,300,000	11.25%
PCG BVI	Beneficial owner	1,000	10%	16,200,000	7.50%

Note: UBS Trustees, the trustee of J&Y Family Trust, in its capacity as trustee (through UBS Nominees Limited, its wholly-owned subsidiary) holds the entire issued share capital of VISTA Co, which in turn indirectly owns the entire equity interest of China Full through Sino Gas BVI, all of which are indirectly wholly owned by UBS Trustees in its capacity as trustee. By virtue of the SFO, UBS Trustees, UBS Nominees Limited, VISTA Co, Sino Gas BVI and China Full are deemed to be interested in the same parcel of Shares in which China Full is interested.

Both PCG Employee BVI and PCG BVI are wholly owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in the both parcels of Shares in which PCG Employee BVI and PCG BVI is respectively interested. As at the date of this prospectus, PCG Employee BVI and PCG BVI directly held 1,500 and 1,000 Shares respectively.

In addition to the above and so far as our Directors are aware, immediately following the completion of the Global Offering, the following person is directly interested in 10% or more of the nominal value of any class of equity capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of our subsidiary	Substantial shareholder of such subsidiary	Approximate percentage of shareholding
Ganzhou Gas	Mr. Yang Gen	29.5%
	Ms. Jin Hangjun	29.5%
	Ms. Zeng Qiaohan	11.0%
JX Logistics	Mr. Yang Gen	29.5%
	Ms. Jin Hangjun	29.5%
	Ms. Zeng Qiaohan	11.0%
Zhengzhou Fuel	Zhengzhou Xinneng Industrial	49.0%
GZ Jiahexing	GZ Jiahexing Development	49.0%
Zhengzhou Sino Gas	Zhengzhou Public Transportation	38.0%

3.2 Directors' service contracts and letters of appointment

Executive Director

Each of our executive Directors (namely, Mr. Ji, Ms. Ji, Ms. Cui Meijian and Mr. Zhou) has entered into a service contract with our Company pursuant to which he agreed to act as an executive Director for an initial term of three years with effect from 1 December 2018.

Each of our executive Directors is entitled to a basic salary set out below. In addition, our executive Directors are also entitled to a discretionary management bonus taking into consideration the financial performance of our Group and the relevant Director's individual contribution to our Group for the financial year concerned, provided that the aggregate amount of the bonuses payable to all the executive Directors for any financial year of our Company shall not exceed 10% of the audited consolidated net profit of our Group (after taxation, minority interests and payment of such bonuses but before extraordinary or exceptional items) in respect of that financial year of our Company. An executive Director may not vote on any resolution of our Directors regarding the amount of the management bonus payable to him. The current basic annual salaries of our executive Directors is as follows:

Name	Annual salary *(RMB)*
Mr. Ji	960,500
Ms. Ji	279,000
Ms. Cui Meijian	614,000
Mr. Zhou	306,000

INEDs

Each of the INEDs has entered into a letter of appointment with our Company pursuant to which he has been appointed for an initial term of three years commencing from 1 December 2018. Each of our INEDs is entitled to a director's fee of HK$120,000 per annum. Save for Directors' fees, none of our INEDs is expected to receive any other remuneration for holding their office as an INED.

3.3 Directors' remuneration

(a) The aggregate emoluments paid to our Directors by our Group in respect of the Track Record Period were approximately RMB3.4 million, RMB2.7 million, RMB2.2 million and RMB0.9 million respectively.

(b) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by the Directors (including the INEDs in their respective capacity as Directors) for the year ending 31 December 2018 will be approximately RMB2.2 million.

(c) None of our Directors or any past directors of any member of our Group has been paid any sum of money for the Track Record Period (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the Track Record Period.

3.4 Disclaimers

(i) Save as disclosed in paragraph 3.1(a) under this appendix, none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register kept by our Company referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, as at the date of this prospectus and once the Shares are listed on the Stock Exchange;

(ii) save as disclosed in paragraph 3.1(b) under this appendix, so far as is known to any Director or chief executive of our Company, no person (other than a Director or chief executive of our Company) has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group as at the date of this prospectus and once the Shares are listed on the Stock Exchange;

(iii) save as disclosed in the sections headed "History, Reorganisation and development" and "Connected transactions" in this prospectus, none of our Directors nor any of the persons listed in paragraph 4.7 below of this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iv) save as disclosed in the sections headed "History, Reorganisation and development — Reorganisation", "Connected transactions" and "Relationship with our Controlling Shareholders" in this prospectus, none of our Directors is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

(v) save in connection with the Underwriting Agreements, none of the persons listed in paragraph 4.7 under of this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(vi) save for the Underwriting Agreements, none of the persons listed in the paragraph 4.7 below of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(vii) save as disclosed in paragraph 3.2 under this appendix, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);

(viii) save as disclosed in the sections headed "Business — Customers" and "Business — Raw materials and our suppliers" in this prospectus, so far as is known to our Directors, none of our Directors or their close associates or any Shareholder (which to the knowledge of our Directors owns more than 5% of the number of issued share capital of our Company) has any interest in any of the five largest suppliers or customers of our Group during the Track Record Period; and

(ix) saved as disclosed in the section headed "Relationship with our Controlling Shareholders", none of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

3.5 Share Option Scheme

(a) Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing of our Shareholders passed on 22 November 2018:

(i) Purpose of the scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) Who may join

Our Directors may at any time within a period of ten years commencing from the date of adoption of the Share Option Scheme, at its absolute discretion, in accordance with the provisions of the Share Option Scheme and the Listing Rules make an offer to any person belonging to any of the following classes of participants ("**Eligible Participant**"), to take up options to subscribe for Shares:

(aa) any employee ("**Eligible Employee**") (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity ("**Invested Entity**") in which any member of our Group holds an equity interest;

(bb) any non-executive directors (including INEDs) of our Company, any of our subsidiaries or any Invested Entity;

(cc) any supplier of goods or services to any member of our Group or any Invested Entity;

(dd) any customer of any member of our Group or any Invested Entity;

(ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(gg) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

For avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to an offer for the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his contribution to the development and growth of our Group.

(iii) Maximum number of the Shares available for subscription

(aa) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group must not in aggregate exceed 30% of the share capital of our Company in issue from time to time.

(bb) The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date ("**General Scheme Limit**") (such 10% being 21,600,000 Shares, assuming that the Over-allotment Option is not exercised).

(cc) Subject to (aa) above but without prejudice to (dd) below, our Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and, for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised and outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of our Company with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. Our Company must send a circular to the Shareholders, containing the information required under the Listing Rules. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) Grant of options to our Directors, chief executive or Substantial Shareholders of our Company or their respective associates

(aa) Any offer for the grant of options under the Share Option Scheme to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates must be approved by INEDs (excluding INED who or whose associates is the proposed grantee of the options).

(bb) Where any grant of options to a Substantial Shareholder or an INED or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HK$5 million;

such further grant of options must be approved by Shareholders in general meeting. Our Company must send a circular to the Shareholders, containing such information are required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll.

Any change in the terms of options granted to a Substantial Shareholder or an INED or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period ("**Option Period**") may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of the offer for the grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless our Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant of the option, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant of the option; and (iii) the nominal value of a Share.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

(ix) Ranking of the Shares

(aa) The Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association of our Company for the time being in force and will rank pari passu in all respects with the then fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been entered on the register of members of our Company as the holder thereof.

(bb) Unless the context otherwise requires, references to "Shares" in the context of the Share Option Scheme include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reconstruction of the share capital of our Company from time to time.

(x) Restrictions on the time of the offer for the grant of options

No offer for grant of options shall be made after inside information has come to our Company's knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (bb) the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement (covering any period of delay in publishing the results announcement), no offer for the grant of options may be made.

Our Directors may not make any offer for the grant of options to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years ("**Termination Date**") commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and shall not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Share Option Scheme within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part in accordance with the provisions of the Share Option Scheme within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or the Invested Entity into disrepute), his option (to the extent not already exercised) will lapse automatically on the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If in respect of a grantee other than an Eligible Employee, our Directors shall at their absolute discretion determine that (aa) (1) the grantee or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part; or (2) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above, his option will lapse automatically on the date on which our Directors have so determined.

(xvi) Rights on a general offer or a scheme of arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders of our Company, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option in accordance with the provisions of the Share Option Scheme at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, revised offer) closed or the relevant date for entitlements under such scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the Option Period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolutions is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly owned by Eligible Participants

If the grantee is a company wholly owned by one or more Eligible Participants:

(aa) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options granted to such grantee, mutatis mutandis, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant Eligible Participant; and

(bb) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made to the number or nominal amount of Shares comprised in an option or which remains comprised in an Option or to which the Share Option Scheme or any option(s) relates (so far as unexercised) and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital of our Company to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iv) notwithstanding (i) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures and any such adjustment shall comply with the supplementary guidance on Rule 17.03(13) of the Listing Rules as set out in the letter issued by the Stock Exchange dated 5 September 2005; and (v) any adjustment must be made in compliance with the Listing Rules and such applicable rules, codes, guidance notes and/or interpretation of the Listing Rules from time to time promulgated by the Stock Exchange. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

Subject to the provisions of the Share Options Scheme and Chapter 17 of the Listing Rules, any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of our Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant subparagraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreements so to do.

(xxiii) Lapse of option

The Option Period in respect of any option shall terminate automatically and that an option (to the extent not already exercised) shall lapse automatically on the earliest of:

(aa) the expiry of the Option Period in respect of such option;

(bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); and

(cc) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

(xxiv) Miscellaneous

(aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares representing the General Scheme Limit to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(bb) Provisions of the Share Option Scheme as to the definitions of "Eligible Participants", "grantee", "Option Period" and "Termination Date" and the terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the prior approval of the Shareholders in general meeting.

(cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(dd) The terms of the Share Option Scheme and any amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(ee) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

(b) Present status of the Share Option Scheme

(i) Application for approval

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(ii) Grant of options

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iii) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

(iv) Compliance with Listing Rules

The Share Option Scheme complies with Chapter 17 of the Listing Rules.

4. OTHER INFORMATION

4.1 Estate duty, tax and other indemnities

Our Controlling Shareholders (the "**Indemnifiers**") have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries and the Jointly Controlled Entities (collectively, the "**Group Entities**") (being the material contract (v) referred to in paragraph 2.1 under this appendix) to provide indemnities on a joint and several basis, in respect of, among other matters:

(a) any liability for Hong Kong estate duty which might be incurred by any Group Entity by reason of any relevant transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any Group Entity at any time on or before the Listing; and

(b) tax liabilities (including all actual fines, penalties, liabilities, costs, charges, expenses and interests relating to taxation) which might be payable by any Group Entity in respect of any income, profits, gains earned, accrued, received on or before the date of Listing, or any transactions, events, matters or things entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

(a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any Group Entity for any accounting period up to 30 June 2018 ("**Accounts Date**"); or

(b) to the extent that such taxation or liability for such taxation falling on any of the Group Entities in respect of its accounting periods commencing on the calendar day immediately after the Accounts Date and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction carried out, made or entered into pursuant to a legally binding commitment created on or before the Accounts Date or pursuant to any statement of intention made in this prospectus; or

(c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of PRC, or any other relevant authority (whether in Hong Kong or PRC or any other part of the world) coming into force after the date of the Deed of Indemnity or the extent such a claim or liability arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect; or

(d) to the extent that any provision or reserve made for taxation in the audited accounts of any Group Entity up to the Accounts Date which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, the Indemnifiers have also undertaken to jointly and severally indemnify each Group Entity against any costs and expenses arising from any non-compliance of such Group Entity on or before the Listing Date and from any depletion in or reduction in value of assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which such Group Entity may incur or suffer arising form or in connection with the implementation of the Reorganisation.

Pursuant to the Deed of Indemnity, the Indemnifiers have on a joint and several basis undertaken to indemnify each Group Entity, among other indemnities against:

(a) any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings which any Group Entity may incur, suffer, accrue, directly or indirectly, from any act of any Group Entity arising from or in connection with any non-compliance of any member of our Group on or before the date of Listing, including but not limited to the non-compliances as disclosed in this prospectus or all litigation, arbitration, claims, counter-claims, actions, complaints, demands, judgments and/or legal proceedings by or against any of the Group Entities which was issued, accrued and/or arising from any act of any of any Group Entity at any time on or before the date of Listing;

(b) any penalty which may be imposed on any Group Entity, or any costs, expenses and losses which such Group Entity may suffer in connection with such penalty, due to such Group Entity's failure to duly make all relevant filings or reports and supply all other information required to be supplied to any relevant PRC or Hong Kong governmental authority, or to observe any laws, regulations or rules in the PRC or Hong Kong in this regard;

(c) any loss, liability, damages, claims, fines, penalties, orders, expenses and costs or loss of profits, benefits or other commercial advantages suffered by any Group Entity as a result of or in connection with:

  (i) the title of any of the properties owned by, leased to or otherwise occupied by the Group Entities in the PRC ("**PRC Properties**") not being good and/or marketable or being subject to encumbrances (including without limitation the absence of building ownership certificate(s) of any of the PRC Properties as at the Listing Date);

(ii) the relocation of any office and/or refuelling stations on the PRC Properties by such Group Entity arising from or in connection with the lack of relevant title certificates or documents by any Group Entity or the lessor or, if applicable the lessors' registration default in relation to the lease agreements to the extent that damages, if any, recovered from the relevant lessor are inadequate to cover the related costs of such Group Entity;

(iii) such Group Entity's failure to obtain the relevant building ownership certificates and/or other title certificates of any of the PRC Properties (including but not limited to relocation costs, operating losses, penalties and rental difference between new lease and the existing ones incurred or suffered by any Group Entity as a result of any disputes as to the Group Entity's rights to lease and/or use any of the properties for its business operations);

(iv) (aa) any actual or potential litigation, claim, action, prosecution, arbitration, mediation, alternative dispute resolution or other similar proceedings and/or (bb) any dispute with any person(s) relating to any of the events referred to in paragraphs (i) to (iii) above.

The indemnity given in connection with paragraphs (a) and (b) above and other non-compliance incidents provided in the Deed of Indemnity shall not apply to any costs and expenses associated with any of the claims for such non-compliances to the extent of any provision being made in the financial statements of the relevant Group Entity up to the Accounts Date.

The provisions contained in the Deed of Indemnity are conditional on the conditions stated in the section headed "Structure and conditions of the Global Offering — Conditions of the Public Offer" in this prospectus being fulfilled or, to the extent permitted, waived by the relevant party. If such conditions are not fulfilled or, to the extent permitted, waived on or before the date falling 30 days from the date of this prospectus, or such later date as the parties under the Deed of Indemnity may agree, the Deed of Indemnity shall become null and void and cease to have effect.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands or BVI is likely to fall on our Group.

4.2 Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering and any Shares which may be issued upon the exercise of options under the Share Option Scheme and the Over-allotment Option.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Our Company agreed to pay the Sole Sponsor a fee of approximately HK$4.0 million, and an additional HK$0.5 million contingent on the success of the Listing to act as the sole sponsor to our Company in relation to the Global Offering.

4.3 Litigation

As at the Latest Practicable Date, save as disclosed in the subparagraph headed "Business — Legal Proceedings and non-compliance matters — Arbitration" in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group member, that would have a material adverse effect on our results of operations or financial condition of our Group.

4.4 Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK$43,000 and are payable by our Company.

4.5 Promoters

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

4.6 Agency fees or commissions received

Except as disclosed in the section headed "Underwriting — Underwriting arrangements and Expenses — Commissions and expenses" in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital and/or debenture of any member of our Group within the two years immediately preceding the date of this prospectus.

4.7 Qualification of experts

The qualifications of the experts who have given opinion and/or whose names are included in this prospectus are as follows:

Name	Qualifications
Innovax Capital Limited	a corporation licensed under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO)
KPMG	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Commerce & Finance Law Offices	Qualified PRC lawyers
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultants

4.8 Consents of experts

Each of the experts referred to in paragraph 4.7 under this appendix has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or legal opinion (as the case may be) and reference to its name included in the form and context in which it is respectively appears.

4.9 Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the COWUMPO insofar as applicable.

4.10 Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfer of Shares.

(c) Consultation with professional advisors

Intending holders of our Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

4.11 Miscellaneous

(a) Within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash, save as disclosed in the section headed "History, Reorganisation and development" in this prospectus;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option other than pursuant to the Share Option Scheme;

(iii) neither our Company nor any of our subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures;

(iv) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares;

(v) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(vi) our Company has no outstanding convertible debt securities.

(b) Our principal register of members will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Branch Share Registrar in Hong Kong, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS.

(c) Our Directors confirm that up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up).

(d) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(e) Our Directors have been advised that, under Cayman Islands law, the use of a Chinese name by our Company does not contravene the Companies Law.

(f) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

4.12 Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the **WHITE**, **YELLOW** and **GREEN** application forms, the written consents referred to in paragraph 4.8 under "Appendix IV — Statutory and general information" to this prospectus, and certified copies of the material contracts referred to in paragraph 2.1 under "Appendix IV — Statutory and general information" to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Chiu & Partners at 40/F, Jardine House, 1 Connaught Place, Hong Kong, during normal business hours from 9:00 a.m. up to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

(a) our Memorandum of Association and Articles of Association;

(b) the Accountants' Report received from KPMG, on the historical financial information of our Group for each of the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of our Group received from KPMG, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of our Group for each of the years ended 31 December 2015, 2016 and 2017 and the six months ended 30 June 2018;

(e) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;

(f) the Companies Law;

(g) the legal opinion prepared by Commerce & Finance Law Offices in respect of certain aspects of our Group and the property interests of our Group in the PRC and summary of PRC laws and regulations relating to our business;

(h) the industry research report prepared by Frost & Sullivan;

(i) the material contracts referred to in paragraph 2.1 under "Appendix IV — Statutory and general information" to this prospectus;

(j) the written consents referred to in paragraph 4.8 under "Appendix IV — Statutory and general information" to this prospectus;

(k) the rules of the Share Option Scheme; and

(l) the service contracts and appointment letters referred to in paragraph 3.2 under "Appendix IV — Statutory and general information" to this prospectus.

中油潔能

Sino Gas Holdings Group Limited

中油潔能控股集團有限公司