



**CHINA GAS HOLDINGS LIMITED**  
**中國燃氣控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 384)

**ANNUAL RESULTS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

The Board of Directors (the “Board” or the “Directors”) of China Gas Holdings Limited (the “Company”) announces the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended March 31, 2008, together with the comparative figures for the year ended March 31, 2007, as follows:

**CONSOLIDATED INCOME STATEMENT**

|   | <i>Notes</i> | <b>Year ended<br/>March 31, 2008<br/>HK\$'000</b> | <b>Year ended<br/>March 31, 2007<br/>HK\$'000<br/>(Restated)</b> |
|---|--------------|---|--|
| Revenue   | 4            | <b>2,552,075</b>                                  | 1,236,469  |
| Cost of sales   |              | <b>(1,805,956)</b>                                | (816,705)  |
| Gross profit  |              | <b>746,119</b>                                    | 419,764  |
| Other income  |              | <b>187,474</b>                                    | 100,093  |
| Distribution costs  |              | <b>(110,296)</b>                                  | (44,593)   |
| Administrative expenses   |              | <b>(342,556)</b>                                  | (173,961)  |
| Change in fair value of investment properties                                     |              | <b>85,825</b>                                     | 4,650  |
| Change in fair value of held-for-trading investments                              |              | <b>(1,232)</b>                                    | 33,446   |
| Net gain on disposal of available-for-sale investments                            |              | <b>1,144</b>                                      | –  |
| Impairment loss recognized in respect of available-for-sale investments           |              | –   | (2,200)  |
| Impairment loss on amounts due from customers for contract work                   |              | <b>(79,623)</b>                                   | –  |
| Allowance for trade and other receivables   |              | <b>(57,190)</b>                                   | (9,201)  |
| Finance costs   |              | <b>(240,029)</b>                                  | (107,796)  |
| Change in fair value of derivative financial instruments                          |              | <b>(166,884)</b>                                  | (4,307)  |
| Discount on acquisition of additional interest in a subsidiary                    |              | <b>108</b>  | –  |
| Discount on acquisition of associates, a jointly controlled entity and businesses |              | <b>19,191</b>                                     | 28,269   |
| Share of results of associates  |              | <b>138,013</b>                                    | 5,742  |
| Profit before taxation  |              | <b>180,064</b>                                    | 249,906  |
| Taxation  | 6            | <b>(13,778)</b>                                   | (13,657)   |
| Profit for the year   | 5            | <b>166,286</b>                                    | 236,249  |
| Attributable to:  |              |   |  |
| Equity holders of the Company   |              | <b>119,774</b>                                    | 200,789  |
| Minority interests  |              | <b>46,512</b>                                     | 35,460   |
|   |              | <b>166,286</b>                                    | 236,249  |
| Earnings per share  |              |   |  |
| Basic   | 8            | <b>HK3.73 cents</b>                               | HK6.70 cents   |
| Diluted   |              | <b>HK3.25 cents</b>                               | HK5.85 cents   |

## CONSOLIDATED BALANCE SHEET

As at March 31, 2008

|   | <i>Notes</i> | <b>March 31, 2008</b><br><i>HK\$'000</i> | March 31, 2007<br><i>HK\$'000</i><br>(Restated) |
|---|--------------|--|---|
| Non-current assets  |              |  |   |
| Investment properties   |              | 219,100                                  | 133,275   |
| Property, plant and equipment                                 |              | 5,566,276                                | 3,083,300                                       |
| Prepaid lease payments  |              | 397,301                                  | 201,927   |
| Interests in associates                                       |              | 214,291                                  | 75,278  |
| Available-for-sale investments                                |              | 18,376                                   | 23,149  |
| Goodwill  |              | 418,247                                  | 299,965   |
| Other intangible assets                                       |              | 319,658                                  | 98,451  |
| Deposits for acquisition of property, plant and equipment     |              | 128,492                                  | 146,551   |
| Prepayment for acquisition of a subsidiary and an associate   |              | 566,988                                  | 280,255   |
| Loan receivable   |              | 15,000                                   | 15,000  |
| Deferred tax assets   |              | 34,203                                   | –   |
|   |              | <u>7,897,932</u>                         | <u>4,357,151</u>                                |
| Current assets  |              |  |   |
| Inventories   |              | 285,530                                  | 137,032   |
| Amounts due from customers for contract work                  |              | 283,426                                  | 444,552   |
| Trade and other receivables                                   | 9            | 935,715                                  | 719,326   |
| Derivative financial instruments                              |              | 10,976                                   | 33,298  |
| Amount due from an associate                                  |              | 158,617                                  | 42,071  |
| Prepaid lease payments  |              | 6,878                                    | 5,229   |
| Held-for-trading investments                                  |              | 42,074                                   | 57,841  |
| Pledged bank deposits   |              | 164,597                                  | 29,417  |
| Bank balances and cash  |              | 1,510,044                                | 1,482,930                                       |
|   |              | <u>3,397,857</u>                         | <u>2,951,696</u>                                |
| Current liabilities   |              |  |   |
| Trade and other payables                                      | 10           | 1,348,652                                | 859,399   |
| Derivative financial instruments                              |              | 4,264                                    | 59,314  |
| Amounts due to customers for contract work                    |              | 12,247                                   | 5,721   |
| Taxation  |              | 15,072                                   | 15,682  |
| Bank and other borrowings – due within one year               |              | 157,061                                  | 686,781   |
| Obligation to inject capital into a jointly controlled entity |              | –  | 157,965   |
| Convertible bonds   |              | 14,334                                   | –   |
|   |              | <u>1,551,630</u>                         | <u>1,784,862</u>                                |
| Net current assets  |              | <u>1,846,227</u>                         | <u>1,166,834</u>                                |
| Total assets less current liabilities                         |              | <u><u>9,744,159</u></u>                  | <u><u>5,523,985</u></u>                         |

| <b>March 31, 2008</b> | March 31, 2007  |
|-----------------------|-----------------|
| <i>HK\$'000</i>       | <i>HK\$'000</i> |
|                       | (Restated)      |

|  |                         |                         |
|--|-------------------------|-------------------------|
| Equity   |                         |                         |
| Share capital  | <b>33,314</b>           | 30,962                  |
| Reserves   | <b>3,085,973</b>        | 2,327,587               |
|  | <hr/>                   | <hr/>                   |
| Equity attributable to equity holders of the Company | <b>3,119,287</b>        | 2,358,549               |
| Minority interests                                   | <b>556,173</b>          | 334,256                 |
|  | <hr/>                   | <hr/>                   |
| Total equity   | <b><u>3,675,460</u></b> | <b><u>2,692,805</u></b> |
| <br>   |                         |                         |
| Non-current liabilities                              |                         |                         |
| Amount due to a minority shareholder of a subsidiary | <b>339,092</b>          | 311,411                 |
| Bank and other borrowings                            |                         |                         |
| – due after one year                                 | <b>5,624,454</b>        | 2,242,452               |
| Convertible bonds                                    | –                       | 273,457                 |
| Deferred taxation                                    | <b>105,153</b>          | 3,860                   |
|  | <hr/>                   | <hr/>                   |
|  | <b>6,068,699</b>        | 2,831,180               |
|  | <hr/>                   | <hr/>                   |
|  | <b><u>9,744,159</u></b> | <b><u>5,523,985</u></b> |

Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (“new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after January 1, 2007.

|                    |   |
|--------------------|---|
| HKAS 1 (Amendment) | Capital disclosures                             |
| HKFRS 7            | Financial instruments: Disclosures              |
| HK(IFRIC) – INT 8  | Scope of HKFRS 2                                |
| HK(IFRIC) – INT 9  | Reassessment of embedded derivatives            |
| HK(IFRIC) – INT 10 | Interim financial reporting and impairment      |
| HK(IFRIC) – INT 11 | HKFRS 2 – group and treasury share transactions |

The application of new HKFRSs had no material effect on how the Group’s results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior years under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

|                          |   |
|--------------------------|---|
| HKAS 1 (Revised)         | Presentation of financial statements <sup>1</sup>   |
| HKAS 23 (Revised)        | Borrowing costs <sup>1</sup>  |
| HKAS 27 (Revised)        | Consolidated and separate financial statements <sup>2</sup>   |
| HKAS 32 & 1 (Amendments) | Puttable financial instruments and obligations arising on liquidation <sup>1</sup>                              |
| HKFRS 2 (Amendment)      | Vesting conditions and cancellations <sup>1</sup>   |
| HKFRS 3 (Revised)        | Business combinations <sup>2</sup>  |
| HKFRS 8                  | Operating segments <sup>1</sup>   |
| HK(IFRIC) – INT 12       | Service concession arrangements <sup>3</sup>  |
| HK(IFRIC) – INT 13       | Customer loyalty programmes <sup>4</sup>  |
| HK(IFRIC) – INT 14       | HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction <sup>3</sup> |

- <sup>1</sup> Effective for annual periods beginning on or after January 1, 2009.
- <sup>2</sup> Effective for annual periods beginning on or after July 1, 2009.
- <sup>3</sup> Effective for annual periods beginning on or after January 1, 2008.
- <sup>4</sup> Effective for annual periods beginning on or after July 1, 2008.

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

### 3. RESTATEMENTS

During the year ended March 31, 2007, the Group acquired certain jointly controlled entities and businesses of which the fair values of the identifiable assets, liabilities and contingent liabilities acquired were determined provisionally. During the year, the Group made certain fair value adjustments, with reference to the valuation reports, to the carrying amounts of the identifiable assets and liabilities of the jointly controlled entities and businesses acquired as a result of completing the initial accounting. The adjustment, to the fair values at the acquisition date of the identifiable assets, liabilities and contingent liabilities were made as if initial accounting had been completed on the acquisition date.

The effects of the above restatements on the results for the current and prior years are as follows:

|  | <b>2008</b><br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Increase in discount on acquisition of associates,<br>a jointly controlled entity and businesses | –                              | 11,084                  |
| Increase in amortisation of intangible assets  | <b>(532)</b>                   | (532)                   |
| Decrease in taxation   | <u>134</u>                     | <u>134</u>              |
| (Decrease) increase in profit for the year   | <u><b>(398)</b></u>            | <u>10,686</u>           |
| Attributable to:   |                                |                         |
| Equity holders of the Company  | <u><b>(398)</b></u>            | <u>10,686</u>           |
| (Decrease) increase in basic earnings per share  | <u><b>HK(0.01) cents</b></u>   | <u>HK0.36 cents</u>     |
| (Decrease) increase in diluted earnings per share  | <u><b>HK(0.01) cents</b></u>   | <u>HK0.31 cents</u>     |

Analysis of (decrease) increase in profit of the year by line item presented according to their functions:

|   | <b>2008</b><br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Increase in cost of sales   | (532)                          | (532)                   |
| Increase in discounts on acquisition of associates,<br>a jointly controlled entity and businesses | –                              | 11,084                  |
| Decrease in taxation  | <u>134</u>                     | <u>134</u>              |
| <br>(Decrease) increase in profit for the year  | <br><u><b>(398)</b></u>        | <br><u>10,686</u>       |

#### 4. REVENUE AND SEGMENT INFORMATION

The Group is currently organized into five operating divisions – sales of piped gas, gas connection, sales of coke and gas appliances, property investment and, financial and securities investment. These principal operating activities are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

| 2008   | Sales of<br>piped gas<br><i>HK\$'000</i> | Gas<br>connection<br><i>HK\$'000</i> | Sales of coke<br>and gas<br>appliances<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Financial and<br>securities<br>investment<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|--|--------------------------------------|---|---|--|---------------------------------|
| REVENUE  | <u>1,691,159</u>                         | <u>615,282</u>                       | <u>244,146</u>  | <u>960</u>                                | <u>528</u>   | <u>2,552,075</u>                |
| SEGMENT RESULT   | <u>223,018</u>                           | <u>111,071</u>                       | <u>5,844</u>  | <u>84,547</u>                             | <u>410</u>   | 424,890                         |
| Unallocated corporate revenue  |  |                                      |   |   |  | 103,597                         |
| Unallocated corporate expenses   |  |                                      |   |   |  | (98,714)                        |
| Finance costs  |  |                                      |   |   |  | (240,029)                       |
| Change in fair value of derivative<br>financial instruments                              |  |                                      |   |   |  | (166,884)                       |
| Discount on acquisitions of<br>associates, a jointly controlled entity<br>and businesses |  |                                      |   |   |  | 19,191                          |
| Share of results of associates   |  |                                      |   |   |  | <u>138,013</u>                  |
| Profit before taxation   |  |                                      |   |   |  | 180,064                         |
| Taxation   |  |                                      |   |   |  | <u>(13,778)</u>                 |
| Profit for the year  |  |                                      |   |   |  | <u><b>166,286</b></u>           |

2007 (restated)

|  | Sales of<br>piped gas<br><i>HK\$'000</i> | Gas<br>connection<br><i>HK\$'000</i> | Sales of coke<br>and gas<br>appliances<br><i>HK\$'000</i> | Property<br>investment<br><i>HK\$'000</i> | Financial and<br>securities<br>investment<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|--|--------------------------------------|---|---|--|---------------------------------|
| REVENUE  | <u>750,101</u>                           | <u>387,243</u>                       | <u>97,590</u>   | <u>936</u>                                | <u>599</u>   | <u>1,236,469</u>                |
| SEGMENT RESULT   | <u>113,969</u>                           | <u>166,055</u>                       | <u>1,526</u>  | <u>5,586</u>                              | <u>34,045</u>  | 321,181                         |
| Unallocated corporate revenue  |  |                                      |   |   |  | 74,772                          |
| Unallocated corporate expenses   |  |                                      |   |   |  | (67,955)                        |
| Finance costs  |  |                                      |   |   |  | (107,796)                       |
| Change in fair value of derivative<br>financial instruments                              |  |                                      |   |   |  | (4,307)                         |
| Discounts on acquisition of associates,<br>a jointly controlled entity<br>and businesses |  |                                      |   |   |  | 28,269                          |
| Share of results of associates   |  |                                      |   |   |  | <u>5,742</u>                    |
| Profit before taxation   |  |                                      |   |   |  | 249,906                         |
| Taxation   |  |                                      |   |   |  | <u>(13,657)</u>                 |
| Profit for the year  |  |                                      |   |   |  | <u>236,249</u>                  |

## 5. PROFIT FOR THE YEAR

|   | <b>2008</b><br><b><i>HK\$'000</i></b> | 2007<br><i>HK\$'000</i><br>(restated) |
|---|---------------------------------------|---------------------------------------|
| Profit for the year has been arrived at after charging (crediting): |                                       |                                       |
| Depreciation of property, plant and equipment                       | <b>189,383</b>                        | 96,769                                |
| Release of prepaid lease payments                                   | <b>8,401</b>                          | 2,191                                 |
| Amortisation of intangible assets included in cost of sales         | <b>7,936</b>                          | 2,660                                 |
| Minimum lease payments for operating leases                         | <b>18,086</b>                         | 8,429                                 |
| Cost of inventories recognized as expenses                          | <b>1,789,737</b>                      | 816,173                               |
| Rental income from investment properties less outgoings             | <u><b>(4,801)</b></u>                 | <u>(894)</u>                          |

## 6. TAXATION

|  | <b>2008</b><br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i><br>(restated) |
|--|--------------------------------|---------------------------------------|
| People's Republic of China ("PRC") Enterprise Income Tax | <b>31,755</b>                  | 13,791                                |
| Deferred taxation  | <b>(17,977)</b>                | (134)                                 |
|  | <b><u>13,778</u></b>           | <b><u>13,657</u></b>                  |

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit derived in Hong Kong for both years.

Taxation arising in other jurisdictions in the PRC is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Company are exempted from PRC Enterprise Income Tax for the first two years commencing from their first profit-making year of operation and thereafter, these PRC entities will be entitled to a 50% relief from PRC Enterprise Income Tax for the following three years ("Tax preference"). The reduced tax rate for the relief period is ranging from 7.5% to 16.5%. The charge of PRC Enterprise Income Tax for the years has been provided for after taking these tax incentives into account.

On March 16, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On December 6, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations changes the PRC Enterprise Income Tax rate to 25% and will affect the PRC group entities of the Company from January 1, 2008.

On December 26, 2007, the State Council of the PRC issued a circular on the implementation of transitional preferential policies for PRC Enterprise Income Tax. Entities that are currently entitled to preferential tax rates under the old PRC Enterprise Income Tax Law can gradually transit to the new tax rate of 25% within 5 years after the enforcement of the New Law at a tax rate of 18%, 20%, 22%, 24% and 25% in year 2008, 2009, 2010, 2011 and 2012 respectively.

Entities that originally enjoy the Tax preference can continue enjoying the tax preference based on the original tax rate until after the expiration of the tax preference. Entities that did not start Tax preference before 2008 because they were still in loss position shall start the Tax preference from 2008.

## 7. DIVIDENDS

|   | <b>2008</b><br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Final dividend paid in respect of 2007 of HK\$0.012<br>(2006: HK\$0.01) per share | <b><u>38,619</u></b>           | <b><u>29,237</u></b>    |

The final dividend in respect of 2008 of HK\$0.012 (2007: HK\$0.012) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.



## 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

|   | <b>2008</b><br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i><br>(restated) |
|---|--------------------------------|---------------------------------------|
| Earnings for the purpose of basic earnings per share, being profit for the year attributable to equity holders of the Company | <b>119,774</b>                 | 200,789                               |
| Adjustment for the effect of dilutive potential ordinary shares:  |                                |                                       |
| Change in fair value of stock subscription option   | <b>(5,400)</b>                 | (2,100)                               |
| Change in fair value of embedded derivatives of convertible bonds   | –                              | (2,560)                               |
| Adjustment in liability component of convertible bonds  | –                              | (10,642)                              |
| Interest on convertible bonds   | –                              | 14,225                                |
|   | <hr/>                          | <hr/>                                 |
| Earnings for the purpose of diluted earnings per share  | <b><u>114,374</u></b>          | <b><u>199,712</u></b>                 |
|   | <b>2008</b><br><b>'000</b>     | 2007<br><b>'000</b>                   |
| Weighted average number of ordinary shares for the purposes of basic earnings per share                                       | <b>3,209,579</b>               | 2,995,323                             |
| Adjustment for effect of dilutive potential ordinary shares:  |                                |                                       |
| Share options ( <i>note a</i> )   | <b>312,319</b>                 | 228,419                               |
| Stock subscription option ( <i>note b</i> )   | <b>751</b>                     | 10,740                                |
| Convertible bonds ( <i>note c</i> )   | –                              | 179,087                               |
|   | <hr/>                          | <hr/>                                 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share                                      | <b><u>3,522,649</u></b>        | <b><u>3,413,569</u></b>               |

- (a) Weighted average number of ordinary shares for the purpose of the computation of diluted earnings per share has taken into account the effect of the options with a dilutive effect.
- (b) Weighted average number of ordinary shares for the purpose of computation of diluted earnings per share has taken into account the effect of the potential issuance of shares upon exercise of the stock subscription option.
- (c) The computation of diluted earnings per share does not assume the conversion of convertible bonds for the year ended March 31, 2008 as the conversion would result in an increase in profit per share.

## 9. TRADE AND OTHER RECEIVABLES

Other than certain major customers with good repayment history which the Group allows a longer credit period or settlement by instalment basis, the Group generally allows an average credit period of 30 to 180 days to its trade customers.

The following is an aged analysis of trade receivables net of impairment losses at the reporting date:

|  | 2008<br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| 0-180 days   | 271,250                 | 240,170                 |
| 181-365 days   | 67,857                  | 64,483                  |
| Over 365 days  | <u>141,809</u>          | <u>43,451</u>           |
| Total trade receivables before accumulated allowances        | 480,916                 | 348,104                 |
| Less: Accumulated allowances                                 | <u>(79,187)</u>         | <u>(20,201)</u>         |
| Trade receivables  | 401,729                 | 327,903                 |
| Deposits paid for construction materials                     | 77,027                  | 44,519                  |
| Deposits paid for purchase of natural gas                    | 81,825                  | 47,833                  |
| Advances payments to contractors                             | 72,477                  | 28,231                  |
| Other receivables, deposits and prepayments                  | 219,271                 | 216,089                 |
| Amounts due from minority shareholders of subsidiaries       | 40,506                  | 9,012                   |
| Amounts due from shareholders of a jointly controlled entity | 42,880                  | 21,161                  |
| Fund in securities brokers                                   | <u>-</u>                | <u>24,578</u>           |
|  | <u><b>935,715</b></u>   | <u><b>719,326</b></u>   |

## 10. TRADE AND OTHER PAYABLE

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The following is an aged analysis of trade and other payables at the reporting date:

|  | 2008<br><i>HK\$'000</i> | 2007<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| 0-90 days  | 234,247                 | 109,511                 |
| 91-180 days  | 31,311                  | 77,326                  |
| Over 180 days  | <u>94,110</u>           | <u>117,440</u>          |
| Trade payables                                       | 359,668                 | 304,277                 |
| Other payables and accrued charges                   | 734,086                 | 425,142                 |
| Advance received from customers for contract works   | 230,340                 | 103,451                 |
| Amounts due to minority shareholders of subsidiaries | <u>24,558</u>           | <u>26,529</u>           |
|  | <u><b>1,348,652</b></u> | <u><b>859,399</b></u>   |

## **FINAL DIVIDEND**

The Board resolved to recommend the payment of a final dividend of HK1.2 cent (2007: HK1.2 cent) per ordinary share.

The final dividend will be paid on or about September 29, 2008 to shareholders whose names appear on the Registrar of Members of the Company on the date of the forthcoming annual general meeting.

## **CLOSURE OF REGISTER OF MEMBERS**

The Registrar of Members of the Company will be closed from August 19, 2008 to August 26, 2008, both days inclusive, during which no period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on August 18, 2008.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the investment in, and the operation and management of, gas pipeline and the sale and distribution of piped natural gas and compressed natural gas in the PRC.

For the year ended March 31, 2008, turnover of the Group amounted to HK\$2,552,075,000 (year ended March 31, 2007: HK\$1,236,469,000), increased by 106.4% over the same period of last year. Gross profit amounted to HK\$746,119,000 (year ended March 31, 2007: HK\$419,764,000), increased by 77.7%. Profit for the year was HK\$166,286,000, decreased by 29.6%. Earnings per share was HK3.73 cents (year ended March 31, 2007: HK6.70 cents). Pursuant to the new HKASs, the Group shall reflect the movement of fair values of all its financial derivative instruments (including convertible bonds) in the income statement from the financial year 2006. During the year, the Group recognized loss on change in fair value of financial derivatives instruments of HK\$166,884,000 which is mainly came from the decrease in fair value of convertible bonds. In June 2005, the Group issued US\$40 million convertible bonds at an exercise price of HK\$1.731 per share, of which US\$38 million were exercised during the year. As the market price of such US\$38 million bonds upon conversion and the share price as at March 31, 2008 were both higher than the exercise price of HK\$1.73, the Group shall recognize a decrease of fair value of HK\$163,173,000 for the entire US\$40 million convertible bonds in the income statement for the year in accordance to the new accounting standards. In addition, allowances in the amount of HK\$79,623,000 and HK\$57,190,000 were provided for the amounts due from customers for contract work and trade and other receivables respectively. Accordingly, the Group realized profit after tax and profit attributable to shareholders of HK\$166,286,000 and HK\$119,774,000 respectively, after deducting such non-cash impairment and the above provision. Excluding the change in fair value of derivative financial derivative instruments, provisions for amounts due from customers on construction contracts and provision for trade and other receivables during the year and over the same period last year, the Group realized profit after tax of HK\$435,780,000 and profit attributable to shareholders of HK\$389,268,000, an increase by 74.5% and 81.6% respectively over the same period last year. Earnings per share was HK12.13 cents, an increase of 69.5%.

## New Project Expansion

Since the last financial year, the Group's project expansion has gradually shifted to large to medium-sized cities. As at July 20, 2008, the Group had secured a total of 68 city piped gas projects (with exclusive concession rights) in 16 provinces, autonomous regions and directly-administered cities, six long distance natural gas pipeline projects, one coal bed methane gas exploration project and one natural gas company with exploration right.

The new projects include eleven city piped gas projects (with exclusive concession rights) in regions of Taizhou City and Jinhua City in Zhejiang Province, Meizhou City, Shanwei City and Yufu City in Guangdong Province, Bohai New Area in Hebei Province, Sujiatium District of Shenyang and Dalian Jinzhou Development Zone in Liaoning Province, Harbin City in Heilongjiang Province, Yulin City in Shaanxi Province and Zhongwei City in Ningxia Hui Autonomous Region; one long distance gas pipeline project in Hebei Province; and one coal bed methane gas project in Inner Mongolia.

Set out below is the eleven new city piped gas projects secured by the Group as at July 20, 2008:

| Province/Autonomous Region/<br>Directly-Administered Cities | City/Districts   |
|---|--|
| Zhejiang Province   | Taizhou City, Jinhua City  |
| Guangdong Province  | Meizhou City, Shanwei City, Yufu City                              |
| Hebei Province  | Bohai New Area   |
| Liaoning Province   | Sujiatium district of Shenyang, Dalian Jinzhou<br>Development Zone |
| Heilongjiang Province                                       | Harbin City  |
| Shaanxi Province  | Yulin City   |
| Ningxia Hui Autonomous Region                               | Zhongwei City  |

The above new projects cover a connectable city population of approximately 10,709,000 (approximately 3,286,000 households). The connectable city population covered by the Group's gas projects has increased to approximately 42,800,000 (approximately 13,329,000 households) as of July 2008, representing an increase by 33.7% compared to 2007.

In addition to the newly invested city piped gas projects, the Group also invested in one additional long distance natural gas pipeline project in Huanghua City of Hebei Province. Accordingly, the number of long distance gas pipeline projects owned by the Group has increased from last year's five to this year's six.

## **Construction of Piped Gas Networks**

Construction of city gas pipeline networks is one of the Group's principal businesses. The Group builds city main pipeline network and branch pipeline network to make gas connection to residential, industrial and commercial users, and charges them for such connection and gas usage.

During the financial year, the Group had completed 17 processing stations, high-pressure gas pipelines of 243 km, city medium and low-pressure gas pipeline of approximately 3,068 km and branch and customer pipeline network of 3,073 km.

As at March 31, 2008, the Group accomplished piped gas supply in 50 cities, and had built 56 processing stations, high-pressure gas pipelines of approximately 814 km, medium to low-pressure gas pipelines of approximately 7,534 km and branch and customer pipeline network of 7,870 km. Designed gas supply capacity of the processing stations reached 8,638,611 m<sup>3</sup> per day.

## **Residential Customers**

During the financial year, the Group completed natural gas connections for 280,230 domestic households, increased by approximately 70.3% over the same period of last year. The average connection fee of residential users was RMB2,295.

During the financial year, the Group acquired a total of 623,032 residential users who were primarily from Dezhou and Qingdao projects. As at March 31, 2008, the Group had a total of 2,253,044 residential users, increased by 64.8% over the same period of last year, representing 20.6% of the total connectable domestic households.

## **Industrial and Commercial Customers**

As versus residential users, industrial and commercial users, the focus of the Group's business direction, have much bigger demand for gas. During the financial year, the Group completed natural gas connections for 56 industrial customers and 1,852 commercial customers and acquired 16 industrial customers and 7,022 commercial customers. Industrial users are primarily in the petrochemical, porcelain making, building material productions, metallurgy and glass making industry.

As at March 31, 2008, the Group had a total of 185 industrial customers and 19,325 commercial customers, increased by 43.4% and 84.7% respectively compared with the last period. During the financial year, connection fee for industrial users was calculated on the basis of the contracted daily gas volume at the average rate of RMB 30 per m<sup>3</sup> and the average connection fee paid by commercial customers was RMB 47,533 per customer.

During the financial year, the Group recorded gas connection income of HK\$615,282,000, representing approximately 24.1% of the Group's total revenue for the year, an increase of approximately 58.9% over the same period of last year.

## Sale of Piped Gas

Connection fee is a one-off income, whereas the Group's ultimate profit comes from the sales income of piped gas.

The Group sold a total of 1,043,523,000 m<sup>3</sup> of natural gas, a substantial increase of 191.7% as compared to the same period of last year, of which 150,720,000 m<sup>3</sup> was sold to residential users, 236,577,000 m<sup>3</sup> to city industrial users and 117,750,000 m<sup>3</sup> to commercial users, 105,476,000 m<sup>3</sup> to CNG vehicle drivers and 433,000,000 m<sup>3</sup> to long-distance pipeline industrial users and other users.

During the financial year, gas sold to industrial users represented approximately 64.2% of the total natural gas volume sold, commercial users approximately 11.3%, residential users approximately 14.4% and CNG vehicles approximately 10.1%. With a large proportion of industrial users in its customers mix, the Group enjoys a very big potential in its future gas sales. In addition, as local governments are generally more relaxed in controlling the tariffs for industrial users, it becomes much easier for the Group to transfer the risk of upstream natural gas price fluctuation to them.

During the financial year, the Group recorded natural gas sales income of HK\$1,691,159,000, representing approximately 66.3% of the Group's total revenue for the year, an increase of approximately 125.5% over the same period of last year.

As at March 31, 2008, the daily natural gas supply capacity of the Group reached 3,931,089 m<sup>3</sup>, increased by approximately 143.0% over the same period of last year, of which the actual domestic usage was approximately 515,238m<sup>3</sup>/day, actual industrial usage approximately 2,475,731m<sup>3</sup>/day, actual commercial usage approximately 528,970 m<sup>3</sup>/day, and actual CNG vehicles usage approximately 411,150 m<sup>3</sup>/day. As of June 30, 2008, the total natural gas supply of the Group had exceeded 4,660,000 m<sup>3</sup> per day.

In the past financial year, average selling price (pre tax) was RMB1.75 per m<sup>3</sup> for residential users, RMB1.84 per m<sup>3</sup> for industrial users, RMB1.85 per m<sup>3</sup> for commercial users, and RMB1.95 per m<sup>3</sup> for CNG vehicles.

The core business of the Group is natural gas supply. However, some of the projects are still selling piped coal gas and liquefied petroleum gas (LPG). During such period, piped coal gas and LPG sales income from Fushun, Liuzhou, Yangzhou and Qingdao was recorded. A total of 105,336,000 m<sup>3</sup> piped coal gas and LPG was sold during the financial year, of which 86,334,000 m<sup>3</sup> was sold to residential customers, 14,055,000 m<sup>3</sup> to industrial customers and 4,948,000 m<sup>3</sup> to commercial customers.

## Natural Gas Joint Venture Companies

For the year ended March 31, 2008, revenue contribution of the Group's major subsidiaries/jointly-controlled companies to the Group's total revenue is as follows:

| <b>Joint venture company</b> | <b>Revenue<br/>(HK\$'000)</b> | <b>As a percentage to<br/>the Group's<br/>total revenue<br/>(%)</b> |
|------------------------------|-------------------------------|---|
| Hohhot                       | 355,678                       | 13.94   |
| Wuhu Zhongran                | 272,488                       | 10.68   |
| Baotao Zhongran              | 267,746                       | 10.49   |
| Dangyang Zhongran            | 260,020                       | 10.19   |
| Qingdao                      | 213,845                       | 8.38  |
| Baoji Zhongran               | 209,292                       | 8.20  |
| Liuzhou Zhongran             | 145,899                       | 5.72  |
| Yichang Zhongran             | 99,111                        | 3.88  |
| Xiaogan Zhongran             | 74,666                        | 2.93  |
| Huainan Zhongran             | 69,205                        | 2.71  |
| Chongqing                    | 69,056                        | 2.71  |
| Fushun Zhongran              | 65,710                        | 2.57  |
| Beijing Zhongran Xiangke     | 55,599                        | 2.18  |
| Xiaogan China Gas            | 44,806                        | 1.76  |
| Hanchuan Zhongran            | 43,720                        | 1.71  |
| Yangzhou Zhongran            | 40,811                        | 1.60  |
| Suzhou Zhongran              | 32,293                        | 1.27  |
| Nanjing Zhongran             | 31,413                        | 1.23  |
| Baotao Station Gas           | 30,124                        | 1.18  |
| Total                        | <u>2,381,482</u>              | <u>93.32</u>  |

## CNG Refilling Stations for Vehicles

The Group currently owns 49 CNG refilling stations for vehicles, with a daily capacity in excess of 430,000 m<sup>3</sup>. Sales income from CNG took up 10.1% of the Group's total sales income of natural gas in the financial year, an increase of approximately 364.1% compared to the same period last year. In future, the Group will invest further in CNG refilling stations for vehicles with an aim to increasing its share of the market.



## **Other Projects Development**

In September 2007, the Group signed a cooperation agreement with the People's Government of Wushen Banner, Inner Mongolia Autonomous Region to explore and produce coal bed methane in Ordos city. Pursuant to the cooperation agreement, the Group will develop a block of 2,440 square kilometers in area in the Nalinhe region of Ordos city in Inner Mongolia for coal bed methane exploration and production. The Group will make use of new techniques and crafts for comprehensive coal bed methane processing, utilization, liquefaction, pipeline transmission and application. The initial field for exploration and development will span 600 square kilometers.

Coal bed methane is similar to normal natural gas and methane is a major component of coal bed methane. It is a highly-efficient clean energy source and can be transmitted through natural gas pipelines. The development and utilization of coal bed methane could present enormous business opportunities for the Group.

In March 2008, the Group acquired 53% interest in Zhongyou Hua Dian Group and subsequently in May, the Group further acquired 30% additional interest. The Group had in total acquired 83% interest in Zhongyou Hua Dian Group. Zhongyou Hua Dian Group principally engages in the sales of LPG import and petrochemical products. Its major investments include four large petrochemical product storage and logistic bases in Xiaomen Island of Wenzhou, Nansha of Guangzhou, Jingjiang of Jiangsu and Fangcheng Port of Guangxi where each location contains a LPG terminal with a capacity of 50,000-ton grade. Meanwhile, Zhongyou Hua Dian Group also owns seven small LPG terminals with a capacity ranging from 2,000-ton grade to 5,000-ton grade in Shantou, Fuzhou, Jingjiang, Wenzhou and Haiyan. All terminals are well equipped with terminal transportation pipelines and storage facilities that could satisfy the berthing and docking of foreign and domestic ships with a total berthing capacity of 220,000 tons. In addition, Zhongyou Hua Dian Group possesses four first-class, nine second-class and 22 third-class LPG storages, equipped with three sets of dimethyl ether production systems with total LPG storage of 274,715 m<sup>3</sup>, chemical storage 78,000 m<sup>3</sup> and annual dimethyl ether production capacity of 130,000 tones. Zhongyou Hua Dian Group has built up a comparatively complete sales and logistic allocation system of petrochemical products in the southeastern coastal areas of the PRC and is currently the largest LPG and oil and gas trading enterprise in the PRC.

## **Gross Profit Margin and Net Profit Margin**

During the financial year, the Group realized revenue of HK\$2,552,075,000 (2007: HK\$1,236,469,000), an increase of approximately 106.4% over the same period of last year; gross profit of HK\$746,119,000 (2007: HK\$419,764,000), representing 29.2% of the Group's overall gross profit margin (2007: 33.9%); net profit of HK\$166,286,000 (2007: HK\$236,249,000), representing an overall net profit margin of 6.5% (2007: 19.1%).



## **Human Resources**

A team of excellent employees is vital to the success of a corporation. The Group remains faithful to “people come first” management concept. It has put in place a system of recruitment and internal training. The system provides mechanism for upgrading the professionalism and competence of its staff at all levels on an ongoing basis and also creates a platform for knowledge exchange and experience sharing among its staff. The Group recruits and retains capable people through enhancing job satisfaction and attractive remuneration package.

As at March 31, 2008, the Group has approximately 9,785 employees, an increase of approximately 33.3% over last year. More than 99.9% of the Group’s employees are located in the PRC. Remuneration is determined by reference to their qualifications and experiences of the staff concerned and according to the prevailing industry practice in the respective regions in which it operates. Besides the basic salaries and pension fund contribution, some employees may be given discretionary bonuses, merit payment and share options depending on the financial results of the Group and the performances of these individual employees. The Group also provides extensive training including orientation tours for new employees and different levels of technical and management courses for the Group’s management members and employees.

## **Excellence in Corporate Management**

The Group’s management team is committed to upgrading its corporate governance and transparency. In recognition of the effort of the Group’s management, the Group was named “Capital’s Outstanding PRC Natural Gas Supplier” three years in a row by Capital Magazine. Capital Magazine is one of the best-selling and authoritative Chinese financial magazines in Hong Kong and the award panel was comprised of members from the editorial committee of Capital and 10 leading figures in the business community.

Moreover, the Group was granted four awards, namely second prize in “The Best Mid-Cap Company” and “The Best CFO”, ranked third in “The Best Investor Relations” and ranked fourth in “The Best Corporate Governance” categories in the Mainland China section in the 2008 Asia’s top companies poll organized by FinanceAsia, one of the leading financial magazines in Asia Pacific. This demonstrates that China Gas’s effort in corporate management, investor relations and corporate governance are recognized by the investing community.

The Group was elected by a dedicated gas industry portal in the PRC -“博燃網” (Gasshow.com) as one of the “Top Ten Most Impressive Enterprises” in its “2007 Gasshow Performance Ranking” for four consecutive years, evidencing both industry and consumer recognition of the Group. The list was arrived at based on recommendations of members of the website and online ballots, and the election criteria included yearly performance, integrity, contribution to industry development, and technological and managerial innovation of an enterprise.

## **FINANCIAL REVIEW**

### **Liquidity**

As at March 31, 2008, the total assets of the Group was HK\$11,295,789,000, increased by approximately 54.5% as compared to March 31, 2007.

As at March 31, 2008, the Group's cash on hand was HK\$1,674,641,000 (March 31, 2007: HK\$1,512,347,000). The Group's total bank loans and other borrowings amounted to HK\$5,781,515,000 (March 31, 2007: HK\$2,929,233,000) of which approximately 2.7%, 3.6%, 15.6% and 78.1% would be due within one year, from first to second year, from second to fifth year and after the fifth year, respectively.

The Group has a current ratio of approximately 2.19 (March 31, 2007: 1.65) and the net gearing ratio was 1.21 (March 31, 2007: 0.74). The calculation of net gearing ratio was based on the net borrowings of HK\$4,460,300,000 (total borrowings of HK\$6,134,941,000 less bank balances and cash of HK\$1,674,641,000) and the net assets of HK\$3,675,460,000 as at March 31, 2008.

### **Capital Structure**

The Company issued convertible bonds with 1% per annum coupon due June 29, 2010 with an aggregate principal amount of US\$40,000,000 (the "Bonds") in June 2005. The initial conversion price of the Bonds was HK\$1.731 but the conversion will be adjusted in accordance to the initial agreement if any shareholding dilution event occurs. The Bonds have been listed on The Hong Kong Stock Exchange since June 1, 2006. As at June 30, 2008, a total of US\$38,000,000 of the Bond had been converted into a total of 171,230,491 ordinary shares of the Company.

### **Financial Resources**

In June 2007, the Group obtained a revolving facility totaling US\$85 million granted by the Royal Bank of Scotland and other commercial banks. Such facility was used by the Group as general working capital and interest rate for this facility was calculated at USD LIBOR plus 1.2% per annum. In addition, the Group also obtained a bank loan totaling US\$90 million granted by Bank of China (Hong Kong) Limited together with five other commercial banks in September 2007. Such bank loan was used by the Group to settle the US\$60 million syndicated loan granted in April 2005; while the remaining would be used as general working capital. Interest rate for this syndicated loan was charged at USD LIBOR plus 1.05% per annum.

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are denominated in Hong Kong dollars, RMB and US dollars. Besides, the Group believes that RMB appreciation will continue in the foreseeable future. Since all the operating income of the Group is denominated in RMB, the Group is expected to be benefited from repaying foreign currency debt by RMB funding.

During the period, the Group had long-term US-denominated loans totaling US\$265,000,000. As the interest charged on the bank loans and revolving facility granted to the Group was calculated on a floating basis, in order to minimize the interest rate risk, the Group has entered into interest rate swap contracts to mitigate interest rate risk and reduce finance costs. Through these interest rate swaps, the Group was able to save approximately 1% interest cost on these US dollars liabilities.

The Group's operating and capital expenditures are funded by operating cash income, subscription monies from strategic investors, bank loans, the Bonds, revolving facilities and development capital loan facility. The Group has sufficient sources of funds to meet future capital expenditure and working capital requirements.

### **Charge on Assets**

As at March 31, 2008, the Group pledged certain property, plant and equipment and prepaid lease payments having a net carrying value of approximately HK\$6,296,700 and HK\$22,181,000 (2007: HK\$356,842,000 and HK\$21,030,000) respectively, investment properties having a net carrying value of HK\$20,100,000 (2007: HK\$18,000,000), and other trade receivables having a net carrying value of HK\$24,232,000 (2007: Nil) and certain subsidiaries pledged their equity investments in other subsidiaries to banks to secure loan facilities granted to the Group.

### **Capital Commitments**

The Group has a capital commitments in respect of the acquisition of property, plant and equipment and construction materials for property, plant and equipment contracted for but not provided in the financial statements as at March 31, 2008 was HK\$201,256,000 (2007: HK\$392,357,000) and HK\$119,897,000 (2007: HK\$56,006,000) respectively, and such commitments would require a substantial part of the Group's present cash and external borrowings.

### **Contingent Liabilities**

As at March 31, 2008, the Group did not have any material contingent liabilities (as at March 31, 2007: Nil).

### **PROSPECTS**

Over the past financial year, apart from further investment in the downstream city gas projects and the midstream long distance pipeline projects, the Group's investment strategies also focused on strengthening the investment in the upstream natural gas supply market. We invested in a coal bed methane project in Inner Mongolia. Recently, we have also acquired Zhejiang Zhongyou Huadian Group which is principally engaged in the procurement, import, storage and distribution of liquefied petroleum gas.

Going forward, in terms of city gas distribution, the Group will continue to actively seek investment opportunities for gas projects in large and medium-sized cities with reasonable investment returns in the coming financial year. For upstream natural gas development and distribution, we will commence our LPG wholesale and retail business after completion of our acquisition of Zhejiang Zhongyou Huadian Group by making use of its existing loading and storage capacities and distribution network as well as the license granted by the Ministry of Commerce to the Group in December 2006 to engage in the import/export and wholesale of fuels such as natural gas, liquefied natural gas, liquefied petroleum gas (LPG), methanol and dimethyl ether in the PRC. This move will facilitate the Group to further improve its gas supply system and expand its gas user base, thereby substantially enhancing the Group's sustainable income and profit growth.

The Group has always placed high regards on its reliable, safe and clean gas supply and quality services to our customers. We manage our facilities in each place of business in a responsible manner, aiming to provide quality living standard and actively participating in social activities there. We have been able to gain the support from these local governments and customers in our places of operation. The Group is fully aware of the importance and impact of corporate social responsibility. In the days ahead, the Group will continue to strengthen its social responsibilities through different forms of activities.

## **CORPORATE GOVERNANCE**

In the opinion of the directors, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year, except for the non-executive directors should be appointed for a specific term and be subject to re-election. All the existing non-executive directors of the Company are not appointed for specific term, but are subject to retirement and re-election at the Company's annual general meeting in accordance to the bye-laws of the Company.

## **COMPLIANCE OF THE MODEL CODE**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and all of the directors of the Company confirmed that they have complied with the required standards set out in the Model Code throughout the financial year ended March 31, 2008.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended March 31, 2008.

## **PURCHASE, SALE AND REDEMPTION OF SHARES**

For the year ended March 31, 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

**PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY**

The results announcement is required to be published on the website of The Hong Kong Exchanges and Clearing Limited (“HKEX”) at [www.hkex.com.hk](http://www.hkex.com.hk) under “Latest Listed Company Information” and the Company at [www.chinagasholdings.com.hk](http://www.chinagasholdings.com.hk) under “Announcements” respectively. The annual report of the Company for the year ended March 31, 2008 will be dispatched to the shareholders around July 30, 2008 and will publish on the websites of the HKEX’s and the Company’s websites accordingly.

On Behalf of the Board of  
**China Gas Holdings Limited**  
**Liu Ming Hui**  
*Managing Director*

Hong Kong, July 23, 2008

*As at the date of this announcement, Mr. Li Xiao Yun, Mr. Xu Ying, Mr. Liu Ming Hui, Mr. Ma Jin Long and Mr. Zhu Wei Wei are the executive Directors, Mr. Feng Zhuo Zhi, Mr. Mark Gelinas, Mr. Joe Yamagata, Mr. R.K. Goel and Mr. Kim Joong Ho are the non-executive Directors and Mr. Zhao Yu Hua, Dr. Mao Er Wan and Ms. Wong Sin Yue, Cynthia are the independent non-executive Directors.*

\* *for identification purpose only*