Zhonghua Gas Holdings Limited

中華燃氣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

08246.HK

2020 Annual Report

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Corporate Information

Board of Directors

Executive Directors

Mr. Hu Yishi *(Executive Chairman)*
Mr. Chan Wing Yuen, Hubert *(Chief Executive Officer)*
Ms. Lin Min, Mindy
Ms. Kwong Wai Man, Karina *(Chief Financial Officer)*

Independent non-executive Directors

Ms. Ma Lee
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Company Secretary

Mr. Lam Shun Yip (appointed on 30 September 2020)
Ms. Chan Wai Yee (resigned on 30 September 2020)

Compliance Officer

Mr. Chan Wing Yuen, Hubert

Board Committees

Audit Committee

Ms. Ma Lee *(Chairlady)*
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Remuneration Committee

Ms. Ma Lee *(Chairlady)*
Ms. Lin Min, Mindy
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Nomination Committee

Ms. Ma Lee *(Chairlady)*
Ms. Lin Min, Mindy
Mr. Lau Kwok Kee
Ms. Qin Xuwen

Authorised Representatives

Mr. Chan Wing Yuen, Hubert
Ms. Kwong Wai Man, Karina

Registered Office

Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

Principal Place of Business in Hong Kong

23/F,
Chinachem Century Tower,
178 Gloucester Road,
Wan Chai,
Hong Kong

Share Registrar and Transfer Office in Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive,
P.O. Box 2681,
Grand Cayman KY1-111,
Cayman Islands

Hong Kong Share Registrar

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road,
North Point,
Hong Kong

Legal Advisers to the Company

Angela Ho & Associates
Conyers Dill & Pearman

Auditor

RSM Hong Kong

Principal Bankers

The Hong Kong & Shanghai Banking Corporation Limited
Huaxia Bank
Shanghai Pudong Development Bank
Bank of China Limited

Company Website

http://www.8246hk.com

GEM Stock Code

8246

Executive Chairman's Statement

On behalf of the Board (the "Board") of Directors (the "Directors") of Zhonghua Gas Holdings Limited (the "Company"), I would like to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020 (the "Current Year").

Year 2020 was a very difficult and challenging year for many industries and sectors in the PRC and around the globe. There is no doubt that the COVID-19 pandemic's severity has accelerated during last year and its far-reaching adverse impact on different businesses including the operations of the Group has been expected. During the Current Year, the Group recorded an overall revenue of RMB243.7 million, primarily contributed by its core new energy business, from the liquefied natural gas ("LNG") supply.

At present, the Group has a wide range of business scopes in the new energy sector in the PRC. Through these years, the Group continued to stay committed into developing and expanding its new energy business, which the Group believes the growth potential is strong. Therefore, we have been working meticulously to map out expansion strategies and implement plans to accomplish our goal of growing the new energy business further. We facilitated the progress of development in the LNG supply, such as adding the new LNG supply location in Shanghai, the PRC, in the third quarter of 2020, which allowed us to extend our reach to new potential markets in Yangtze River Delta region.

Witnessing these business growths, we have to attribute the achievements to the hard work of my dedicated management team, who identified the best opportunities to build an extensive customer base as well as their tactics to explore deeper into the LNG business. Despite the unprecedented challenges in the macroeconomic environment and the increasingly fierce market competitions, we will continue to identify suitable projects and collaboration and strive to diversify our portfolios to create additional income streams.

We believe the new energy sector is still full of development potentials. In addition to the markets that we have developed in past years, we aim to further explore the domestic markets outside Tianjin and tap into overseas market such as Europe once the lockdown is over.

We expect a gradual recovery in the global economy in the coming years. Nevertheless, with the growing demand for new energy in recent year, the favorable national policies on the new energy sector and our perseverance in exploring and driving new and existing business, we hope to see an overall improvement in our operations soon. We will continue to closely monitor the current situation while keeping our shareholders' interest in the top priority. Our goal of becoming a leading diversified and integrated new energy service provider in the Greater China Region will still on the track.

Lastly, on behalf of the Group, I would like to take this opportunity to express my heartfelt thanks to all the management for their leadership, and to all the staff members for their commitment and hard work. I would also like to express my gratitude to our business partners, clients and shareholders for their trust and continuous support.

Hu Yishi
Executive Chairman

Hong Kong, 29 March 2021

Principal Activities

The principal activities of the Group are provision of diverse integrated new energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, supply of liquefied natural gas, coupled with trading of new energy related industrial products ("New Energy Business") and leasing of investment properties (the "Property Investment").

Financial Highlights

The Board of the Company announce the audited consolidated annual results of the Group for the year ended 31 December 2020 (the "Current Year"), together with the audited comparative figures for the previous year ended 31 December 2019 (the "Previous Year") as follows:

	2020		2019		(Decrease)
	RMB'000	**HKD'000#**	RMB'000	HKD'000*	
From continuing operations					
Revenue	**243,697**	**289,561**	344,766	384,862	(29.3%)
Gross (loss)/profit[(a)]	**(4,115)**	**(4,889)**	117,232	130,866	(103.5%)
(Loss)/profit and total comprehensive income for the year	**(143,464)**	**(170,464)**	53,740	59,990	(367.0%)
(Loss)/profit and total comprehensive income attributable to owners of the Company	**(131,017)**	**(155,674)**	44,120	49,251	(397.0%)
(Loss)/earnings before income tax	**(145,451)**	**(172,825)**	85,704	95,671	(269.7%)
(Loss)/earnings before income tax and depreciation allowance	**(132,919)**	**(157,934)**	98,972	110,482	(234.3%)
(Loss)/earnings per share					
Basic	**RMB(0.036)**	**HK$(0.043)**	RMB0.012	HK$0.013	(400.0%)
Diluted	**RMB(0.036)**	**HK$(0.043)**	RMB0.012	HK$0.013	(400.0%)
From continuing and discontinued operations					
Revenue	**243,697**	**289,561**	359,683	401,514	(32.2%)
Gross (loss)/profit[(a)]	**(4,115)**	**(4,889)**	119,941	133,890	(103.4%)
(Loss)/profit and total comprehensive income for the year	**(143,464)**	**(170,464)**	53,841	60,103	(366.5%)
(Loss)/profit and total comprehensive income attributable to owners of the Company	**(131,017)**	**(155,674)**	44,221	49,364	(396.3%)
(Loss)/earnings before income tax	**(145,451)**	**(172,825)**	85,810	95,790	(269.5%)
(Loss)/earnings before income tax and depreciation allowance	**(132,919)**	**(157,934)**	102,558	114,485	(229.6%)
(Loss)/earnings per share					
Basic	**RMB(0.036)**	**HK$(0.043)**	RMB0.013	HK$0.015	(376.9%)
Diluted	**RMB(0.036)**	**HK$(0.043)**	RMB0.012	HK$0.013	(400.0%)
Dividend	**Nil**	**Nil**	Nil	Nil	N/A

Financial Highlights

	As at 31.12.2020		As at 31.12.2019		Increase/ (decrease)
	RMB'000	**HKD'000[#]**	RMB'000	HKD'000[*]	
Total assets	**595,030**	**707,015**	618,694	690,648	(3.8%)
Net assets	**354,549**	**421,275**	486,462	543,038	(27.1%)
Bank balance and cash	**85,484**	**101,572**	19,607	21,887	336.0%
Equity attributable to owners of the Company	**302,626**	**359,580**	422,092	471,181	(28.3%)

Key Financial Indicators	**2020**	2019
From continuing operations		
Gross (loss)/profit margin[(b)]	**(1.7%)**	34.0%
Net (loss)/profit margin[(c)]	**(58.9%)**	15.6%
(Loss)/return on average equity[(d)]	**(36.2%)**	11.2%
From continuing and discontinued operations		
Gross (loss)/profit margin[(b)]	**(1.7%)**	33.3%
Net (loss)/profit margin[(c)]	**(58.9%)**	15.0%
(Loss)/return on average equity[(d)]	**(36.2%)**	11.2%
Current ratio (times)[(e)]	**3.7**	4.1
Net gearing ratio[(f)]	**27.2%**	N/A

Notes:

(a) The calculation of gross (loss)/profit is based on revenue minus cost of sales.

(b) The calculation of gross (loss)/profit margin is based on gross (loss)/profit divided by revenue.

(c) The calculation of net (loss)/profit margin is based on (loss)/profit for the year divided by revenue.

(d) The calculation of (loss)/return on average equity is based on (loss)/profit attributable to the owners of the Company divided by average equity attributable to owners of the Company.

(e) The calculation of current ratio is based on current assets divided by current liabilities.

(f) The calculation of net gearing ratio is based on total debt divided by total equity.

Converted to HK$ at exchange rate of RMB = HK$1.1882 on 31 December 2020 for reference.

* Converted to HK$ at exchange rate of RMB = HK$1.1163 on 31 December 2019 for reference.

Management Discussion and Analysis

BUSINESS REVIEW

For the Current Year, the Group's total revenue decreased by approximately RMB101.1 million or 29.3% from approximately RMB344.8 million for the Previous Year to approximately RMB243.7 million for the Current Year. Net loss after tax RMB143.5 million recorded, as compared to a net profit after tax of RMB53.7 million for the Previous Year. Gross loss recorded for Current Year as compared to a gross profit for the Previous Year owing to LNG supply revenue with a thinner gross profit margin. The Group recorded a loss attributable to owners of the Company of RMB131.0 million, down by 397.0% as compared to a net profit of RMB44.1 million for the Previous Year.

During the Current Year, the outbreak of the COVID-19 pandemic brought unprecedented challenges to the Group's business operations starting from the first quarter of 2020. Most of the client meetings, negotiations and marketing activities to meet new customers were postponed or put off due to social or physical distancing and a range of precautionary measures. Despite gradual recovery in more economic activities approaching the mid-year, the Group's businesses continued to be hard hit by the sustained impact of the pandemic. The overall market sentiment has not substantially improved nor come back to the pre-crisis times near the end of the financial year.

Throughout the financial year, the Group's core businesses in the PRC experienced tremendous pressure and tension in the ongoing development of the COVID-19 pandemic around the world. The Group's revenue particularly in the regard to the capacity in securing new projects and service contracts in the New Energy Business in 2020 was disappointing. Echoed the right strategy of developing the LNG supply business, revenue from the LNG supply remained the only source of revenue from the New Energy Business.

New Energy Business

The Group is principally engaged in the provision of diverse integrated new energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, supply of LNG, coupled with trading of new energy related industrial products.

During the Current Year the Group suffered from the economic dip during the COVID-19 pandemic. The weak business sentiment resulted in the postponement of many construction projects, both from the public and private sectors. It has also led to a sharp decrease in the number of new construction work in almost all of the Group's operating markets. As a consequence of the sluggish market, there was no new project secured from the construction related and consultancy services in relation to heat supply in the New Energy Business. The PRC industry competitors continued to impose cost cutting measures and the reduction in sales volume of LNG further squeezed the LNG profit margin. The poor market sentiments in the PRC brought the sales volume of the LNG to a new low level.

Despite the progressive recovery of the PRC market conditions in the second half of the Current Year, the overall demand for integrated new energy products and services remained weak. The only revenue of the Group's New Energy Business during the Current Year came from the lower gross profit margin LNG supply. Moreover, the coal to gas conversion in Tianjin district has become saturated and the number of future new projects is expected to decrease.

Management Discussion and Analysis

Regarding LNG supply, the Group has set up a new LNG supply location in Shanghai during the third quarter of 2020. Shanghai's new point of LNG supply was seen as an important extension of LNG supply network outside of the Group's main base, Tianjin. The Group has been deploying full efforts in facilitating its development and growing it into a major business point since its establishment. The Group expected it to bring in revenue contribution in short term. Besides, the Group successfully cooperated with Shanghai Jiulian Group, a wholly-owned subsidiary of Shanghai Shenergy Group, and strengthened the supply of LNG resources of the Group. The partner is engaged in a number of diverse businesses such as LNG sales, engineering of LNG pipeline, sale, installation, maintenance of LNG delivery equipment, technology development of new energy, etc. Eyeing to reach out to the high potential market in the Yangtze River Delta region, the Group believed that such cooperation not only diversified its income base, but also helped the Group to enhance its presence in other new markets and expand the scope of its LNG business.

It is always the Group's intention to tap further into the European markets. In this regard, the Group continued to maintain a strategic partnership with Tractebel Engineering S.A. from France. However, due to some large-scale lockdowns and a tangle of travel restrictions in Europe during the Current Year, the Group has not been able to fully explore new business opportunities with potential clients. Thus, the Group expected to pick up in such aspect after the pandemic.

Property Investments

The Group owned two office premises on Beijing Road West, JingAn District in Shanghai as at 31 December 2020. Both premises continued to be on medium term lease. Leasing out the property investments generated long-term stable rental income for the Group.

Completion of Issue of the Convertible Bonds

Though the equities market remained volatile and uncertain, counting on the steady industry of the Group's business as well as its solid path, the Company entered into a subscription agreement (the "Subscription Agreement") with New York Limited, a wholly-owned subsidiary of Kai Yuan Holdings Limited ("the Subscriber") regarding the 3-year convertible bonds in the aggregate principal amount of HK$97,800,000 with 8% interest per annum (the "Convertible Bonds") and all conditions precedent set out in the Subscription Agreement have been fulfilled and completion of issue of the Convertible Bonds took place on 16 November 2020.

The net proceeds will be used for general working capital and the enhancement of the existing business of the Group. Through the Convertible Bonds, the Group believed that it enhanced the Group's financial position and broadened its investor and capital bases. It also laid a good foundation for further strategic alliance with the Subscriber. For details, please refer to the announcements of the Company dated 2 November 2020 and 16 November 2020 published on the websites of the Company and the Stock Exchange.

Management Discussion and Analysis

FINANCIAL REVIEW

Continuing Operations

Revenue

For the Current Year, revenue from continuing operations of the Group amounted to RMB243.7 million, representing a decrease of 29.3% from RMB344.8 million for the Previous Year. The decrease was mainly attributable to the decrease in revenue of RMB101.1 million from New Energy Business during the Current Year.

Cost of sales

	2020	2019	Increase
	RMB'000	*RMB'000*	
New Energy Business	**247,812**	227,534	8.9%
Property Investments	**–**	–	–
Group total	**247,812**	227,534	8.9%

The cost of sales of New Energy Business increased to RMB247.8 million as compared to RMB227.5 million in the Previous Year. The increase mainly represented the cost increased in LNG supply during the Current Year.

Gross (loss)/profit margin

	2020	2019
	%	%
New Energy Business	**(1.9%)**	33.9%
Property Investments	**100.0%**	100.0%
Group total	**(1.7%)**	34.0%

Gross (loss)/profit represents revenue less cost of sales. Gross profit margin of the New Energy Business segment decreased from 33.9% for the Previous Year to gross loss margin of 1.9% for the Current Year, mainly due to the LNG supply revenue with its thinner gross profit margin which could not cover the fixed direct cost during the Current Year.

The gross profit margin of the Property Investments segment was 100% (Previous Year: 100%).

Other losses and gains

Other losses of RMB15.8 million was recorded in the Current Year compared to other gains of RMB0.3 million in the Previous Year, mainly due to the fair value losses of Convertible Bonds in the Current Year.

Administrative expenses

Administrative expenses decreased by 40.4% from RMB41.1 million for the Previous Year to RMB24.5 million for the Current Year. The decrease was owing to a reduction in the amortized cost of share-based payment expenses in the Current Year in connection with the grant of share options in June 2017 and audit fee in the Current Year.

Finance Costs

For the Current Year, the Group's finance costs were RMB0.14 million (Previous Year: RMB0.22 million), representing a decrease of RMB0.08 million or 36.4%, which was mainly due to decrease in the cost incurred from the right-of-use assets.

Income tax credit/(expense)

Income tax credit recorded was RMB2.0 million (Previous Year: income tax expenses RMB32.0 million). It was mainly derived from the provision for enterprise income tax of subsidiaries in Tianjin net off the effect of deferred tax asset provided on the loss of subsidiaries in Tianjin and the PRC tax department approved tax relief and delay tax payment in Shanghai district in year 2020.

Discontinued Operations

On 30 April 2019, the Group completed the disposal of its entities, which engaged in restaurants operation ("Catering Business") through the disposal of two wholly-owned subsidiaries to an independent third party for a consideration of RMB2,000,000 (equivalent to approximately HK$2,331,000). For further details, please refer to note 18 to the consolidated financial statements and the announcement of the Company dated 30 April 2019.

Total Comprehensive Income Attributable to Non-controlling Interests

Non-controlling interests decreased by 229.4% from RMB9.6 million for the Previous Year to RMB(12.4) million for the Current Year. This was mainly attributable to the net loss recorded by the non-wholly owned subsidiaries in Tianjin for the Current Year.

Management Discussion and Analysis

(Loss)/Profit and Total Comprehensive (Expense) Income Attributable to the Owners of the Company

Net (loss)/profit and total comprehensive (expense) income attributable to owners of the Company recorded a decrease by 397.0% from net profit of RMB44.1 million for the Previous Year to net loss of RMB131.0 million for the Current Year. The decrease was mainly caused by (i) a significant decrease in revenue of around 29.3% from approximately RMB344.8 million for the Previous Year to approximately RMB243.7 million for the Current Year; (ii) along with challenging global economic prospect and adverse global cash and liquidity position, the collection of account receivable of the Group was affected, and an allowance for impairment on the trade receivables was made for RMB117.5 million; and (iii) a fair value losses of the Convertible Bonds was recorded for RMB14.2million.

Basic and diluted loss per share from continuing and discontinued operations for the Current Year were both RMB3.6 cents, as compared to basic and diluted earnings per share from continuing and discontinued operations of RMB1.3 cents and RMB1.2 cents respectively in the Previous Year.

Review of the Group's operations by segment during the Current Year is as follows:

New Energy Business

The results of the New Energy Business recorded a decrease in revenue of 29.4% from RMB344.3 million for the Previous Year to RMB243.2 million for the Current Year. The revenue from this business segment accounted for 99.8% of the Group's total revenue (Previous Year: 99.9%).

The table below set forth a breakdown of the Group's revenue generated from the New Energy Business segment:

District	**2020 Revenue *RMB million***	2019 Revenue *RMB million*
Beichen, Tianjin (北辰區，天津)	**55.2**	153.0
Xiqing, Tianjin (西青區，天津)	**22.3**	140.3
Jinghai, Tianjin (靜海區，天津)	**–**	51.0
Pudong Xinqu, Shanghai (浦東新區，上海)	**165.7**	–
	243.2	344.3

The revenue from the New Energy Business for Current Year mainly contributed by the LNG supply in Tianjin and Shanghai.

Property Investments

The Group owns two office premises on Beijing Road West, JingAn District, Shanghai. The properties were being held for investment purpose and it generated rental income and segmental profit of RMB0.5 million and RMB0.5 million respectively in the Current Year (Previous Year: RMB0.5 million and RMB0.5 million respectively). The investment properties were expected to bring stable long-term rental income to the Group.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, bank balances and cash maintained by the Group were RMB85.5 million, representing an increase of 336.0% from RMB19.6 million as at 31 December 2019, mainly due to the fundraising arised from the completion of issuance of the Convertible Bonds. Trade and other receivables were RMB432.3 million, decreased by 16.4% from RMB516.8 million as at 31 December 2019, which mainly represented the increase in trade receivables in LNG supply business net of the effect of allowance for impairment of trade receivables.

Trade and other payables increased from RMB114.7 million as at 31 December 2019 to RMB120.0 million, by 4.6%, mainly reflected the increase in trade payables from the New Energy Business. Contract liabilities increased to RMB14.7 million compared with RMB4.1 million as at 31 December 2019 due to increase in advance from customers. Finance lease liabilities raised from right-of-use assets of office locations of RMB5.2 million compared with RMB4.2 million as at 31 December 2019. The tax liability decreased from RMB9.2 million as at 31 December 2019 to RMB2.4 million, by 73.9%.

As a result of the above mentioned, the Group's current assets and current liabilities as at 31 December 2020 were RMB517.8 million and RMB141.0 million (31 December 2019: RMB536.4 million and RMB130.5 million) respectively.

The Group had no bank borrowings as at 31 December 2020. Upon completion of issuance of the Convertible Bonds, the gearing ratio of the Group, measured as total debt to total equity, increased to 27.2% as at 31 December 2020 (31 December 2019: 0.0%). The Group recorded net assets of RMB354.5 million as at 31 December 2020 compared with RMB486.5 million as at 31 December 2019. The decrease was mainly due to the net loss recorded during the Current Year, net off the effect of increase in equity by the exercise of share options, recognition of equity-settled share based payment. During the Current Year, the Group financed its operations with the funds from issuance of the Convertible Bonds and its internal resources.

Management Discussion and Analysis

FUNDRAISINGS THROUGH ISSUANCE OF CONVERTIBLE BONDS

On 16 November 2020, 3-year Convertible Bonds were issued by the Company to the Subscriber under the general mandate pursuant to the Subscription Agreement dated 2 November 2020 entered into between the Company and the Subscriber. The Convertible Bonds can be converted into shares of the Company at an initial conversion price of HK$0.27 per conversion share (subject to adjustment), during the conversion period of 3 years from 16 November 2020. Upon exercise of the conversion rights attached to the Convertible Bonds in full, the Convertible Bonds are convertible into 362,222,222 new shares of the Company at an initial conversion price of HK$0.27 per conversion share (subject to adjustment), representing approximately 10% of the existing issued share capital of the Company on 16 November 2020.

The Board considers that the Subscription (as defined in the announcement of the Company dated 2 November 2020) represents an opportunity to strengthen the financial position of the Group while broadening the investor base and capital base of the Group potentially. The Directors are of the view that the Subscription is fair and reasonable and is in the interests of the Company and the shareholders of the Company as a whole.

As at 31 December 2020, no Convertible Bonds have been converted into new conversion shares of the Company.

For further details, please refer to the announcements of the Company dated 2 November 2020 and 16 November 2020 published on the websites of the Company and the Stock Exchange.

USE OF PROCEEDS

On 16 November 2020, the Company has issued the Convertible Bonds to New York Limited under general mandate. The net proceeds from the issue of the Convertible Bonds are approximately HK$97.5 million (equivalent to approximately RMB82.7 million). The Company intends to use the net proceeds as to 50% for general working capital of the Group and as to 50% for enhancement of the existing business of the Group. The net proceeds are expected to be fully applied by 2023.

As at 31 December 2020, the Company has utilized approximately HK$8.3 million (equivalent to approximately RMB7.1 million) for general working capital of the Group and approximately HK$7.8 million (equivalent to approximately RMB6.6 million) for enhancement of the existing business of the Group.

The intended and actual use of proceeds from the issuance of Convertible Bonds up to 31 December 2020 is set out as follows:

Net proceeds raised	Proposed use of proceeds	Utilised proceeds up to 31 December 2020	Unutilised proceeds up to 31 December 2020	Expected timeline for use of unutilised proceeds
approximately HK$97.5 million (equivalent to approximately RMB82.7 million)	(i) general working capital of the Group (50%)	approximately RMB7.1 million	approximately RMB34.3 million	By 2023
	(ii) enhancement of the existing business of the Group (50%)	approximately RMB6.6 million	approximately RMB34.7 million	By 2023

CAPITAL STRUCTURE

During the Current Year, an aggregate of 37,104,000 shares were issued and allotted pursuant to the exercise of share options with exercise price of HK$0.289. As at 31 December 2020, the Company had an aggregate of 3,622,136,000 shares of HK$0.00125 each in issue.

DIVIDENDS

The Board did not recommend the payment of any dividend for the Current Year (Previous Year: Nil). A final dividend in respect of the year ended 31 December 2018 of HK$0.5 cents per ordinary share, in an aggregate amount of HK$17.7 million (equivalent to RMB15.5 million), has been approved by the shareholders of the Company at the annual general meeting of the Company held on 28 June 2019. The final dividend was paid on 15 August 2019.

FOREIGN CURRENCY EXPOSURE

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated mainly in RMB, with some denominated in Hong Kong dollar. The Group's cash and bank deposits were denominated some in RMB, while others were denominated in Hong Kong dollars. Any significant exchange rate fluctuations of Hong Kong dollar against RMB as the functional currency may have a financial impact to the Group. The Group managed its foreign exchange risks by performing regular review and monitoring the foreign exchange exposure. The Group managed its foreign exchange hedging arrangements when appropriate and necessary. During the Current Year, the Group did not use any financial instruments for hedging purpose (Previous Year: Nil).

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any material contingent liabilities (Previous Year: Nil).

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in note 18 to the consolidated financial statements, there was no other significant investments held, material acquisitions or disposal of subsidiaries and affiliated companies during the Current Year.

There is no plan for material investments or capital assets as at the date of this report.

PLEDGE OF ASSETS

As at 31 December 2020, the Group did not have any mortgage or charge over its assets (Previous Year: Nil).

EMPLOYMENT AND REMUNERATION OF EMPLOYEES

As at 31 December 2020, the Group has approximately 34 full time employees in the PRC and 16 staffs in Hong Kong. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited for reviewing and restructuring our existing business. The remuneration of the Group has maintained at competitive level with discretionary bonuses payable on a merit basis and in line with industrial practice. Apart from salary payments, other staff benefits provided by the Group includes mandatory provident fund, insurance schemes and performance related bonus.

PROSPECTS

For the new financial year, the Group's top priority is to ensure business steadiness during the post pandemic recovery period in the PRC. With the new capital generated from the issue of Convertible Bonds, the Group aims to seek and explore further development to reinforce its existing businesses.

The Group is set to extend the footprint of its LNG supply network to other districts of the PRC. The Group will keep on pursuing growth opportunities through establishing new joint ventures and carrying out merger and acquisition. Apart from keeping the existing LNG trading locations, the Group will proactively seize possible collaboration with both domestic and overseas LNG suppliers to expand its business portfolio.

The Group anticipates that the macroeconomic outlook will continue to be clouded by the persisting pandemic and external factors for a slowdown in economic growth in the worldwide. The economic uncertainties are likely to bring deeper impact to the global economies in the medium to long term. Despite the challenges, with our strong regional presence and well-established market position, the Group is determined to aggressively equip itself to weather the storm, staying devoted to grasping new projects in order to create additional revenue streams and reducing operating costs. The Group will also implement multi-facet strategies in order to get the core businesses back on track as soon as possible.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Hu Yishi ("Mr. Hu"), aged 45, is our executive chairman (the "Executive Chairman") and executive Director. He joined our Group in August 2015 and is responsible for the overall corporate development and strategic planning of the Group. Mr. Hu is the spouse of Ms. Lin Min, Mindy, an executive Director of the Company. Mr. Hu holds directorship positions within the other members of the Group.

Mr. Hu was previously an executive director of Zhong Fa Zhan Holdings Limited, now known as Central Development Holdings Limited (stock code: 475) and a non-executive director and the chairman of Kai Yuan Holdings Limited (stock code: 1215), the issued shares of both companies are listed on the Stock Exchange.

Mr. Hu graduated from Shanghai International Tourism Vocational Technology School. Mr. Hu has accumulated extensive experience in China affairs, business development and business expansion, he is also experienced in overall strategic planning, management and operation of the companies.

Mr. Chan Wing Yuen, Hubert ("Mr. Chan"), aged 63, is our chief executive officer (the "CEO") and an executive Director. He joined the Group in August 2014 and is responsible for business policy formulation and execution. He has held directorship positions within the other members of the Group.

Mr. Chan has been an executive director of Central Development Holdings Limited (stock code: 475) since November 2011, a company listed on the Stock Exchange. Mr. Chan has also been an independent non-executive director of Tian Ge Interactive Holdings Limited (stock code: 1980) since June 2014 and FIT Hon Teng Limited (stock code: 6088) since November 2016, both companies listed on the Stock Exchange.

Mr. Chan spent over ten years with the Stock Exchange. He also held various positions with companies listed on the Stock Exchange. Mr. Chan was previously a director of Guangdong Investment Limited (stock code: 270), an independent non-executive director of China Smarter Energy Group Holdings Limited (stock code: 1004), an executive director of EverChina Int'l Holdings Company Limited (stock code: 202) and an executive director of Softpower International Limited (stock code: 380). He was also an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd, a company listed on the Stock Exchange (stock code: 6116) and The Shanghai Stock Exchange (stock code: 603157).

Mr. Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Chan is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries and is also a member of both Hong Kong Securities and Investment Institute and The Hong Kong Institute of Directors. Mr. Chan is a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee in the PRC.

Biographical Details of Directors and Senior Management

Ms. Lin Min, Mindy ("Ms. Lin"), aged 45, is our executive Director. She joined our Group in August 2014 and is the spouse of Mr. Hu, an executive Director and the Executive Chairman of the Company. She is a member of the Remuneration Committee and the Nomination Committee of the Company and holds directorship positions within the other members of the Group.

Ms. Lin was previously an executive director of Sheng Yuan Holdings Limited (stock code: 851), the issued shares of which are listed on the Stock Exchange.

Ms. Lin was graduated in the research programme on enterprise management from East China Normal University (華東師範大學) and the enterprise management programme from Shanghai Jingan District College (上海市靜安區業餘大學).

Ms. Kwong Wai Man, Karina ("Ms. Kwong"), aged 51, is our chief financial officer (the "CFO") and executive Director. She joined our Group in August 2014 and is responsible for the overall finance and administration functions and corporate governance enforcement of the Group. She is the process agent and the authorized representative of the Company and holds directorship positions within the other members of the Group.

Ms. Kwong has extensive experience in accounting, financial management and corporate finance. Ms. Kwong worked for sizable organisations in various industries as senior executives in both Canada and Hong Kong. Ms. Kwong was previously an executive director of Zhong Fa Zhan Holdings Limited, now known as Central Development Holdings Limited (stock code: 475), Sheng Yuan Holdings Limited (stock code: 851) and Kai Yuan Holdings Limited (stock code: 1215), and an executive director and a non-executive director of Grandmass Enterprise Solution Limited, now known as Grand Peace Group Holdings Limited (stock code: 8108), the issued shares of all companies are listed on the Stock Exchange.

Ms. Kwong holds a bachelor degree in Business Administration from Simon Fraser University, is a member of the American Institute of Certified Public Accountants and the Hong Kong Securities and Investment Institute, and a fellow member of the Hong Kong Institute of Directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ma Lee ("Ms. Ma"), aged 56, is our independent non-executive Director. She joined our Group in October 2014 and is the chairlady in each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Ms. Ma has years of experience in financial management and professional accounting. Having started her career as a professional accountant in an international accountancy firm, she has undertaken key financial management positions in companies engaged in different industries.

Ms. Ma was previously an independent non-executive director of Grandmass Enterprise Solution Limited, now known as Grand Peace Group Holdings Limited (stock code: 8108) and the chief financial officer and company secretary of Shinhint Acoustic Link Holdings Limited (now known as Jintai Energy Holdings Limited) (stock code: 2728), the issued shares of both companies are listed on the Stock Exchange.

Ms. Ma holds a bachelor degree of Commerce from the Australian National University and a master degree of Business Administration from the Chinese University of Hong Kong. She has been practicing as a certified public accountant and is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Biographical Details of Directors and Senior Management

Mr. Lau Kwok Kee ("Mr. Lau"), aged 61, is our independent non-executive Director. He joined our Group in June 2017 and is the member in each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. Lau is a practicing solicitor in Hong Kong for over 30 years. He is currently a consultant with Messrs. Hau, Lau, Li and Yeung, a firm of solicitors and notaries in Hong Kong. He is also a director of Synergy Fund Management Group Limited, a licensed corporation with the SFC, and Onmay Consulting Limited, a Trust and Company Secretary Provider in Hong Kong.

Mr. Lau was previously an independent non-executive director of Grandmass Enterprise Solution Limited, now known as Grand Peace Group Holdings Limited (stock code: 8108), the issued shares of which are listed on the Stock Exchange.

Mr. Lau graduated with a Bachelor's Degree in Science from the University of Hong Kong in 1982 and later obtained a Bachelor's Degree in Laws from the University of London in 1985. He subsequently obtained a Postgraduate Certificate in Laws at the University of Hong Kong and a Diploma in Chinese Law from the University of East Asia Macau.

Ms. Qin Xuwen ("Ms. Qin"), aged 59, is our independent non-executive Director. She joined our Group in December 2019 and is the member in each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Ms. Qin has over fifteen years' experience in Liquefied Petroleum Gas business, liquefied natural gas, financing and corporate management.

Ms. Qin was previously the senior vice president and East-China region general manager, the Nanjing Region general manager and Jiangsu Region general manager of China Resources Gas Group Limited (華潤燃氣控股有限公司). She was also the chief representative of China Resources (Holdings) Company Limited (華潤（集團）有限公司) in Jiangsu province.

Ms. Qin graduated from Jiangsu Broadcasting Television University (江蘇廣播電視大學) and obtained a Professional Qualification in Economy-Operating and Management of Industrial Enterprise (經濟類－工業企業經營管理).

COMPANY SECRETARY

Mr. Lam Shun Yip ("Mr. Lam") was appointed as company secretary of the Company (the "Company Secretary") on 30 September 2020. Mr. Lam obtained a Bachelor Degree in Civil and Environmental Engineering from The Hong Kong University of Science and Technology and he is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr. Lam had been working in various international accounting firms and company secretarial services providers and has over 10 years of experience in the fields of auditing, accounting and financial management.

Corporate Governance Report

The Company endeavors in maintaining high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. Various measures have been adopted to ensure that a high level of corporate governance is maintained throughout the operation of the Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

To comply with all the new code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules, relevant amendments and adoptions has been adopted by the Company for the Current Year. The Board will continue to review regularly and take appropriate actions to comply with the CG Code.

The Directors are of the opinion that the Company and the Board had complied with the Corporate Governance Code throughout the Current Year.

COMPLIANCE WITH THE REQUIRED STANDARDS OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the year ended 31 December 2020, he/she had fully complied with the required standard of dealings and there was no event of non-compliance.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") effective on 1 September 2013 which sets out the approach to achieve diversity on the Board. The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board. The Nomination Committee has set measurable objectives based on four focus areas: gender, age, working experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

BOARD OF DIRECTORS

As at 31 December 2020, the Board comprises four executive Directors and three independent non-executive Directors and the Board is accountable to shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to enhance value to the shareholders. The composition of the Board and biographies of the Directors are set out on pages 16 to 18 of this report.

Corporate Governance Report

The four executive Directors are responsible for the leadership and control of the Company and oversee the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as to provide a balance in the Board in order to protect shareholders' interest and overall interest of the Group.

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

Save for that Ms. Lin is the spouse of Mr. Hu, each of the Directors has no relationship with other Directors.

The Roles of the Executive Chairman and Chief Executive Officer

The Company has appointed Mr. Hu to be the executive Director and Executive Chairman of the Company in August 2015. Mr. Hu is responsible for the overall corporate development and strategic planning of the Group.

According to code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. At present, Mr. Hu serves as the Executive Chairman. The Executive Chairman is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner while Mr. Chan serves as the CEO of the Group. The CEO is responsible for running the Group's business and the implementation of the approved strategies of the Group.

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year under review, the Board held 23 Board meetings and 1 general meeting. The Directors attended those meetings in person, by phone or through other electronic means of communication.

Corporate Governance Report

The individual attendance record of each Director at the meetings during the financial year is set out below:

Name of Directors	Attendance/Number of meetings Board meeting	 General meeting
Executive Directors		
Mr. Hu Yishi *(Executive Chairman)*	17/23	1/1
Mr. Chan Wing Yuen, Hubert *(Chief Executive Officer)*	23/23	1/1
Ms. Lin Min, Mindy	17/23	1/1
Ms. Kwong Wai Man, Karina *(Chief Financial Officer)*	23/23	1/1
Independent non-executive Directors		
Ms. Ma Lee	17/23	1/1
Mr. Lau Kwok Kee	17/23	1/1
Ms. Qin Xuwen	17/23	1/1

All business transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are kept by the Company Secretary and are available to all Directors.

Practice and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are made available to Directors in advance. Code Provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meetings to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior executives whenever necessary. With the support of the senior executives, the chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are kept by the Company Secretary and opened for inspection by the Directors.

The Company's articles of association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Corporate Governance Report

Training and Support of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director. The relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses.

The Directors confirmed that they have complied with the code provision A.6.5 of the CG Code and Report on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge.

Independent non-executive Directors

One of the independent non-executive Directors has entered into a letter of appointment with the Company on 1 October 2014, one of the independent non-executive Directors have entered into a letter of appointment with the Company on 8 June 2017 and one of the independent non-executive Directors have entered into a letter of appointment with the Company on 2 December 2019, and shall continue thereafter unless terminated by not less than one month's notice in writing. Each of the independent non-executive Director is entitled to a Director's fee.

Audit Committee

The Company has established the Audit Committee on 12 December 2011 with written terms of reference in compliance with the GEM Listing Rules. The current Audit Committee has three members comprising all the independent non-executive Directors, namely, Ms. Ma Lee (chairlady), Mr. Lau Kwok Kee and Ms. Qin Xuwen.

The updated terms of reference of the Audit Committee are posted on the websites of the Company and the Stock Exchange.

All committee members possess appropriate industry and financial experience to advise on the Group's strategy and other matters. The composition of the Audit Committee meets the requirements of Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems, risk management matters and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and oversee independence and qualifications of the external auditor.

During the Current Year, 10 meetings were held and the attendance of each member is set out as follows:

Members of the Audit Committee	Number of attendance
Ms. Ma Lee	10/10
Mr. Lau Kwok Kee	10/10
Ms. Qin Xuwen	10/10

Corporate Governance Report

The following is a summary of work performed by the Audit Committee during the Current Year:

1. Reviewed the Group's quarterly, interim and annual results and corporate governance matters for inclusion in the Company's annual report and recommended them to the Board for review and approval;

2. Reviewed and discussed the Company's financial controls, internal control and risk management systems with management to ensure that management has performed its duty to have effective systems;

3. Reviewed with the management of the Company the accounting principles and practices adopted by the Group for the year ended 31 December 2020; and

4. Reviewed the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, their independence and objectivity and made recommendation to the Board on the change of auditor of the Company from Deloitte Touche Tohmatsu to RSM Hong Kong.

Remuneration Committee

The Company has established the Remuneration Committee on 12 December 2011 with written terms of reference in compliance with the GEM Listing Rules. The current Remuneration Committee comprises one executive Director, namely, Ms. Lin Min, Mindy and three independent non-executive Directors, namely, Ms. Ma Lee (chairlady), Mr. Lau Kwok Kee and Ms. Qin Xuwen. The Remuneration Committee is mainly responsible for making recommendations to the Board as to the policy and structure for the remuneration of the executive Directors and senior management, determining the specific remuneration packages of all the executive Directors and senior management, reviewing and approving performance based remuneration and compensation for loss or termination of office payable to executive Directors and senior management, ensuring no Director is involved in deciding his/her own remuneration and approving the service contracts of Directors and senior management.

The updated terms of reference of the Remuneration Committee are posted on the websites of the Company and the Stock Exchange.

During the Current Year, 4 meetings were held and the attendance of each member is set out as follows:

Members of the Remuneration Committee	Number of attendance
Ms. Ma Lee	4/4
Ms. Lin Min Mindy	1/1
Mr. Lau Kwok Kee	4/4
Ms. Qin Xuwen	4/4

The following is a summary of work performed by the Remuneration Committee during the Current Year:

1. Reviewed the policy for the remuneration of the executive Directors;

2. Assessed performance of the executive Directors; and

3. Made recommendations to the Board on the remuneration packages of individual Directors and senior management.

Nomination Committee

The Company has established the Nomination Committee on 12 November 2011 with written terms of reference in compliance with the GEM Listing Rules. The current Nomination Committee comprises one executive Director namely, Ms. Lin Min, Mindy and three independent non-executive Directors, namely, Ms. Ma Lee (chairlady), Mr. Lau Kwok Kee and Ms. Qin Xuwen. The Nomination Committee is mainly responsible for making recommendations to the Board on the appointment of Directors and succession planning of the Directors.

The updated terms of reference of the Nomination Committee are posted on the websites of the Company and the Stock Exchange.

Board Nomination Policy

The Company has adopted a nomination policy for the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. In selecting and recommending candidates for directorship to the Board, the Nomination Committee would consider various aspects such as candidate's qualification, time commitment to the Company and contributions that will bring to the Board as well as factors concerning the Board diversity as set out in the Company's Board diversity policy, before making recommendation to the Board on the appointment of Directors. The Nomination Committee will review the Board Nomination Policy, as appropriate, to ensure its continued effectiveness from time to time.

During the Current Year, 1 meeting was held and the attendance of each member is set out as follows:

Members of the Nomination Committee	Number of attendance
Ms. Ma Lee	1/1
Ms. Lin Min Mindy	1/1
Mr. Lau Kwok Kee	1/1
Ms. Qin Xuwen	1/1

The following is a summary of work performed by the Nomination Committee during the Current Year:

1. Reviewed the policy for the nomination of Directors;

2. Reviewed the nomination procedures, the process and criteria to select and recommend candidates for directorship;

3. Reviewed the structure, size and composition of the Board;

4. Recommended to the Board the appointment of and the re-appointment of executive Directors and independent non-executive Directors; and

5. Reviewed the board diversity policy to achieve a more balanced and diverse Board composition.

Company Secretary

Ms. Chan Wai Yee ("Ms. Chan") has resigned as Company Secretary and Mr. Lam Shun Yip has been appointed as Company Secretary with effect from 30 September 2020.

During Ms. Chan's tenure, Ms. Chan was appointed as the Company Secretary on 15 August 2014. Ms. Chan reports to the Board directly and ensures that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to the Rule 5.15 of the GEM Listing Rules, Ms. Chan has taken no less than 15 hours of relevant professional training for the financial year ended 31 December 2020.

Following the resignation of Ms. Chan, Mr. Lam takes over her above-mentioned duties and responsibilities. Mr. Lam reports to the Board directly and ensures that the Board procedures, applicable law, rules and regulations are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant corporate governance developments relating to the Group and facilitating the induction and professional development of Directors. According to the Rule 5.15 of the GEM Listing Rules, Mr. Lam has taken no less than 15 hours of relevant professional training for the financial year ended 31 December 2020. The Company Secretary's biography is set out in the "Biographical Details of Directors and Senior Management".

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of quarterly, interim and annual reports, price-sensitive announcements and other disclosures required by the GEM Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020. Having made appropriate enquiries, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on the assumption that the Group will continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 44 to 49.

CHANGE OF AUDITOR

Deloitte Touche Tohmatsu has resigned as the external auditor of the Company with effect from 29 December 2020 and RSM Hong Kong has been appointed as the external auditor of the Company with effect from 31 December 2020 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

Details of the above change of auditor can be referred to the Company's announcement published on the website of the Stock Exchange and of the Company on 31 December 2020.

Saved as above disclosed, there has been no other change in auditor of the Company in the past three years.

AUDITOR'S REMUNERATION

Analysis of remuneration in respect of audit and non-audit service provided by the external auditor of the Group, RSM Hong Kong, for the year ended 31 December 2020 is as follows:

Nature of services	Amount RMB'000
Audit services	806.2

RISK MANAGEMENT AND INTERNAL CONTROL

It is the responsibility of the Board to maintain effective risk management and internal control systems in order to protect the overall interests of the Company and its shareholders. However, the systems are designed to manage but not eliminate all risks of failure to achieve business objectives. It does not provide an absolute shield against unpredictable risks and uncontrollable events such as natural catastrophes, fraud, and errors of judgement, It can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group established an Enterprise Risk Management (the "ERM") framework to implement effective risk management. The ERM framework mainly comprises of two parts: (1) risk management structure and (2) risk management process.

RISK MANAGEMENT STRUCTURE

Board

As a body in charge of the Group's risk management and internal control systems, the Board is responsible for setting up the clear ERM framework and risk management policies, the purposes of which are to assess and evaluate the business strategies of the Group and its degree of risk tolerance. With the assistance of the Audit Committee, whose authority has been delegated by the Board, the Board maintains constant monitoring of the risk management and internal control systems of the Group, as well as conducting review at least once a year as to its effectiveness.

Audit Committee

As the highest body, second only to the Board, being responsible for the risk management and internal control systems, the Audit Committee provides advices and supports to the Board in respect of all risk-related matters, including monitoring the implementation of the overall risk management procedures of the Group, conducting review on the risk register of the Group, review and approve the internal control review plan and its results.

Management

The management of the Group is responsible for identifying and continuous monitoring of the Group's exposure to risks in relation to strategy, operation, finance, reporting and compliance during the daily operations of the Group. It reports to the Board and the Audit Committee regarding the risks and their changes, formulates a set of internal control measures to mitigate the risks, collects through various channels the deficiencies of the internal control system and conducts rectifications in a timely manner.

Internal Audit Function

The Group has put in place the internal audit function. Annual review on the effectiveness of the risk management procedures of the Group will be conducted by the management and the Audit Committee, and professional internal control advisers may be consulted if necessary. The plan of internal control review will be submitted to the Audit Committee for review and approval, and the person in charge of the internal control review will also report the review results to the Audit Committee.

RISK MANAGEMENT PROCESS

The ERM framework has been set up by the Group so as to manage the Group's risk exposures in an effective manner. The framework defines the procedures to identify, evaluate, response and monitor risks and any change thereof. Through periodic internal discussion, the risk management knowledge of different departments will be enriched, which enables better understanding and timely reporting of risks by all staff, thereby strengthening the Group's risk management capability.

When identifying risks, the management will communicate with different operational departments and collect information of significant risk factors in various aspects such as strategy, operations and finance, reporting and compliance in a bottom up approach. Upon specifying areas of risk assessment, the management will evaluate the importance of risks based on their potential impact and the possibility of occurrence and set up internal control measures to mitigate the risks. On-going monitoring and reporting of any change of risks will also be conducted.

MAIN FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Maintaining an effective internal control system (Operational Level)

- Definite internal control policies and procedures are in place to enable clear segregation of responsibilities, authority and accountability of different departments and positions;
- Code of conducts have been formulated to promote integrity and ethical conducts to the staff;

- Whistleblowing system is set up to encourage employees to report any misconduct or fraud;
- Appropriate IT system access restrictions have been set to avoid disclosure of price sensitive information;
- Policies regarding insider information disclosure are established, which involve reporting channels. The person in charge of the information disclosure will be responsible for answering external enquiries and seek consultation from professional financial consultants or the Stock Exchange when necessary.

During 2020, the Board had reviewed the effectiveness of the internal control policies and procedures, including the procedures regarding financial reporting and those as stipulated under the Listing Rules. When carrying out review on the risk management and internal control procedures, the Board had taken into consideration the adequacy of resources for accounting, internal audit and financial reporting, the qualifications and experience of the staff, trainings to be provided to the staff and the relevant budget.

Ongoing monitoring of risks (Risk management level)

Based on the ERM framework and risk management policies as formulated by the Board, the management will communicate with different operational departments and collect information of significant risk factors which will affect the Group in a bottom up approach and consistently monitor changes in risks. Risks which has been identified will be recorded in a risk register. Regular assessment will be carried out on the potential impact to the Group and the possibility of occurrence of each major risk so as to lay down relevant internal control measures.

During 2020, the management had reviewed risk management structure and procedures and had submitted to the Board and the Audit Committee a risk assessment report and a 3-year plan of internal control review, so that the Board and the Audit Committee can enable effective monitoring of the Group's major risk and better understanding of how the management handle and mitigate the risks.

Independent review

The internal audit team of the Group is comprised of the persons who are not responsible for areas under the review. The list of review team and scope of review have been approved by the Audit Committee. The team conducts independent review on risk management and internal control systems of the Group so as to assess the effectiveness. A report of internal control review is submitted to the Audit Committee.

During 2020, the internal audit team had completed review on internal control for the year, period of reviews covered transactions carried out from 1 January 2020 to 31 December 2020. The management had implemented rectifications and remediated internal control weaknesses identified. The internal audit team had report the review results to the Audit Committee.

Nothing has come to the Audit Committee's or the Board's attention to believe that the risk management and internal control systems of the Group are inadequate or ineffective.

Corporate Governance Report

THE GROUP'S MAJOR RISKS AND THEIR CHANGES

The Group's major risks and the changes thereof are set out as follows:

Risk	Description	Internal control measures	Changes
Market competition	With the continuous development of coal-to-gas conversion related projects and the unchanged total resident population in Beijing-Tianjin region, the local market tends to be saturated, which affects the business development of the Group. With the operation of China-Russia natural gas pipeline in December 2018, it is expected to provide 38 billion cubic meters of natural gas resources each year to the Chinese market. The further expansion of market supply has declined the price of natural gas.	– The Group explores opportunities to expand the New Energy Business to other northern regions and Yangtze River Delta in order to seek business growth and mitigate risks – The Company keeps abreast of market trends and works closely with upstream gas sources, and makes use of the changes in LNG prices in different seasons to reduce the economic impact arising from the rise in supply	Increase
Government policy changes	If the government announces any change on the policies regarding "coal to gas", the number of projects that available to the Group may be affected.	– The management will keep abreast of any change on the relevant policies so as to adjust business strategies of the Group on a timely manner – To expand types of service to be provided by the Group in order to diversify risk – Improve sales structure analysis in advance, strengthen the continuous optimization of customer structure, and enhance LNG sales	No change
COVID-19 pandemic	The outbreak of the Novel Coronavirus Disease (COVID-19) worldwide at the beginning of 2020 has led to the slowdown of Chinese and global economic growth, together with the subsequent quarantine measures as well as the travel restrictions imposed by many countries, hindered the negotiation and completion of new construction related and consultancy services projects, and also resulted in the decrease in demand of LNG supply, which may have a negative impact on the Group's business. The COVID-19 pandemic may also expose the employees of the Group to health risk, and affect the normal operation of offices, which may result in losses. The pandemic may also affect the originally scheduled normal business, customer meetings, contract negotiations, etc.	– The management keeps abreast of relevant news, information and policy developments, and adjusts the Group's business arrangements, pandemic prevention measures and work arrangements in a timely manner – Arrange telephone conferences or video conferences for some audit activities, client meetings, contract negotiations, etc. as and when appropriate – Strengthen office cleanliness, formulate pandemic prevention measures, flexibly arrange employees' working hours and work at home, and temporarily close certain domestic offices	New/ Increase
Health and safety	The Company's operations involve LNG. Improper operation may cause safety accidents as well as serious damages or injuries to properties or personnel.	– The Company's operations and on-site operation strictly comply with national regulations on hazardous chemicals and the relevant operational practices of the Group – Strengthen the maintenance and management of equipment and facilities, enhance the management level of equipment, and ensure integrity rate of equipment. Employ qualified professionals and improve safety awareness among employees through trainings – Timely warning of abnormal conditions through the self-control monitoring system to ensure a 100% monitoring rate of important production operations – Compile the Emergency Plan, and continuously improve the team's business capabilities at all levels, such as dispatching operations, on-site operations, line patrol, repair and maintenance	No change

Risk	Description	Internal control measures	Changes
Environmental protection	For the main business, if the Company fails to comply with the regulations and policies issued by China's local environmental protection bureau and other regulatory agencies, it may cause the environmental protection bureau to shut down relevant illegal business until the completion of rectification, and to impose administrative penalties. The Company is required to pay the corresponding taxes based on its taxable pollutants, waste and noise. If the Company does not have corresponding energy conservation and emission reduction measures, the Company may be subject to a high environmental protection tax.	– The Company complies with the regulations and policies of local regulatory agencies and conducts internal inspections from time to time to reduce the possibility of violating laws and regulations – Establish environmental protection practices on a project-by-project basis, which are organized by the management and complied by all employees; and establish environmental key performance indicators for each project, which are achieved by those involved in the project	No change
Supply chain	In case the suppliers or contractors fail to complete their work or provide products or services with good quality, the customers' satisfactions towards the Group may be dampened or it may cause us extra cost to complete the relevant works. In winter, insufficient natural gas supply due to the surge in demand may affect the provision of services such as coal to gas, gas supply and heating. Weak supervision of sub-suppliers may cause it to affect the Company's direct suppliers and affect the Company's business.	– When choosing suppliers and contractors, stringent assessment will be conducted – Terms of outsourcing contracts will be reviewed by project managers and internal or external legal professional to ensure clear define responsibilities of each party – Person in charge of the project will conduct on-site inspection to examine the quality and performance of suppliers and contractors in order to ensure that their products and services are up to the standards of the Group – Look for a number of stable LNG suppliers to avoid monopolizing the supply chain of the Company – Make reasonable predictions on future sales volume, prepare LNG reserve in advance according to expected sales volume, and prepare the reserve in low- price season to cope with sudden price and supply fluctuations – Stabilize supply chain volume and price by, among others, seeking temporary solutions for supply chain and seeking to sign a supply agreement – Cooperate with the Company's direct suppliers and effectively supervise sub-suppliers to reduce the impact of sub-suppliers on the business	Increase
Human resources	If the Group fails to recruit sufficient key professionals, such as management experts, project engineers, chief, etc., the normal operations or quality or the development of the Group may be affected.	– Maintain a healthy and positive working environment – Regular review on employee benefits – Conduct manpower planning to replenish sufficient staff as soon as possible	Decrease
Exchange rate	The Group has assets and liabilities denominated in Hong Kong dollar and RMB, any fluctuation in the exchange rate may therefore cause loss from currency exchange to the Company.	– Risk of exchange rate will be monitored on a regular basis and relevant response measures will be formulated – Sensitive analysis will be conducted to quantify the risk regularly	No change

Risk	Description	Internal control measures	Changes
Credit risk	The Group has concentrated credit risk as the trade receivables for New Energy Business consist of a few number of major customers in the PRC.	– In order to minimise the credit risk of trade receivables, the management of the Group has a designated team responsible for determining credit limit, credit approval and other monitoring procedures to ensure follow up action to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that sufficient provision for impairment losses are made for the irrecoverable amount of trade receivables. The Group applies simplified method to make provisions for expected credit losses under IFRS 9, details of which are set out in note 25. In this regard, the management of the Group believes that the credit risk on trade receivables has been significantly reduced	Increase

CONSTITUTIONAL DOCUMENTS

The Board is not aware of any significant change in the constitutional documents of the Company during the year ended 31 December 2020. Memorandum and articles of association of the Company is available on both the websites of the Stock Exchange and the Company.

SHAREHOLDERS’ RIGHTS

Procedures for Shareholders to Convene an Extraordinary General Meeting and to put Forward Proposal

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 58 of the articles of association of the Company, general meetings shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (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.

Procedures for Shareholders to Propose a Person for Election as a Director

Procedures for shareholders proposing a person for election as a Director are as follows:

A. in the event where no notice of general meeting regarding election of Director has been despatched

1. Shareholder(s) can by written requisition to the Board or the secretary of the Company to require an extraordinary general meeting be called by the Board for the transaction of any business specified in such requisition. To raise such requisition, the shareholder(s) must have held at the date of deposit of such requisition not less than one-tenth of the paid up capital of the Company carrying right to vote at general meetings of the Company (Memorandum of Association 58).

2. The meeting so requisitioned shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (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 (Memorandum of Association 58).

B. in the event where notice of meeting has already been despatched for a general meeting regarding election of Director

1. In order to propose the appointment of a new Director (other than a Director retiring at the already appointed general meeting who has been recommended by the Board to stand for re-election at such general meeting) at the already appointed meeting, a shareholder (other than the person to be proposed) shall sign a written notice (the "Shareholder Notice") for which such notice is given of his intention to propose such person for election (Memorandum of Association 85).

2. The proposed Director shall also sign a written notice (the "Director Notice", together with the Shareholder Notice, the "Notices") of his willingness to be elected (Memorandum of Association 85). The nominating shareholder or the proposed Director shall also provide particulars (as stipulated in Rule 17.50(2) of the GEM Listing Rules) of the proposed Director (Rule 17.46B of the GEM Listing Rules).

3. The Notices shall have been lodged at the registered office of the Company or at the head office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the already appointed general meeting and end no later than seven (7) days prior to the date of such already appointed general meeting (Memorandum of Association 85). If the Notices are received less than twelve (12) business days prior to the general meeting, the Company may need to consider the adjournment of such general meeting in order to allow the shareholders ten (10) business days to consider the proposal (Rule 17.46B of the GEM Listing Rules).

Procedures for Sending Enquiries to the Board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investing public.

The Company updates the shareholders on its latest business developments and financial performance through its quarterly, interim and annual reports and communicates with the shareholders through annual general meetings and extraordinary general meetings. In compliance with the requirements of the GEM Listing Rules, the Company issues regular reports, announcements, circulars and notice of general meetings. Always updated with latest information, the corporate website of the Company (http://www.8246hk.com) has provided an effective communication platform to the public and the shareholders.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "AGM") of the Company is expected to be held on or before 30 June 2021. A notice convening the AGM will be issued and despatched to the shareholders of the Company as soon as practicable in accordance with the articles of association of the Company and the CG Code.

Report of the Directors

The Board hereby presents its report and the audited financial statements of the Group for the Current Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in

(1) New Energy Business; and

(2) Property Investments.

RESULTS

The Group's loss for the financial year ended 31 December 2020 and the state of affairs of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 50 to 124.

DIVIDEND AND POLICY

The Board has always put the interest of our shareholders in mind and laid down a long-term dividend policy (the "Dividend Policy") that targets to propose to distribute dividend on a continuous basis, when the business conditions of the Company are satisfactory and our business is profitable, and subject to the conditions of this policy, so that our shareholders can share the fruitful success of our business as and when appropriate. Under the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. When considering dividend declaration or recommendation, the Board shall take into account various factors including but not limited to the Group's business condition and strategy, capital requirement; and earnings, financial and cash flow position, and distributable reserves of the Company and the Group.

The Board did not recommend the payment of any dividend for the Current Year (Previous Year: Nil). A final dividend in respect of the year ended 31 December 2018 of HK$0.5 cents per ordinary share, in an aggregate amount of HK$17.7 million (equivalent to RMB15.5 million), has been approved by the shareholders of the Company at the annual general meeting of the Company held on 28 June 2019. The final dividend was paid on 15 August 2019.

SEGMENT INFORMATION

Details of the segment information of the Group are set out in note 12 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the five largest customers of the Group accounted for 99.9% (Previous Year: 95.2%) of the turnover of the Group and the largest customer of the Group accounted for about 67.9% (Previous Year: 43.7%) of the total turnover.

The five largest suppliers of the Group accounted for 100% (Previous Year: 99.1%) of the Group's total purchases for the Current Year and the largest supplier accounted for 68.3% (Previous Year: 94.9%) of the Group's total purchases.

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the share capital of the Group's five largest suppliers or customers.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of the movements in property, plant and equipment and investment property of the Group are set out in notes 21 and 22 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of the Company's share capital are set out in note 27 to the consolidated financial statements.

DEBENTURE ISSUED

Save for the Convertible Bonds, the Group did not issue any debenture during the year ended 31 December 2020.

RESERVES

Reserves of the Company available for distribution to equity shareholders of the Company as at 31 December 2020 amounted to RMB302.6 million (2019: RMB422.1 million). Movements in the reserves of the Group during the Current Year are set out in the consolidated statement of changes in equity on page 52.

SUBSIDIARIES

Particulars of the Group's principal subsidiaries are set out in note 24 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the Current Year.

BANK BORROWINGS

The Group did not have any outstanding bank loans and other borrowings and no banking facilities as at 31 December 2020 (2019: Nil).

INTEREST CAPITALISED

No interest was capitalised by the Group during the year ended 31 December 2020 (2019: Nil).

RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes are set out in note 17 to the financial statements.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results of the Group for the past five financial years is set out on page 125 of the annual report.

Report of the Directors

DIRECTORS

The Directors during the Current Year and up to the date of this report were as follows:

Executive Directors:

Mr. Hu Yishi *(Executive Chairman)*
Mr. Chan Wing Yuen, Hubert *(CEO)*
Ms. Lin Min, Mindy
Ms. Kwong Wai Man, Karina *(CFO)*

Independent non-executive Directors:

Ms. Ma Lee
Mr. Lau Kwok Kee
Ms. Qin Xuwen

According to the article 84(1), Ms. Lin Min, Mindy, the executive Director, Ms. Ma Lee and Mr. Lau Kwok Kee, both independent non-executive Directors, will retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Director is entitled to a Director's fee, and is also entitled to a discretionary management bonus by reference to the consolidated net profits of the Group after taxation and non-controlling interest but before extraordinary items as the Remuneration Committee may approve, provide that the relevant executive Director shall abstain from voting and not counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, management bonus and other benefits payable to him/her.

Two of the independent non-executive Directors have entered into letters of appointment with the Company on 1 October 2014 and 8 June 2017 respectively, will retire and will offer himself/herself for re-election at the forthcoming AGM and shall continue thereafter unless terminated by not less than one month's notice in writing. Each of the independent non-executive Directors is entitled to a Director's fee.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 16 to 18 of the annual report.

Report of the Directors

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from all three existing independent non-executive Directors pursuant to the GEM Listing Rules. The Company considers the independent non-executive Directors to be independent pursuant to Rule 5.09 of the GEM Listing Rules as at the date of this report.

EMOLUMENTS POLICY

All emoluments of the Directors are determined and approved by the Remuneration Committee with reference to the Directors' duties, responsibilities and performance and the results of the Group. Each Director may also receive a year end bonus in respect of each financial year. The amount of such bonus will be determined by the Remuneration Committee.

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted a share option scheme as an incentive to eligible participants, details of which are set out below in the section "Share option scheme".

Details of the emoluments of the Directors and five highest paid individuals pursuant to Rules 18.28 to 18.30 of the GEM Listing Rules are set out in notes 15 and 16 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme is valid and effective for a period of 10 years commencing on 12 December 2011 and may continue to be exercisable in accordance with their terms of issue. The Board may grant options to Directors and eligible employees of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options. Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion. The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any share issued upon the exercise of option granted pursuant to the Scheme. The maximum number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders provided that the total number of shares which may be issued upon exercise of all options to be granted under all of the Schemes of the Company under the limit as "refreshed" must not exceed 10% of the shares in issue as at the date of approval of the limit. The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time.

Report of the Directors

During the year 2014, the Company has granted 28,000,000 share options to the Company's Directors, consultants and employees at the exercise price of HK$0.81 per option share (i.e. 224,000,000 shares with par value of HK$0.00125 each after the Share Subdivision on 20 May 2016). During the year 2017, the Company has granted 343,536,000 share options to the Company's Directors, consultants and employees at the exercise price of HK$0.289 per option share. As at 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 257,280,000 (31 December 2019: 294,384,000), representing 7.10% (31 December 2019: 8.2%) of the shares of the Company in issue at that date. Details of the movements of share options granted, exercised or cancelled/forfeited during the review period and outstanding as at 31 December 2020 are as follows:

	At 1 January 2020	Granted during the year	Exercised during the year	Cancelled/ forfeited during the year	Outstanding as at 31 December 2020	Exercise period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
Directors								
Mr. Hu Yishi	2,880,000	–	–	–	2,880,000	9 June 2018 to 9 June 2024	0.289	0.28
	2,880,000	–	–	–	2,880,000	9 June 2019 to 9 June 2024	0.289	0.28
	2,880,000	–	–	–	2,880,000	9 June 2020 to 9 June 2024	0.289	0.28
Mr. Chan Wing Yuen, Hubert	22,400,000	–	–	–	22,400,000*	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	11,448,000	–	–	–	11,448,000	9 June 2018 to 9 June 2024	0.289	0.28
	11,448,000	–	–	–	11,448,000	9 June 2019 to 9 June 2024	0.289	0.28
	11,448,000	–	–	–	11,448,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Lin Min, Mindy	2,880,000	–	–	–	2,880,000	9 June 2018 to 9 June 2024	0.289	0.28
	2,880,000	–	–	–	2,880,000	9 June 2019 to 9 June 2024	0.289	0.28
	2,880,000	–	–	–	2,880,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Kwong Wai Man, Karina	22,400,000	–	–	–	22,400,000*	25 November 2014 to 24 November 2021	0.10125*	0.12125*
	11,448,000	–	–	–	11,448,000	9 June 2018 to 9 June 2024	0.289	0.28
	11,448,000	–	–	–	11,448,000	9 June 2019 to 9 June 2024	0.289	0.28
	11,448,000	–	–	–	11,448,000	9 June 2020 to 9 June 2024	0.289	0.28
Ms. Ma Lee	1,144,000	–	–	–	1,144,000	9 June 2018 to 9 June 2024	0.289	0.28
	1,144,000	–	–	–	1,144,000	9 June 2019 to 9 June 2024	0.289	0.28
	1,144,000	–	–	–	1,144,000	9 June 2020 to 9 June 2024	0.289	0.28

	At 1 January 2020	Granted during the year	Exercised during the year	Cancelled/ forfeited during the year	Outstanding as at 31 December 2020	Exercise period (both dates inclusive)	Exercise price	Closing price immediately before the date of grant
Mr. Lau Kwok Kee	1,144,000	–	–	–	1,144,000	9 June 2018 to 9 June 2024	0.289	0.28
	1,144,000	–	–	–	1,144,000	9 June 2019 to 9 June 2024	0.289	0.28
	1,144,000	–	–	–	1,144,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Directors	**137,632,000**	**–**	**–**	**–**	**137,632,000**			
Employees	27,776,000	–	(5,000,000)	–	22,776,000	9 June 2018 to 9 June 2024	0.289	0.28
	46,216,000	–	(18,440,000)	–	27,776,000	9 June 2019 to 9 June 2024	0.289	0.28
	49,216,000	–	(10,000,000)	–	39,216,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Employees	**123,208,000**	**–**	**(33,440,000)**	**–**	**89,768,000**			
Consultants	5,328,000	–	(3,664,000)	–	1,664,000	9 June 2019 to 9 June 2024	0.289	0.28
	28,216,000	–	–	–	28,216,000	9 June 2020 to 9 June 2024	0.289	0.28
Total Consultants	**33,544,000**	**–**	**(3,664,000)**	**–**	**29,880,000**			
Total All Categories	**294,384,000**	**–**	**(37,104,000)**	**–**	**257,280,000**			
Exercisable at the end of the year					**257,280,000**			

* adjusted by share subdivision on 20 May 2016.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

At 31 December 2020, the interests and short positions of the Directors and chief executives of the Company in the ordinary shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in ordinary shares of HK$0.00125 each of the Company

Name of Director	Notes	Nature of Interest	Number of shares	Percentage of the Company's issued share capital
Mr. Hu Yishi	1	Interest of controlled corporation	547,184,000	15.11%
Ms. Lin Min, Mindy	2	Interest of controlled corporation and beneficial owner	493,456,000	13.62%
Ms. Ma Lee		Beneficial owner	2,240,000	0.06%

Notes:

1. Mr. Hu Yishi ("Mr. Hu") is deemed to be interested in 448,000,000 shares held by Smart Lane Global Limited, a subsidiary of Yuan Rong Century Investment Holdings Limited ("Yuan Rong"), where the entire issued share capital of which is held by Mr. Hu. Mr. Hu is also deemed to be interested in 99,184,000 Shares held by Front Riches Investments Limited, a company which is 100% controlled by Mr. Hu.

2. Ms. Lin Min, Mindy ("Ms. Lin") is deemed to be interested in 448,000,000 shares held by Uprise Global Investments Limited and in 23,056,000 shares held by Gainup Limited respectively, both companies were 100% controlled by Ms. Lin. Ms. Lin also interested in 22,400,000 shares which beneficial owned by herself.

Long position in the underlying shares of equity derivatives of the Company

Name of Director	Nature of Interest	Number of underlying shares (Note)
Mr. Hu Yishi	Beneficial owner	8,640,000
Mr. Chan Wing Yuen, Hubert	Beneficial owner	56,744,000
Ms. Lin Min, Mindy	Beneficial owner	8,640,000
Ms. Kwong Wai Man, Karina	Beneficial owner	56,744,000
Ms. Ma Lee	Beneficial owner	3,432,000
Mr. Lau Kwok Kee	Beneficial owner	3,432,000

Note:

The outstanding share options 44,800,000 were granted by the Company to Directors on 25 November 2014 at the exercise price of HK$0.10125 per option share and 92,832,000 were granted by the Company to Directors on 9 June 2017 at the exercise price of HK$0.289 per option share. The details of outstanding share options are shown under the section "Share Option Scheme" of this report.

Saved as disclosed above, as at 31 December 2020, none of the Directors or chief executives of the Company or their respective associates had registered any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the Current Year, the Directors were not aware of any business or interest of the Directors, the management shareholder and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DEED OF NON-COMPETITION

The deed of non-competition was no longer applied for both of the Current Year and Previous Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2020, so far as is known to the Directors, the following persons, not being Directors or chief executives of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Long position in ordinary shares and underlying shares of the Company

Name	Capacity and nature of interest	Number of shares	Number of underlying shares	Percentage of the Company's issued share capital
Depot Up Limited (Note 1)	Beneficial owner	640,000,000	–	17.67%
Mr. Song Zhi Cheng (Note 2)	Interest of controlled corporation	640,000,000	–	17.67%
Smart Lane Global Limited (Note 3)	Beneficial owner	448,000,000	–	12.37%
Uprise Global Investments Limited (Note 4)	Beneficial owner	448,000,000	–	12.37%
Blossom Merit Limited (Note 5)	Beneficial owner	219,112,000	–	6.05%
Mr. Chan Tai Neng (Note 6)	Interest of controlled corporation	219,112,000	–	6.05%

Notes:

1. Depot Up Limited, a company incorporated in the Republic of Seychelles on 23 February 2015 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Song Zhi Cheng.
2. Mr. Song Zhi Cheng is deemed to be interested in 640,000,000 shares through his interest in Depot Up Limited.
3. Smart Lane Global Limited, a company incorporated in Samoa on 19 February 2014 with limited liability and is an investment holding company which is a subsidiary of Yuan Rong where the entire issued share capital of which is held by Mr. Hu Yishi, an executive Director and executive Chairman.
4. Uprise Global Investments Limited, a company incorporated in the British Virgin Islands on 19 December 2013 with limited liability is an investment holding company where the entire issued share capital of which is held by Ms. Lin Min, Mindy, an executive Director.
5. Blossom Merit Limited, a company incorporated in British Virgin Islands on 6 July 2011 with limited liability is an investment holding company where the entire issued share capital of which is held by Mr. Chan Tai Neng and Mr. Cheung Chi Keung (both being former executive Directors) in the proportion of 90% and 10% respectively as at the 30 September 2017.
6. Mr. Chan Tai Neng is deemed to be interested in 219,112,000 shares held by Blossom Merit Limited. The issued share capital of Blossom Merit Limited is owned 90% by Mr. Chan Tai Neng and 10% by Mr. Cheung Chi Keung (both being former executive Directors).

During the Current Year, there were no debt security issued by the Group and the Company at any time.

Save as disclosed above, as at 31 December 2020, the Directors are not aware of any other person other than the Directors and the chief executives of the Company who had, or was deemed to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Current Year, all other transactions as set out in note 37 of the consolidated financial statements were entered into by the Group in the ordinary and usual course of business and on normal commercial terms and, if constituted connected transactions or continuing connected transactions, are exempt from the relevant disclosure requirements under Chapter 20 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Related Party Transactions and Connected Transactions" in this report of the Directors, no transactions, arrangements or contracts of significance, to which the Company, its holding company, fellow subsidiaries or its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Current Year was the Company, its subsidiaries or its ultimate holding company or any subsidiary of such ultimate holding company a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

CORPORATE GOVERNANCE

Principle corporate governance practices as adopted by the Company are set out in the CG report section set out on pages 19 to 33.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strives to protect the environment and minimize any negative impact on the environment and occupational health and safety induced by our business, achieving the goal of sustainable development.

Pursuant to Rule 17.103 of the GEM Listing Rules, an Environmental, Social and Governance ("ESG") Report of the Company in compliance with the provisions set out in the ESG Reporting Guide in Appendix 20 to the GEM Listing Rules will be published on the Stock Exchange's website and the Company's website no later than three months after the annual report has been published.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief at the date of the annual report, the Company has maintained sufficient public float as required by the GEM Listing Rules since the listing of the shares of the Company on the GEM.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands where the Company is incorporated.

AUDITOR

Deloitte Touche Tohmatsu has resigned as the external auditor of the Company with effect from 29 December 2020 and RSM Hong Kong has been appointed as the external auditor of the Company with effect from 31 December 2020 to fill the casual vacancy following the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming AGM of the Company. A resolution for the re-appointment of RSM Hong Kong as auditor of the Company will be proposed at the forthcoming AGM.

The financial statements of the Group for the year ended 31 December 2019 have been audited by Deloitte Touche Tohmatsu and the financial statements of the Group for the year ended 2020 has been audited by RSM Hong Kong.

On behalf of the Board

Chan Wing Yuen Hubert
Chief Executive Officer

Hong Kong, 29 March 2021

Independent Auditor's Report

RSM Hong Kong

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TO THE SHAREHOLDERS OF ZHONGHUA GAS HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Zhonghua Gas Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 124, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis For Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment, and right-of-use assets of a cash-generating unit engaging in the trading of liquefied natural gas in Tianjin	
As at 31 December 2020, included in the Group's consolidated statement of financial position were, before testing for impairment, property, plant and equipment of RMB56,870,000, and right-of-use assets of RMB3,000 which were attributable to a cash-generating unit ("CGU") engaging in the trading of liquefied natural gas ("LNG") in Tianjin. The Group incurred a loss in the trading of LNG in Tianjin for the year ended 31 December 2020 which indicated the CGU assets might be impaired. Management estimated the recoverable amount of the CGU based on its value in use estimated by discounting the CGU's projected future cash flows using an appropriate market rate. No impairment loss was recognised on property, plant and equipment, and right-of-use assets for the year ended 31 December 2020. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, particularly in estimating the long-term revenue growth rates and the discount rates applied. We identified assessing the potential impairment of property, plant and equipment, and right-of-use assets as a key audit matter because the impairment assessment prepared by management is complex and contains judgmental assumptions, particularly the long-term revenue growth rates and discount rates applied, which could be subject to management bias in their selection.	Our procedures included: • Assessing the methodology applied by management in the preparation of the discounted cash flow forecast with reference to the requirements of the prevailing accounting standards; • Evaluating the discounted cash flow forecast prepared by management by comparing specific data and significant assumptions in the discounted cash flow forecast with the financial budget which was approved by the Board of Directors. Our evaluation has taken into account our understanding of the Group's future business plans and the relevant industry sector; and • Assessing the appropriateness of the discount rate applied in the discounted cash flow forecast by reference to companies in the relevant industry sector with the assistance of our in-house valuation specialist.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables	
We identified the impairment of trade receivables as a key audit matter due to the significant management estimation and judgement required in determining the expected credit losses. As described in note 5(b)(iv) to the consolidated financial statements, the impairment of trade receivables is considered a key source of estimation uncertainty. Details of allowance for impairment of trade receivables are disclosed in notes 4(v), 5(a)(ii), 5(b)(iv) and 6(b) to the consolidated financial statements.	Our procedures included: • Assessing the external valuers' qualifications, experience and expertise, and considering their objectivity and independence; • Assessing whether trade receivables were appropriately grouped by the management into categories with shared credit risk characteristics; • Testing on a sample basis the accuracy and completeness of the data used by the management to develop historical loss rates and assessing the sufficiency, relevance and reliability of that data; • Testing on a sample basis the aging of trade receivables; and • With the assistance of our in-house valuation specialists: (i) assessing the appropriateness of the impairment model used by the Group; (ii) assessing the appropriateness of forward-looking adjustments to historical loss rates; (iii) testing the calculation of historical loss rates; and (iv) testing the calculation of the expected credit loss provisions.

Other Information

The Directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's 2020 annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities Of Directors For The Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the Directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities For The Audit Of The Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threat or safeguards applied.

Independent Auditor's Report

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Liu Eugene.

RSM Hong Kong
Certified Public Accountants
Hong Kong
29 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Continuing operations			
Revenue	8	**243,697**	344,766
Cost of sales		**(247,812)**	(227,534)
Gross (loss)/profit		**(4,115)**	117,232
Other income	9	**16,669**	18,864
Other (losses)/gains	10	**(15,834)**	331
Allowance for impairment of trade receivables		**(117,532)**	(9,420)
Administrative expenses		**(24,495)**	(41,085)
(Loss)/profit from operations		**(145,307)**	85,922
Finance costs	11	**(144)**	(218)
(Loss)/profit before tax		**(145,451)**	85,704
Income tax credit/(expense)	13	**1,987**	(31,964)
(Loss)/profit and total comprehensive income for the year from continuing operations	14	**(143,464)**	53,740
Discontinued operation			
Profit for the year from discontinued operation	18	**–**	101
(Loss)/profit and total comprehensive income for the year		**(143,464)**	53,841
Attributable to:			
Owners of the Company		**(131,017)**	44,221
Non-controlling interests		**(12,447)**	9,620
		(143,464)	53,841
(Loss)/earnings per share attributable to owners of the Company	20		
From continuing and discontinued operations			
Basic		**RMB(0.036)**	RMB0.013
Diluted		**RMB(0.036)**	RMB0.012
From continuing operations			
Basic		**RMB(0.036)**	RMB0.012
Diluted		**RMB(0.036)**	RMB0.012

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	21	**57,862**	67,787
Investment properties	22	**9,910**	9,910
Right-of-use assets	23	**5,181**	4,148
Rental deposits		**341**	400
Deferred tax assets	32	**3,954**	–
Total non-current assets		**77,248**	82,245
Current assets			
Trade and other receivables	25	**432,298**	516,842
Cash and cash equivalents	26	**85,484**	19,607
Total current assets		**517,782**	536,449
TOTAL ASSETS		**595,030**	618,694
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	27	**3,678**	3,635
Reserves	29	**298,948**	418,457
		302,626	422,092
Non-controlling interests		**51,923**	64,370
TOTAL EQUITY		**354,549**	486,462
LIABILITIES			
Non-current liabilities			
Lease liabilities	30	**3,079**	1,686
Convertible bonds	31	**96,420**	–
Total non-current liabilities		**99,499**	1,686
Current liabilities			
Trade and other payables	33	**119,957**	114,677
Amount due to a related company	37(a)	**1,802**	–
Contract liabilities		**14,714**	4,149
Lease liabilities	30	**2,111**	2,516
Income tax payables		**2,398**	9,204
Total current liabilities		**140,982**	130,546
TOTAL LIABILITIES		**240,481**	132,232
TOTAL EQUITY AND LIABILITIES		**595,030**	618,694
NET CURRENT ASSETS		**376,800**	405,903

Approved by the Board of Directors on 29 March 2021 and are signed on its behalf by:

Mr. Hu Yishi
DIRECTOR

Mr. Chan Wing Yuen, Hubert
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Share option reserve**	**Special reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 27)	(note 29(b)(i))	(note 29(b)(ii))	(note 29(b)(iii))			(note 24)	
At 1 January 2019	3,553	12,501	26,869	528	325,802	369,253	56,450	425,703
Total comprehensive income for the year	–	–	–	–	44,221	44,221	9,620	53,841
Capital reduction in a non-wholly owned subsidiary	–	–	–	–	–	–	(1,700)	(1,700)
Exercise of share options	82	25,731	(8,054)	–	–	17,759	–	17,759
Forfeiture of share options	–	–	(291)	–	–	(291)	–	(291)
Recognition of equity-settled share based payments	–	–	6,669	–	–	6,669	–	6,669
Payment of 2018 final dividend	–	–	–	–	(15,519)	(15,519)	–	(15,519)
Changes in equity for the year	82	25,731	(1,676)	–	28,702	52,839	7,920	60,759
At 31 December 2019	3,635	38,232	25,193	528	354,504	422,092	64,370	486,462
At 1 January 2020	**3,635**	**38,232**	**25,193**	**528**	**354,504**	**422,092**	**64,370**	**486,462**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(131,017)**	**(131,017)**	**(12,447)**	**(143,464)**
Exercise of share options	**43**	**12,703**	**(3,017)**	**–**	**–**	**9,729**	**–**	**9,729**
Recognition of equity-settled share based payments	**–**	**–**	**1,822**	**–**	**–**	**1,822**	**–**	**1,822**
Transfer	**–**	**–**	**–**	**(528)**	**528**	**–**	**–**	**–**
Changes in equity for the year	**43**	**12,703**	**(1,195)**	**(528)**	**(130,489)**	**(119,466)**	**(12,447)**	**(131,913)**
At 31 December 2020	**3,678**	**50,935**	**23,998**	**–**	**224,015**	**302,626**	**51,923**	**354,549**

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax			
Continuing operations		**(145,451)**	85,704
Discontinued operation		**–**	106
		(145,451)	85,810
Adjustments for:			
Depreciation of property, plant and equipment	21	**10,672**	10,861
Depreciation of right-of-use assets	23	**1,860**	5,887
Finance costs	11	**144**	218
Loss on disposals of property, plant and equipment		**–**	187
Gain on disposals of right-of-use assets		**(45)**	–
Impairment of property, plant and equipment	21	**–**	303
Allowance for impairment of trade receivables		**117,532**	9,420
Interest income on bank deposits	9	**(35)**	(449)
Interest income on rental deposits paid		**(21)**	–
Equity-settled share-based payments expenses	34	**1,822**	6,378
Fair value losses of convertible bonds	31	**14,166**	–
Reversal of value-added tax credits not deductible	10	**1,644**	–
Net foreign exchange loss/(gain)	10	**25**	(294)
Operating profit before working capital changes		**2,313**	118,321
Decrease in inventories		**–**	820
Increase in trade and other receivables		**(34,236)**	(167,004)
Decrease in rental deposits received		**(27)**	(42)
Increase/(decrease) in trade and other payables		**5,210**	(96,681)
Increase in contract liabilities		**10,592**	3,963
Cash used in operations		**(16,148)**	(140,623)
Income tax paid		**(8,773)**	(45,836)
Net cash used in operating activities		**(24,921)**	(186,459)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(677)**	(213)
Repayment of loan receivable		**–**	5,285
(Increase)/decrease in rental deposits paid		**(357)**	863
Net cash outflow arising on disposal of subsidiaries		**–**	(1,022)
Interest income on bank deposits received		**35**	449
Net cash (used in)/generated from investing activities		**(999)**	5,362

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**–**	(15,528)
Payment of lease liabilities		**(1,819)**	(6,922)
Proceeds from exercise of share options		**9,729**	17,759
Proceeds from issuance of convertible bonds	31	**83,000**	–
Interest paid on lease liabilities	11	**(144)**	(218)
Capital reduction in a non-wholly owned subsidiary		**–**	(1,700)
Advance from a related company		**1,802**	–
Advance from a shareholder		**–**	1,012
Net cash generated from/(used in) financing activities		**92,568**	(5,597)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**66,648**	(186,694)
Effect of foreign exchange rate changes		**(771)**	294
CASH AND CASH EQUIVALENTS AT 1 JANUARY	26	**19,607**	206,007
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	26	**85,484**	19,607

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. GENERAL INFORMATION

Zhonghua Gas Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands on 8 September 2011 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is 23/F, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong. The Company and its subsidiaries (collectively referred to as the "Group") is principally engaged in:

(i) the provision of diverse integrated new energy services including technological development, construction related and consultancy services in relation to heat supply and coal-to-natural gas conversion, coupled with trading of new energy related industrial products and liquefied natural gas ("LNG") ("New Energy Business"); and

(ii) the leasing of investment properties located in Shanghai, China ("Property Investments").

The Company is an investment holding company. The principal activities of its major subsidiaries are set out in note 24 to the consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current year of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior years reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB for the first time relevant to the Group, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

(i) Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendment to IFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020
Amendments to IFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16 *Property, plant and equipment: proceeds before intended use*	1 January 2022
Amendments to IAS 37 *Onerous contracts – cost of fulfilling a contract*	1 January 2022
Annual Improvements to *IFRSs 2018–2020 Cycle*	1 January 2022
Amendments to IAS 1 *Classification of liabilities as current or non-current*	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. investment properties and convertible bonds that are measured at fair value).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 to the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. 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. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary; and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Consolidation *(Continued)*

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation and functional currency. The Directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	The shorter of the period of the respective leases or 5 years
Machinery and equipment	12%
Furniture, fixtures and equipment	19% – 32%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the profit or loss in the period in which the property is derecognised.

Rental income from investment properties is accounted for as described in note 4(p) to the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under IFRS 9 *Financial instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(ii) The Group as a lessor

When the Group acts as a lessor, a lease is classified as an operating lease if it does not transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. 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 case, a corresponding receivable would also be recognised.

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.

(g) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– fair value through other comprehensive income – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– fair value through profit or loss, if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(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.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and on hand, and demand deposits with banks. Cash and cash equivalents are assessed for ECL.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Discontinued operation

A discontinued operation is a component of the Group (i.e. the operation and cash flow of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operation, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations,* if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss and other comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(l) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(m) Convertible bonds

Convertible bonds where the conversion option will be settled other than by the Group exchanging a fixed amount of functional currency cash for a fixed number of its own equity instruments are classified as financial liabilities, and are designated as at fair value through profit or loss on initial recognition. Transaction costs associated to convertible bonds designated as at fair value through profit or loss are expensed as incurred. Convertible bonds are subsequently measured at fair value with changes in fair value recognised in profit or loss.

(n) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(p) Revenue and other income

The Group recognises revenue when or as the control of the goods or services is transferred to the customer. A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

(i) Revenue from trading of industrial products and LNG

Revenue from trading of industrial products and LNG are recognised at a point in time, when control of the good and services is transferred to the customer upon delivery of goods. The credit period granted to customer are 60 days to 180 days.

(ii) Revenue from construction related and consultancy services

Revenue from construction related and consultancy services is recognised when the construction related and consultancy services are performed, certified and accepted by the customers. The Group recognised these revenues over time, of which the progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Revenue and other income *(Continued)*

(ii) Revenue from construction related and consultancy services (Continued)

The settlement period is generally within one to two years after the completion of construction related and consultancy services. In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

(iii) Revenue from restaurants operation ("Catering Business")

Revenue from Catering Business including sales of non-staple food is recognised at a point in time when control of the good and services is transferred to the customer upon delivery of goods and provision of services. In general, there was no credit period for sales from the Catering Business, except for certain well-established corporate customers of which the credit terms are up to 90 days.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

(q) Employee benefits

Pension and retirement obligations

Payments to state-sponsored retirement benefit schemes in the PRC and the Mandatory Provident Fund Scheme in Hong Kong calculated as a percentage of employees' basic salaries are recognised as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Share-based payments

The Group issues equity-settled share-based payments to certain Directors, employees and consultants. Equity-settled share-based payments to Directors, employees and consultants are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are initially recognised and subsequently accounted for resembling to accounting policy for equity-settled share-based payments to certain Directors and employees taking into consideration by the management of the Group the services rendered from the consultants to be in substance as the outputs from employees.

(s) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(t) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group firstly determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGU are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(v) Impairment of financial assets

The Group recognises allowances for impairment for ECL on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables (including lease receivables) assessed individually. The expected credit losses 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, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Impairment of financial assets *(Continued)*

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk for balances with an internal credit rating of "Doubtful" since initial recognition. However, if the credit risk on all other financial instruments has not increased significantly since initial recognition, the Group would assess the internal credit ratings on these balances as either "Low Risk" indicating no balances past due or "Watch List" indicating occasionally late settlements on balances, and measures the allowance for impairment for all other financial instruments at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instruments. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk for a particular financial instrument;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor;

– significant increase in credit risk on other financial instruments of the same debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default;

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; or

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Impairment of financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired with an internal credit rating of "Loss" when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred and the Group recognises lifetime ECL accordingly. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulties of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset with an internal credit rating of "Write-off" when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Impairment of financial assets *(Continued)*

Measurement and recognition of ECL *(Continued)*

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment loss or reversal of an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

(w) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present 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 expenditures 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 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 is remote.

(x) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

(a) Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(i) Deferred tax for investment properties

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties, the Directors have adopted the presumption that investment properties measured using the fair value model are recovered through sale.

(ii) Assessment of significant increase in credit risk and credit impairment of financial assets

As mentioned in note 4(v) to the consolidated financial statements, ECL is measured as an allowance for impairment equal to 12-month ECL for financial assets having internal credit ratings of either "Low Risk" or "Watch List", or lifetime ECL for financial assets having internal credit ratings of either "Doubtful" or "Loss". A financial asset's internal credit rating is "Doubtful" when its credit risk has increased significantly since initial recognition but is not assessed to be credit-impaired. A financial asset's internal credit rating is "Loss" when it is credit-impaired. In assessing whether the credit risk of a financial asset has significantly increased or whether a financial asset is credit-impaired, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Income taxes

The Group is subject to income taxes in the People's Republic of China (the "PRC"). Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, RMB1,987,000 of income tax credit was recognised to profit or loss based on mainly the net effect of recognition of deferred tax assets arising from impairment losses of trade receivables from continuing operations (2019: income tax expense of RMB31,964,000 was recognised to profit or loss based on the estimated profit).

(ii) Impairment of property, plant and equipment, and right-of-use assets

Property, plant and equipment, and right-of-use assets are stated at costs less accumulated amortisation and depreciation, and any impairment. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether any events have occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates could materially affect the recoverable amount used in the impairment test.

The carrying amount of property, plant and equipment, and right-of-use assets as at 31 December 2020 were RMB57,862,000 (2019: RMB67,787,000) and RMB5,181,000 (2019: RMB4,148,000) respectively.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES *(Continued)*

(b) Key sources of estimation uncertainty *(Continued)*

(iii) Fair value of investment properties

The Group appointed Masterpiece Valuation Advisory Limited and Avista Valuation Advisory Limited, independent qualified professional valuers, to assess the fair values of the investment properties as at 31 December 2020 and 2019 respectively. In determining the fair values, the valuers have utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation and inputs used are reflective of the current market conditions.

As at 31 December 2020 and 2019, the carrying amount of investment properties is RMB9,910,000.

(iv) Impairment of trade and other receivables

The management of the Group estimates the amount of impairment loss for ECL on trade and other receivables based on the credit risk of trade and other receivables. The amount of the impairment loss of trade and other receivables based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amount of trade and other receivables is RMB432,298,000 (net of allowance for impairment of RMB126,952,000) (2019: RMB516,842,000 (net of allowance for impairment of RMB9,420,000)).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk mainly relating to convertible bonds denominated in Hong Kong dollars (2019: cash and cash equivalents partly in Hong Kong dollars) but presented in the functional currency of RMB by the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The table below summaries the changes in the Group's consolidated (loss)/profit after tax and total equity in response to reasonably possible changes in the foreign exchange rate of Hong Kong dollars, referred from the trend in foreign exchange rate of Hong Kong dollars in the corresponding reporting period, to which the Group has significant exposure to the foreign currency risk at the end of the reporting period, with all other variables constant.

	Hypothetical movement in foreign exchange rate	**Positive/ (negative) effect on consolidated (loss)/profit after tax and total equity**
		RMB'000
31 December 2020	**5%**	**(1,149)**
31 December 2019	5%	190

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. The Group's exposure to credit risk arising from other receivables and deposits is limited after taking into consideration the financial positions of the counterparties, and the Group's historical credit loss experience. In addition, the Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks or financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. 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 usually due within 60 to 180 days from the date of billing for trading of LNG, and are due within one to two years after the completion of works for construction related and consultancy service. Debtors with balances past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures allowance for impairment of trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicate significantly different loss patterns for different customer segments, the allowance for impairment of trade receivables based on historical credit loss experience is further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	2020		
	Gross carrying amount RMB'000	**Expected loss rate %**	**Total allowance for impairment of trade receivable RMB'000**
0 – 60 days	**81,092**	**7.07%**	**5,731**
61 – 180 days	**79,835**	**8.04%**	**6,419**
181 – 270 days	**35,214**	**16.69%**	**5,877**
271 days – 1 year	**82,503**	**13.74%**	**11,335**
Over 1 year but within 2 years	**205,563**	**43.05%**	**88,501**
Over 2 years	**9,089**	**100%**	**9,089**
	493,296		**126,952**

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2019:

	2019		
	Gross carrying amount RMB'000	Expected loss rate %	Total allowance for impairment of trade receivable RMB'000
0 – 60 days	370,366	0.39%	1,460
61 – 180 days	1,640	0.83%	14
181 – 270 days	89,463	3.79%	3,392
271 days – 1 year	18,297	15.00%	2,744
Over 1 year but within 2 years	12,140	15.00%	1,810
	491,906		9,420

Expected loss rates are based on actual loss experience over the last eight half-year periods. These rates are adjusted to reflect differences between economic conditions during the year 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.

The Group increased the expected loss rates in the current year due to higher chance of credit impairment from economic instability under potential prolonged pandemic of novel coronavirus ("COVID-19").

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

Trade receivables *(Continued)*

Movements in the allowance for impairment of trade receivables during the years are as follows:

	2020 **RMB'000**	2019 RMB'000
At 1 January	**9,420**	–
Allowance for impairment recognised for the year	**117,532**	9,420
At 31 December	**126,952**	9,420

Other receivables and deposits

The allowance for impairment of other receivables and deposits was provided by referring to changes in credit quality since the initial recognition as mentioned in note 4(v) to the consolidated financial statements.

Movements in the allowance for impairment of other receivables and deposits during the year ended 31 December 2019 are as follows:

	2019	
	Gross carrying amount with internal credit rating of "Loss" RMB'000	Total RMB'000
At 1 January	7,370	7,370
Disposal of subsidiaries	(7,370)	(7,370)
At 31 December	–	–

The other receivables and deposits balances are considered to have low credit risk, and the allowance for impairment recognised during the years was therefore limited to 12-month expected losses which were immaterial because the Group's management considers these balances to have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term.

6. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Contractual undiscounted cash flows			
	Within 1 year or on demand RMB'000	Between 1 and 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December 2020				
Trade and other payables	**119,367**	**–**	**119,367**	**119,367**
Amount due to a related company	**1,802**	**–**	**1,802**	**1,802**
Lease liabilities	**2,315**	**3,295**	**5,610**	**5,190**
Convertible bonds	**6,585**	**95,482**	**102,067**	**96,420**
	130,069	**98,777**	**228,846**	**222,779**
At 31 December 2019				
Trade and other payables	111,374	–	111,374	111,374
Lease liabilities	2,669	1,733	4,402	4,202
	114,043	1,733	115,776	115,576

(d) Categories of financial instruments at 31 December

	2020 RMB'000	2019 RMB'000
Financial assets:		
Financial assets measured at amortised cost	**465,325**	505,513
Financial liabilities:		
Financial liabilities measured at amortised cost	**126,359**	115,576
Convertible bonds measured at fair value through profit or loss	**96,420**	–

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

During the years ended 31 December 2020 and 2019, there was no transfer between Level 2 and Level 3. The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The following table shows the carrying amounts and fair value of assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current period the fair value disclosure of lease liabilities is also not required.

(a) Disclosures of level in fair value hierarchy

Description	**Fair value measurements as at 31 December 2020 Level 3 RMB'000**
Recurring fair value measurements:	
Financial assets	
Investment properties	
Commercial units – the PRC (note 22)	**9,910**
Recurring fair value measurements:	
Financial liabilities	
Convertible bonds (note 31)	**96,420**

7. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Disclosures of level in fair value hierarchy *(Continued)*

Description	Fair value measurements as at 31 December 2019 Level 3 RMB'000
Recurring fair value measurements:	
Financial assets	
Investment properties	
Commercial units – the PRC (note 22)	9,910

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2020 and 2019:

The Group's Deputy Financial Controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes and reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the Deputy Financial Controller and the Board of Directors regularly.

For level 3 fair value measurements, the following valuation techniques were applied:

(i) Investment properties

Income approach by capitalising the net rental income of the properties derived from the existing leases and leases of similar properties in close proximity.

(ii) Convertible bonds

Binomial model by taking into account of risk-free rate, historical volatility of the Company, and discount rate with reference to market comparable corporate bonds with similar maturity and credit risk under market approach.

7. FAIR VALUE MEASUREMENTS *(Continued)*

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2020 and 2019: *(Continued)*

Level 3 fair value measurements

Description	**Valuation techniques**	**Unobservable inputs**	**Range**	**Effect on fair value for increase of inputs**	**Fair value as at 31 December 2020 RMB'000**
(i) Investment properties					
Commercial units – the PRC	Income approach	Average monthly rental of the properties derived from the existing leases and leases of similar properties in close proximity	RMB6.4 per square metre	Increase	**9,910**
		Discount rate	5%	Decrease	
(ii) Convertible bonds					
Convertible bonds	Binomial model	Risk-free rate	0.12%	Decrease	**96,420**
		Historical volatility of the Company	45.84%	Increase	
		Discount rate	24%	Decrease	

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value as at 31 December 2019 RMB'000
(i) Investment properties					
Commercial units – the PRC	Income approach	Average monthly rental of the properties derived from the existing leases and leases of similar properties in close proximity	RMB6.2 per square metre	Increase	9,910
		Discount rate	5%	Decrease	

(c) The reconciliations of investment properties and convertible bonds measured at fair value based on Level 3 are stated at notes 22 and 31 to the consolidated financial statements.

(Losses)/gains recognised in profit or loss are presented in other (losses)/gains in the consolidated statement of profit or loss and other comprehensive income.

8. REVENUE

Revenue from each type of business for the years ended 31 December 2020 and 2019 from continuing operations is as follows:

	2020 RMB'000	2019 RMB'000
New Energy Business		
Trading of industrial products	–	2,124
Construction related and consultancy service	–	105,739
Trading of LNG	243,201	236,399
	243,201	344,262
Property Investments	496	504
	243,697	344,766

	2020 RMB'000	2019 RMB'000
Timing of revenue recognition		
– At a point in time	243,201	238,523
– Over time	496	106,243
	243,697	344,766

During the years ended 31 December 2020 and 2019, the management of the Group assessed the financial impact of the financing components related to the revenue from construction related and consultancy service and the amounts of consideration are adjusted for the effects of financing components unless the effects are considered immaterial.

All performance obligations are for periods of one year or less. As permitted under IFRS 15 *Revenue from Contracts with Customers*, the transaction price allocated to these unsatisfied contracts is not disclosed.

Practical expedient in paragraph 121 of IFRS 15 *Revenue from Contracts with Customers* was applied by the Group to not to disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations on works having original expected duration of completion in one year or less.

9. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Continuing operations		
Rental and operating management service income	**9,163**	9,073
Government subsidies (note)	**6,366**	5,719
Interest income on bank deposits	**35**	449
Trade payables written off	**750**	3,152
Others	**355**	471
	16,669	18,864

Note: During the year ended 31 December 2020, the Group received subsidies of RMB5,561,000 (2019: RMB5,719,000) from the PRC's local government for encouragement of its New Energy Business. There were no other specific conditions attached to the incentives and, therefore the Group recognised the incentives upon receipt.

During the year ended 31 December 2020, the Group also received subsidies of RMB805,000 related to Employment Support Scheme from the Government of Hong Kong Special Administrative Region which was a time-limited compensation for expenses incurred without unfulfilled conditions during the economic instability under the COVID-19 pandemic.

10. OTHER (LOSSES)/GAINS

	2020 RMB'000	2019 RMB'000
Continuing operations		
Net foreign exchange (loss)/gain	**(25)**	294
Fair value losses of convertible bonds (note 31)	**(14,166)**	–
Reversal of value-added tax credits not deductible	**(1,644)**	–
Others	**1**	37
	(15,834)	331

11. FINANCE COSTS

	2020	2019
	RMB'000	RMB'000
Continuing operations		
Interest expenses on lease liabilities	**144**	218

12. SEGMENT INFORMATION

Information reported to the Chief Executive Officer, being the chief operating decision maker ("CODM"), for the purpose of resources allocation and assessment of segment performance.

The Group has two reportable operating segments, which are (a) New Energy Business; and (b) Property Investments.

As the Group disposed of all the PRC entities which were engaged in Catering Business on 30 April 2019, the financial results contributed by the Catering Business represented the financial results during the period from 1 January 2019 to 30 April 2019 and presented as results from discontinued operation. Accordingly in the prior period, the Catering Business was not presented for segment reporting to CODM.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements.

Segment results are measured as gross (loss)/profit of each segment without allocation of administrative expenses, finance costs, other income, other (losses)/gains, allowance for impairment of trade receivables, and income tax credit/(expense). This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

No segment assets or liabilities information or other segment information is provided as the CODM does not review this information for the purpose of resource allocation and assessment of segment performance.

No geographical segment information is presented as all the sales and operating (losses)/profits of the Group are derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

12. SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2020 and 2019 from continuing operations is as follows:

Year ended 31 December 2020

	New Energy Business RMB'000	Property Investments RMB'000	Total RMB'000
Continuing operations			
Revenue	**243,201**	**496**	**243,697**
Cost of sales	**(247,812)**	**–**	**(247,812)**
Segment results	**(4,611)**	**496**	**(4,115)**
Other income			**16,669**
Other losses			**(15,834)**
Allowance for impairment of trade receivables			**(117,532)**
Administrative expenses			**(24,495)**
Finance costs			**(144)**
Income tax credit			**1,987**
Loss for the year			**(143,464)**

Year ended 31 December 2019

	New Energy Business RMB'000	Property Investments RMB'000	Total RMB'000
Continuing operations			
Revenue	344,262	504	344,766
Cost of sales	(227,534)	–	(227,534)
Segment results	116,728	504	117,232
Other income			18,864
Other gains			331
Allowance for impairment of trade receivables			(9,420)
Administrative expenses			(41,085)
Finance costs			(218)
Income tax expense			(31,964)
Profit for the year			53,740

12. SEGMENT INFORMATION *(Continued)*

Revenue from major customers:

Revenue from customers in relation to continuing operations contributing over 10% of the total revenue of the Group are as follows:

	2020 **RMB'000**	2019 RMB'000
Customer A (New Energy Business)	**165,575**	N/A
Customer B (New Energy Business)	**55,163**	150,490
Customer C (New Energy Business)	**N/A***	88,845
Customer D (New Energy Business)	**N/A***	50,948

* The corresponding revenue does not contribute over 10% of the total revenue of the Group.

13. INCOME TAX CREDIT/(EXPENSE)

Income tax relating to continuing operations has been recognised in profit or loss as follows:

	2020 **RMB'000**	2019 RMB'000
Current tax		
Provision for the year – the PRC	**(1,962)**	(31,964)
Under-provision in prior years	**(5)**	–
	(1,967)	(31,964)
Deferred tax (note 32)	**3,954**	–
	1,987	(31,964)

No provision for Hong Kong Profits Tax was required since the Group had no assessable profits for the years ended 31 December 2020 and 2019.

PRC Corporate Income Tax has been provided at a rate of 25% (2019: 25%), except for a subsidiary eligible to be a "Small and Low-profit Enterprise" under PRC Corporate Income Tax Law to enjoy a beneficial rate of 20% (2019: 20%).

Pursuant to the PRC law on Corporate Income Tax, 10% withholding income tax will be levied on foreign investors for dividend distribution from foreign invested enterprises' profit earned after 1 January 2008. For qualified investors incorporated in Hong Kong, a treaty rate of 5% will be applied.

13. INCOME TAX CREDIT/(EXPENSE) *(Continued)*

Tax charged on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax credit/(expense) and the product of (loss)/profit before tax multiplied by the respective applicable tax rates relating to continuing operations is as follows:

	2020 RMB'000	2019 RMB'000
(Loss)/profit before tax	**(145,451)**	85,704
Tax at the respective applicable tax rates	**33,617**	(24,120)
Tax effect of expenses not deductible	**(291)**	(2,355)
Tax effect of income not taxable	**–**	112
Tax effect of tax losses not recognised	**(5,903)**	(5,601)
Net tax effect of temporary differences not recognised	**(25,431)**	–
Under-provision in prior years	**(5)**	–
Income tax credit/(expense)	**1,987**	(31,964)

14. (LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's (loss)/profit for the year is stated after charging/(crediting) the following:

	2020 RMB'000	2019 RMB'000
Directors' and chief executive's emoluments (note 16)	**5,143**	9,723
Salaries and other allowances, excluding those of Directors	**7,290**	7,691
Retirement benefit scheme contributions, excluding those of Directors	**600**	840
Equity-settled share based payments, excluding those of Directors	**1,292**	4,462
Total staff costs	**14,325**	22,716
Auditors' remuneration	**990**	1,950
Depreciation of property, plant and equipment	**10,672**	10,738
Less: included in cost of sales	**(10,333)**	(10,333)
	339	405
Depreciation of right-of-use assets	**1,860**	2,530
Cost of inventories recognise as an expense	**236,385**	202,830

15. EMPLOYEE BENEFITS EXPENSE

	2020 RMB'000	2019 RMB'000
Continuing operations		
Employee benefits expense:		
Salaries and other allowances	**11,748**	15,350
Retirement benefit scheme contributions	**755**	988
Equity-settled share-based payments (note 34)	**1,822**	6,378
	14,325	22,716

(a) Five highest paid individuals

The five highest paid individuals in the Group during the year included three Directors (2019: four) whose Directors' emoluments are reflected in the analysis presented in note 16(a). The emoluments of the remaining two individual (2019: one) are set out below:

	2020 RMB'000	2019 RMB'000
Salaries and other allowances	**1,388**	1,262
Retirement benefit scheme contributions	**56**	79
	1,444	1,341

The emoluments fell within the following band:

	Number of individuals	
	2020	2019
HK$0 to HK$1,000,000	**2**	–
HK$1,000,001 to HK$2,000,000	**–**	1

During the years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office, whether directly or indirectly, subsisting at the end of the year or any time during the year.

16. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of every Director are set out below:

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertaking				
Name of Directors	Directors' fee RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share based payments RMB'000	Total RMB'000
Executive Directors					
Mr. Hu Yishi	177	1,157	16	49	1,399
Mr. Chan Wing Yuen, Hubert	177	926	66	196	1,365
Ms. Lin Min, Mindy	177	210	7	49	443
Ms. Kwong Wai Man, Karina	177	926	66	196	1,365
Independent Non-executive Directors					
Ms. Ma Lee	177	–	–	20	197
Mr. Lau Kwok Kee	177	–	–	20	197
Ms. Qin Xuwen (note (a))	177	–	–	–	177
Total for the year ended 31 December 2020	1,239	3,219	155	530	5,143

16. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' emoluments *(Continued)*

	Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertaking				
Name of Directors	Directors' fee RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share based payments RMB'000	Total RMB'000
Executive Directors					
Mr. Hu Yishi	177	2,294	16	178	2,665
Mr. Chan Wing Yuen, Hubert	177	917	58	709	1,861
Ms. Lin Min, Mindy	177	2,294	16	178	2,665
Ms. Kwong Wai Man, Karina	177	917	58	709	1,861
Independent Non-executive Directors					
Ms. Ma Lee	177	–	–	71	248
Mr. Lau Kwok Kee	177	–	–	71	248
Ms. Qin Xuwen (note (a))	14	–	–	–	14
Mr. Lui Tin Nang (note (b))	161	–	–	–	161
Total for the year ended 31 December 2019	1,237	6,422	148	1,916	9,723

Notes:

(a) Ms. Qin Xuwen has been appointed as an Independent Non-executive Director on 2 December 2019.

(b) Mr. Lui Tin Nang resigned from his position as an Independent Non-executive Director on 2 December 2019.

During the years, 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, whether directly or indirectly, subsisting at the end of the year or any time during the year.

No Director waived or has agreed to waive any emoluments for the years ended 31 December 2020 and 2019.

16. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company, any of its fellow subsidiaries, its holding companies or its subsidiaries was a party and in which the Directors of the Company or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

17. RETIREMENT BENEFIT SCHEMES CONTRIBUTIONS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2019: HK$30,000). Contributions to the scheme vest immediately.

The employees of the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and have no further obligations to the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represents for the entire pension obligations payable to retired employees.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries in the PRC. In the opinion of the Directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2020 and 2019 in respect of the retirement of its employees.

The total cost of RMB755,000 (2019: RMB988,000) charged to profit or loss under continuing operations represents contributions paid or payable to the above schemes by the Group for the year ended 31 December 2020.

18. DISCONTINUED OPERATION AND GAIN ON DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2019, the Group disposed of Wealth Grade Limited and 上海富愷商務諮詢有限公司, wholly owned subsidiaries of the Company, and its subsidiaries, which were engaged in the restaurants operation in the PRC and presented under "Catering Business" of the Group, to an independent third party at a cash consideration of RMB2,000,000. The disposal was completed on 30 April 2019 and resulted in a gain on disposal of subsidiaries amounting to RMB1,786,000.

Profit for the period from 1 January 2019 to 30 April 2019 (date of disposal) associated with the discontinued operation in respect of Catering Business is analysed as follow:

	Period from 1 January 2019 to 30 April 2019 RMB'000
Loss of Catering Business	(1,685)
Gain on disposal of Catering Business	1,786
Profit for the period attributable to owners of the Company from discontinued operation	101
Revenue	14,917
Cost of sales	(12,209)
Gross profit	2,708
Other income	3
Other losses	(256)
Administrative expenses	(2,076)
Selling and distributions	(1,252)
Impairment of property, plant and equipment	(303)
Interest expenses on lease liabilities	(504)
Loss before tax	(1,680)
Income tax expense	(5)
Loss for the period from Catering Business	(1,685)
Loss per share from discontinued operation attributable to owners of the Company (Note)	
Basic	RMB0.000
Diluted	RMB0.000

Note: The denominators used are the same as detailed in note 20 to the consolidated financial statements for both basic and diluted earnings per share.

18. DISCONTINUED OPERATION AND GAIN ON DISPOSAL OF SUBSIDIARIES *(Continued)*

Cash flows for the period from 1 January 2019 to 30 April 2019 (date of disposal) associated with the discontinued operation are as follows:

	Period from 1 January 2019 to 30 April 2019 RMB'000
Net cash inflow from operating activities	474
Net cash inflow from investing activities	136
Net cash outflow used in financing activities	(2,582)
Net cash outflow	(1,972)

Profit for the period from 1 January 2019 to 30 April 2019 (date of disposal) associated with the discontinued operation in respect of Catering Business has been arrived at after charging/(crediting):

	Period from 1 January 2019 to 30 April 2019 RMB'000
Salaries and other allowances	4,714
Retirement benefit scheme contributions	815
Total staff costs	5,529
Auditors' remuneration	7
Depreciation of property, plant and equipment	123
Less: included in cost of sales	(116)
	7
Depreciation of right-of-use assets	3,357
Cost of inventories recognise as an expense	4,856

18. DISCONTINUED OPERATION AND GAIN ON DISPOSAL OF SUBSIDIARIES *(Continued)*

The carrying amounts of the assets and liabilities over which control was lost are disclosed as below:

	RMB'000
Property, plant and equipment (note 21)	1,725
Right-of-use assets (note 23)	28,323
Inventories	2,639
Trade and other receivables	13,917
Cash and cash equivalents	3,022
Trade and other payables	(6,659)
Contract liabilities	(9,383)
Lease liabilities	(27,032)
Amount due to a shareholder	(3,738)
Income tax payables	(2,600)
Net assets disposed of	214
Gain on disposal of Catering Business	1,786
Total consideration	2,000
Net cash outflow arising on disposal:	
Cash consideration received	2,000
Cash and cash equivalents disposed of	(3,022)
	(1,022)

19. DIVIDENDS

	2019 RMB'000
2018 final dividend of HK$0.5 cents (equivalent to RMB0.44 cents) per share	15,519

The Board of Directors does not recommend the payment of any dividend in respect of the years ended 31 December 2020 and 2019.

20. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following:

	2020 RMB'000	2019 RMB'000
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	**(131,017)**	44,221

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**3,609,353**	3,534,271
Add: effect of dilutive potential ordinary shares arising from share options issued by the Company	**–**	46,579
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**3,609,353**	3,580,850

The computation of diluted loss per share during the year ended 31 December 2020 did not assume the exercises of the Company's outstanding share options and convertible bonds as these are anti-dilutive.

20. (LOSS)/EARNINGS PER SHARE *(Continued)*

From continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations is based on the following:

	2020	2019
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	**(131,017)**	44,221
Less: profit for the year from discontinued operation	**–**	101
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share from continuing operations	**(131,017)**	44,120

The weighted average numbers of ordinary shares used as the denominators are the same as those detailed above for both basic and diluted (loss)/earnings per share.

From discontinued operation

Basic earnings per share from discontinued operation is RMBNil per share (2019: RMB0.000 per share) and diluted earnings per share from discontinued operation is RMBNil per share (2019: RMB0.000 per share) based on the profit for the year from discontinued operation attributable to owners of the Company of RMBNil (2019: RMB101,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

21. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2019	8,749	87,008	4,502	4,867	105,126
Additions for the year	138	–	75	–	213
Eliminated on disposal of subsidiaries (note 18)	(7,835)	–	(2,952)	(3,045)	(13,832)
Disposals for the year	–	–	(555)	(1,257)	(1,812)
At 31 December 2019 and 1 January 2020	**1,052**	**87,008**	**1,070**	**565**	**89,695**
Additions for the year	**550**	**–**	**8**	**189**	**747**
Disposals for the year	**(700)**	**–**	**–**	**–**	**(700)**
At 31 December 2020	**902**	**87,008**	**1,078**	**754**	**89,742**
Accumulated depreciation and impairment losses					
At 1 January 2019	7,436	9,472	3,303	4,265	24,476
Charge for the year	183	10,333	220	125	10,861
Impairment loss for the year	303	–	–	–	303
Eliminated on disposal of subsidiaries (note 18)	(6,994)	–	(2,348)	(2,765)	(12,107)
Disposals for the year	–	–	(494)	(1,131)	(1,625)
At 31 December 2019 and 1 January 2020	**928**	**19,805**	**681**	**494**	**21,908**
Charge for the year	**103**	**10,333**	**162**	**74**	**10,672**
Disposals for the year	**(700)**	**–**	**–**	**–**	**(700)**
At 31 December 2020	**331**	**30,138**	**843**	**568**	**31,880**
Carrying amount					
At 31 December 2020	**571**	**56,870**	**235**	**186**	**57,862**
At 31 December 2019	124	67,203	389	71	67,787

22. INVESTMENT PROPERTIES

	2020	2019
	RMB'000	RMB'000
At 1 January and 31 December	**9,910**	9,910

The Group's investment properties are situated in the PRC and held under medium-term leases. The lease terms of leases whereby the Group leases out its investment properties under operating leases are two years (2019: two years).

Valuations of the Group's investment properties as at 31 December 2020 and 2019 were performed by Masterpiece Valuation Advisory Limited and Avista Valuation Advisory Limited respectively to assist on the fair value determinations using income approach by capitalising the net rental income of the properties derived from the existing leases and leases of similar properties in close proximity.

23. RIGHT-OF-USE ASSETS

	Office premises RMB'000	Restaurants RMB'000	Total RMB'000
At 1 January 2019	4,143	30,796	34,939
Additions for the year	3,419	–	3,419
Depreciation for the year	(2,716)	(3,171)	(5,887)
Eliminated on disposal of subsidiaries (note 18)	(698)	(27,625)	(28,323)
At 31 December 2019 and 1 January 2020	4,148	–	4,148
Additions for the year	5,259	–	5,259
Depreciation for the year	(1,860)	–	(1,860)
Disposals for the year	(2,366)	–	(2,366)
At 31 December 2020	5,181	–	5,181

The tenure of the Group's lease arrangements for renting office premises is from two to six years for the year ended 31 December 2020 (2019: two to five years).

Before the disposal of Catering Business on 30 April 2019, the Group rented restaurants in the PRC with lease arrangement of two to five years.

Lease arrangements for office premises and restaurants usually allow early termination by the Group with one-month notice in advance after twelve months from the commencement of the leases. Otherwise, penalties equivalent to one-month lease payment would be charged. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Disposals for the year ended 31 December 2020 related to early termination of two leases for office premises in the PRC. Details of total cash outflow for leases included in net cash used in financing activities are set out in note 35 to the consolidated financial statements.

24. INVESTMENTS IN SUBSIDIARIES

Particulars of the Group's subsidiaries at 31 December 2020 and 2019 are set out as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid-up capital/ Registered capital	Percentage of ownership interest/ voting power/ profit sharing 2020	2019	Principal activities/ Place of operation
Directly owned					
譽凡國際有限公司 Glory Superb International Limited	BVI 10 July 2018	US$1	**100%**	100%	Investment holding/ Hong Kong
御域有限公司 Noble Basin Limited	Republic of Seychelles 8 June 2016	US$1	**100%**	100%	Investment holding/ Hong Kong
富能有限公司 Rich Mighty Limited	Republic of Seychelles 24 June 2016	US$1	**100%**	100%	Investment holding/ Hong Kong
超寶有限公司 Treasure Beyond Limited	Republic of Seychelles 5 May 2016	US$1	**100%**	100%	Investment holding/ Hong Kong
慧寶有限公司 Wisdom Gem Limited	Republic of Seychelles 20 April 2018	US$1	**100%**	100%	Investment holding/ Hong Kong
萃譽控股有限公司 Brilliant Noble Holdings Limited	Samoa 1 August 2014	US$1	**100%**	100%	Investment holding/Samoa
誠富投資有限公司 Chengfu Investments Limited	Samoa 8 August 2014	US$1	**100%**	100%	Investment holding/Samoa
耀海控股有限公司 Radiant Sea Holdings Limited	Samoa 19 August 2014	US$1	**100%**	100%	Investment holding/Samoa
Indirectly owned					
華夏北方能源科技發展(天津)有限公司 Hua Xia Northern Energy Technology Development (Tianjin) Limited (note (c))	PRC 21 June 2018	RMB20,000,000	**89.9%**	89.9%	Provision of technological development, construction and consultancy services on new energy/PRC

24. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid-up capital/ Registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities/ Place of operation
			2020	2019	
Indirectly owned					
華夏北方新能源科技發展(天津)有限公司 Hua Xia Northern New Energy Technology Development (Tianjin) Limited (note (c))	PRC 8 September 2015	RMB1,000,000	**90%**	90%	Provision of technological development, construction and consultancy services on new energy/PRC
華夏北方科技發展(天津)有限公司 Hua Xia Northern Technology Development (Tianjin) Limited (note (c))	PRC 30 November 2016	RMB45,000,000	**89.9%**	89.9%	Provision of technological development, construction and consultancy services on new energy/PRC
天晟九燃(上海)新能源有限公司 Tian Cheng Jiu Ran (Shanghai) New Energy Company Limited (notes (a), (b) and (c))	PRC 12 November 2019	US$1,000,000	**100%**	100%	Trading of LNG/PRC
天津津熱天然氣銷售有限公司 Tianjin Jin Re Natural Gas Sales Company Limited (note (c))	PRC 15 October 2015	RMB20,000,000	**81.8%**	81.8%	Trading of LNG/PRC
上海盈愷投資管理有限公司 Shanghai Ying Kai Investment Management Limited (notes (a) and (c))	PRC 6 July 2015	US$1,500,000	**100%**	100%	Property investment/PRC
冠能集團有限公司 Crown Glory Holdings Limited	Hong Kong 18 August 2014	HK$1	**100%**	100%	Money lending/Hong Kong

24. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid-up capital/ Registered capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities/ Place of operation
			2020	2019	
Indirectly owned					
怡大有限公司 Total Joy Corporation Limited	Hong Kong 8 July 2014	HK$1	**100%**	100%	Provision of corporate services/Hong Kong
冠保集團有限公司 Crown Ace Holdings Limited	Hong Kong 13 July 2015	HK$1	**100%**	100%	Investment holding/ Hong Kong
冠悦管理有限公司 Crown Joy Management Limited	Hong Kong 18 August 2014	HK$1	**100%**	100%	Investment holding/ Hong Kong
順盈管理有限公司 Easy Gain Management Limited	Hong Kong 16 May 2016	HK$1	**100%**	100%	Investment holding/ Hong Kong
北方新能源發展有限公司 Northern New Energy Development Limited	Hong Kong 22 June 2015	HK$1	**100%**	100%	Investment holding/ Hong Kong
北方新能源管理有限公司 Northern New Energy Management Limited	Hong Kong 8 July 2015	HK$1	**100%**	100%	Investment holding/ Hong Kong
鋭力管理有限公司 Sharp Power Management Limited	Hong Kong 18 April 2012	HK$1	**100%**	100%	Investment holding/ Hong Kong
中華燃氣發展有限公司 Zhonghua Gas Development Limited	Hong Kong 17 August 2018	HK$1	**100%**	100%	Dormant/ Hong Kong
中華燃氣(香港)有限公司 Zhonghua Gas (Hong Kong) Limited	Hong Kong 11 June 2018	HK$1	**100%**	100%	Investment holding/ Hong Kong

24. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Issued and paid-up capital/ Registered capital	Percentage of ownership interest/ voting power/ profit sharing 2020	2019	Principal activities/ Place of operation
Indirectly owned					
盈凱有限公司 Abundant Victory Limited	Republic of Seychelles 3 February 2015	US$1	**100%**	100%	Investment holding/ Republic of Seychelles
鋭力投資有限公司 Sharp Power Investments Limited	Republic of Seychelles 22 January 2015	US$1	**100%**	100%	Investment holding/ Hong Kong
寶順發展有限公司 Treasure Trend Development Limited	Hong Kong 23 January 2015	HK$1	**100%**	100%	Investment holding/ Hong Kong

Notes:

(a) These subsidiaries established in the PRC are wholly foreign owned enterprise.

(b) The subsidiary was newly established in 2019.

(c) The English names of these companies represented the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

24. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following table shows information on the subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	華夏北方能源科技發展(天津)有限公司		華夏北方新能源科技發展(天津)有限公司	
	2020	2019	**2020**	2019
Place of incorporation/Place of operation	**PRC/PRC**	PRC/PRC	**PRC/PRC**	PRC/PRC
% of ownership interest/voting power/ profit sharing held by NCI	**10.1%/10.1%**	10.1%/10.1%	**10.0%/10.0%**	10.0%/10.0%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**1**	2	**1,052**	578
Current assets	**75,615**	117,664	**61,032**	56,877
Non-current liabilities	**–**	–	**(868)**	(253)
Current liabilities	**(10,349)**	(18,580)	**(13,058)**	(7,493)
Net assets	**65,267**	99,086	**48,158**	49,709
Accumulated NCI	**6,593**	10,008	**4,816**	4,971

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000	**Year ended 31 December 2020 RMB'000**	Year ended 31 December 2019 RMB'000
Revenue	**–**	103,216	**–**	–
(Loss)/profit	**(33,819)**	69,079	**(1,551)**	(907)
Total comprehensive income	**(33,819)**	69,079	**(1,551)**	(907)
(Loss)/profit allocated to NCI	**(3,415)**	6,977	**(155)**	(91)
Net cash (used in)/generated from operating activities	**(9,169)**	1,970	**(2,364)**	(31,732)
Net cash generated from/(used in) financing activities	**550**	2,500	**2,260**	(34,250)
Net (decrease)/increase in cash and cash equivalents	**(8,619)**	4,470	**(104)**	(65,982)

24. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	華夏北方科技發展（天津）有限公司		天津津熱天然氣銷售有限公司	
	2020	2019	**2020**	2019
Place of incorporation/Place of operation	**PRC/PRC**	PRC/PRC	**PRC/PRC**	PRC/PRC
% of ownership interest/voting power/ profit sharing held by NCI	**10.1%/10.1%**	10.1%/10.1%	**18.2%/18.2%**	18.2%/18.2%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**79,588**	80,311	**59,029**	67,193
Current assets	**244,825**	315,491	**206,438**	204,097
Non-current liabilities	**(803)**	(1,075)	**–**	(3)
Current liabilities	**(98,407)**	(104,069)	**(167,835)**	(161,210)
Net assets	**225,203**	290,658	**97,632**	110,077
Accumulated NCI	**22,745**	29,357	**17,769**	20,034

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2019 RMB'000	**Year ended 31 December 2020 RMB'000**	Year ended 31 December 2019 RMB'000
Revenue	**–**	–	**86,588**	250,119
(Loss)/profit	**(65,455)**	488	**(12,445)**	14,753
Total comprehensive income	**(65,455)**	488	**(12,445)**	14,753
(Loss)/profit allocated to NCI	**(6,612)**	49	**(2,265)**	2,685
Net cash generated from/(used in) operating activities	**2,272**	(43,976)	**(2,695)**	(123,770)
Net cash (used in)/generated from financing activities	**(4,916)**	(76,500)	**1,578**	125,250
Net (decrease)/increase in cash and cash equivalents	**(2,644)**	(120,476)	**(1,117)**	1,480

As at 31 December 2020, the cash and cash equivalents of the Group's subsidiaries in the PRC denominated in RMB amounted to RMB5,270,000 (2019: RMB15,537,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

25. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	**366,344**	482,486
Other receivables and deposits	**65,954**	34,356
	432,298	516,842

Trade receivables

	2020 RMB'000	2019 RMB'000
Trade receivables	**493,296**	491,906
Less: allowance for impairment of trade receivables	**(126,952)**	(9,420)
	366,344	482,486

For the construction related and consultancy services under New Energy Business, the settlement period is generally within one to two years after the completion of construction related and consultancy services.

For the trading of industrial products and LNG under New Energy Business, the credit period granted to customers are 60 to 180 days.

The aging analysis of trade receivables net of allowance for impairment of trade receivables, presented based on the invoice dates at the end of the reporting period, which approximate the respective revenue recognition dates, is as follows:

	2020 RMB'000	2019 RMB'000
0 – 60 days	**75,361**	368,906
61 – 180 days	**73,416**	1,626
181 – 270 days	**29,337**	86,071
271 days – 1 year	**71,168**	15,553
Over 1 year but within 2 years	**117,062**	10,330
Over 2 years	**–**	–
	366,344	482,486

25. TRADE AND OTHER RECEIVABLES *(Continued)*

Other receivables and deposits

	2020 RMB'000	2019 RMB'000
Prepayments to suppliers	**45,260**	23,586
Prepayments for operating expenses	**747**	1,383
Value-added and other taxes' credits	**6,791**	6,367
Rental deposits	**396**	–
Other receivables	**510**	20
Bills receivables	**12,250**	3,000
	65,954	34,356

The carrying amounts of the Group's other receivables and deposits are mainly denominated in RMB.

26. CASH AND CASH EQUIVALENTS

	2020 RMB'000	2019 RMB'000
Cash on hand	**10**	71
Bank balances	**85,474**	19,536
Cash and cash equivalents	**85,484**	19,607

Cash and cash equivalents comprise cash held by the Group and short-term deposits with an original maturity of three months or less. The balances are mainly denominated in Hong Kong dollars.

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

27. SHARE CAPITAL

	2020 and 2019		
	Number of shares '000	HK$'000	RMB'000
Authorised:			
Ordinary shares of HK$0.00125 each			
At 1 January and 31 December	**64,000,000**	**80,000**	**–**
Issued and fully paid:			
Ordinary shares of HK$0.00125 each			
At 1 January 2019	3,510,968	4,389	3,553
Exercise of share options (note 34) (note)	74,064	93	82
At 31 December 2019 and 1 January 2020	**3,585,032**	**4,482**	**3,635**
Exercise of share options (note 34) (note)	**37,104**	**46**	**43**
At 31 December 2020	**3,622,136**	**4,528**	**3,678**

Note: During the year ended 31 December 2020, none of the share options with exercise price of HK$0.10125 granted on 25 November 2014 were exercised (2019: 7,680,000 new share were issued and allotted upon exercise), and 37,104,000 new shares (2019: 66,384,000 new shares) were issued and allotted upon the exercise of share options with exercise price of HK$0.289 granted on 9 June 2017. The gross proceeds from the exercise of share options are HK$10,723,000 (equivalent to RMB9,729,000) (2019: HK$19,963,000 (equivalent to RMB17,759,000)).

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

27. SHARE CAPITAL *(Continued)*

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Total debt comprises lease liabilities and convertible bonds. Adjusted capital comprises all components of equity (i.e. share capital, retained profits and other reserves) except for non-controlling interests.

	2020 RMB'000
Total debt	101,610
Less: cash and cash equivalents	(85,484)
Net debt	16,126
Total equity	302,626
Debt-to-adjusted capital ratio	5%

Since there were only lease liabilities as at 31 December 2019 which could be fully covered by the cash and cash equivalents balance, accordingly the calculation of debt-to-adjusted capital ratio at 31 December 2019 is not meaningful.

The debt-to-adjusted capital ratio during year ended 31 December 2020 resulted primarily from the issuance of convertible bonds during the year.

The externally imposed capital requirement for the Group is to have a public float of at least 25% of the shares in order to maintain its listing on GEM of the Stock Exchange.

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2020 RMB'000	2019 RMB'000
Non-current assets		
Investments in subsidiaries	**163,701**	85,873
Current assets		
Other receivables	**356**	1,110
Cash and cash equivalents	**10,898**	135
	11,254	1,245
TOTAL ASSETS	**174,955**	87,118
Capital and reserves		
Share capital	**3,678**	3,635
Reserves	**73,805**	82,055
TOTAL EQUITY	**77,483**	85,690
Non-current liabilities		
Convertible bonds	**96,420**	–
Current liabilities		
Other payables	**1,052**	1,428
TOTAL EQUITY AND LIABILITIES	**174,955**	87,118

Approved by the Board of Directors on 29 March 2021 and are signed on its behalf by:

Mr. Hu Yishi *DIRECTOR*	**Mr. Chan Wing Yuen, Hubert** *DIRECTOR*

28. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Share premium RMB'000	Share option reserve RMB'000	Special reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2019	12,501	26,869	316	61,508	101,194
Total comprehensive income for the year	–	–	–	(27,675)	(27,675)
Exercise of share options	25,731	(8,054)	–	–	17,677
Forfeiture of share options	–	(291)	–	–	(291)
Recognition of equity-settled share based payments	–	6,669	–	–	6,669
Payment of 2018 final dividend	–	–	–	(15,519)	(15,519)
At 31 December 2019 and 1 January 2020	**38,232**	**25,193**	**316**	**18,314**	**82,055**
Total comprehensive income for the year	**–**	**–**	**–**	**(19,758)**	**(19,758)**
Exercise of share options	**12,703**	**(3,017)**	**–**	**–**	**9,686**
Recognition of equity-settled share based payments	**–**	**1,822**	**–**	**–**	**1,822**
Transfer	**–**	**–**	**(316)**	**316**	**–**
At 31 December 2020	**50,935**	**23,998**	**–**	**(1,128)**	**73,805**

29. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account is available for distribution to shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company is in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

(ii) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to Directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(r) to the consolidated financial statements.

(iii) Special reserve

Special reserve represents the difference between the consideration and the share capital of a subsidiary acquired under common control pursuant to the reorganisation in 2011. During the year ended 31 December 2020, the reserve balance was transferred to retained profits.

30. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**2,315**	2,669	**2,111**	2,516
Between 1 and 2 years	**3,295**	1,733	**3,079**	1,686
	5,610	4,402	**5,190**	4,202
Less: total future interest expenses	**(420)**	(200)		
Present value of lease liabilities	**5,190**	4,202		

The weighted average incremental borrowing rate applied was 5% (2019: 5.00%).

The carrying amounts of lease liabilities are mainly denominated in RMB.

31. CONVERTIBLE BONDS

On 16 November 2020, the Group issued convertible bonds with a principal amount of HK$97,800,000, bearing interest at a coupon rate of 8% per annum payable semi-annually, at a consideration of HK$97,800,000 to New York Limited, a company wholly owned by Kai Yuan Holdings Limited listed on the Main Board of the Stock Exchange (the "Subscriber"), of which Mr. Hu Yishi (the Executive Director of the Company) as a substantial shareholder having no control or significant influence and Ms. Lin Min, Mindy (the Executive Director of the Company and the spouse of Mr. Hu Yishi) as also deemed to be a substantial shareholder having no control or significant influence. The Subscriber has the option to convert the convertible bonds into ordinary shares of the Company on or after 16 November 2020 up to and including 16 November 2023 at an initial conversion price of HK$0.27 per share, subject to adjustments from certain terms and conditions. Any convertible bonds not converted will be redeemed on 16 November 2023 at 100% of the principal amount.

The convertible bonds was designated and initially recognised as financial liabilities at fair value through profit or loss, and the valuations of which were performed by Avista Valuation Advisory Limited, an independent qualified professional valuer engaged by the Group to assist on the fair value determination as at 31 December 2020 and 16 November 2020 using Binomial model.

31. CONVERTIBLE BONDS *(Continued)*

The movement of the convertible bonds during the year ended 31 December 2020 is as follows:

	2020 RMB'000
At 16 November 2020 (date of issuance)	**83,000**
Fair value losses (note 10)	**14,166**
Exchange difference	**(746)**
At 31 December 2020	**96,420**

32. DEFERRED TAX ASSETS

The followings are the deferred tax assets recognised by the Group:

Deferred tax assets	**Allowance for impairment of trade receivables** **RMB'000**
At 1 January 2020	**–**
Credited to profit or loss for the year (note 13)	**3,954**
At 31 December 2020	**3,954**

At the end of the reporting period, the Group has not recognised deferred tax assets in respect of unused tax losses of RMB4,454,000 (2019: RMB3,591,000) due to the unpredictability of future profit streams. Tax losses are all arisen in the PRC and will be expired within five years for offsetting against future taxable profits.

Under the Corporate Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries of RMB472,089,000 as at 31 December 2020 (2019: RMB468,061,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	**111,231**	111,190
Accruals	**346**	1,528
Other payables	**8,057**	63
Employee benefits payable	**79**	121
Other taxes payable	**244**	1,775
	119,957	114,677

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and generally due according to contract terms. The aging analysis of trade payables based on invoice date is as follows:

	2020 RMB'000	2019 RMB'000
0 – 30 days	**3,043**	40,281
31 – 60 days	**–**	328
91 – 180 days	**11,779**	5,139
Over 180 days	**96,409**	65,442
	111,231	111,190

The carrying amounts of the Group's trade payables are all denominated in RMB.

34. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Board of Directors of the Company may grant options to Directors and eligible employees and consultants of the Company or its subsidiaries to subscribe for shares in the Company at a consideration equal to the higher of the closing price of the shares of the Company on the Stock Exchange at the date of offer of grant and the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of grant of the options.

Options granted must be taken up within 28 days from the date of grant, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option up to the tenth anniversary of the date of grant as determined by the Directors at their discretion.

The maximum number of shares of the Company in respect of which options may be granted, when aggregated with any other share option scheme of the Company, shall not exceed 30% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to the Scheme. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 10% of the shares in issue from time to time.

The total number of shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time. The share option scheme is valid and effective for a period of 10 years commencing on 30 December 2011 and may continue to be exercisable in accordance with their terms of issue.

The Scheme has become effective on 12 December 2011.

On 25 November 2014, the Company granted 28,000,000 share options to the Company's Directors, employees and consultants at the exercise price of HK$0.81 per option (i.e. 224,000,000 shares with par value of HK$0.10125 each after the Share Subdivision on 20 May 2016). On 20 May 2016, the exercise price of the outstanding options was adjusted from HK$0.81 per share to HK$0.10125 per subdivided share. On 9 June 2017, the Company granted 343,536,000 share options to the Company's Directors, employees and consultants at the exercise price of HK$0.289 per option. On 31 December 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 257,280,000 (31 December 2019: 294,384,000), representing 7.1% (31 December 2019: 8.2%) of the shares of the Company in issue that date.

34. SHARE-BASED PAYMENTS *(Continued)*

Equity-settled share option scheme *(Continued)*

Details of the specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price	Fair value at grant date
Option to Directors				
Option A	25/11/2014	25/11/2014 – 24/11/2021	HK$0.10125*	HK$0.0501*
Option C (note 1)	09/06/2017	09/06/2018 – 09/06/2024	HK$0.289	HK$0.1262
Option D (note 2)	09/06/2017	09/06/2019 – 09/06/2024	HK$0.289	HK$0.1273
Option E (note 3)	09/06/2017	09/06/2020 – 09/06/2024	HK$0.289	HK$0.1287
Option to employees				
Option B	25/11/2014	25/11/2014 – 24/11/2021	HK$0.10125*	HK$0.0455*
Option I (note 1)	09/06/2017	09/06/2018 – 09/06/2024	HK$0.289	HK$0.1117
Option J (note 2)	09/06/2017	09/06/2019 – 09/06/2024	HK$0.289	HK$0.1170
Option K (note 3)	09/06/2017	09/06/2020 – 09/06/2024	HK$0.289	HK$0.1219
Option to consultants				
Option F (note 1)	09/06/2017	09/06/2018 – 09/06/2024	HK$0.289	HK$0.1320
Option G (note 2)	09/06/2017	09/06/2019 – 09/06/2024	HK$0.289	HK$0.1320
Option H (note 3)	09/06/2017	09/06/2020 – 09/06/2024	HK$0.289	HK$0.1320

Notes:

1. Option vested upon the first anniversary of the date of granted, being 9 June 2018, which shall be exercisable immediately until expiry of the period from 9 June 2018 to 9 June 2024 (both dates inclusive).

2. Option vested upon the second anniversary of the date of granted, being 9 June 2019, which shall be exercisable immediately until expiry of the period from 9 June 2019 to 9 June 2024 (both dates inclusive).

3. Option will be vested upon the third anniversary of the date of granted, being 9 June 2020, which shall be exercisable immediately until expiry of the period from 9 June 2020 to 9 June 2024 (both dates inclusive).

* Adjusted by share subdivision on 20 May 2016.

34. SHARE-BASED PAYMENTS *(Continued)*

The following table discloses movement of the Company's share options during the years ended 31 December 2020 and 2019:

Option type	Outstanding at 1 January 2019 '000	Granted '000	Exercised '000	Forfeited '000	Outstanding at 31 December 2019 and 1 January 2020 '000	**Granted '000**	**Exercised '000**	**Forfeited '000**	**Outstanding at 31 December 2020 '000**
Option A	49,280	–	(4,480)	–	44,800	**-**	**-**	**-**	**44,800**
Option B	3,200	–	(3,200)	–	–	**-**	**-**	**-**	**-**
Option C	32,088	–	(1,144)	–	30,944	**-**	**-**	**-**	**30,944**
Option D	32,088	–	(1,144)	–	30,944	**-**	**-**	**-**	**30,944**
Option E	32,088	–	–	(1,144)	30,944	**-**	**-**	**-**	**30,944**
Option F	16,768	–	(16,768)	–	–	**-**	**-**	**-**	**-**
Option G	28,216	–	(22,888)	–	5,328	**-**	**(3,664)**	**-**	**1,664**
Option H	28,216	–	–	–	28,216	**-**	**-**	**-**	**28,216**
Option I	49,880	–	(21,440)	(664)	27,776	**-**	**(5,000)**	**-**	**22,776**
Option J	49,880	–	(3,000)	(664)	46,216	**-**	**(18,440)**	**-**	**27,776**
Option K	49,880	–	–	(664)	49,216	**-**	**(10,000)**	**-**	**39,216**
	371,584	–	(74,064)	(3,136)	294,384	**-**	**(37,104)**	**-**	**257,280**
Exercisable at the end of the year					186,008				**257,280**
Weighted average exercise price (HK$)	0.291	–	0.289	0.289	0.262	**-**	**0.289**	**-**	**0.256**

In respective of the share options exercised during the year ended 31 December 2020, the weighted average share price at the date of exercise is HK$0.2857 (2019: HK$0.3025)

34. SHARE-BASED PAYMENTS *(Continued)*

The fair values of the options granted were calculated using the Binomial model. The inputs into the model were as follows:

	Share price	Exercise price	Expected volatility	Expected life	Risk-free rate	Expected dividend yield
Option A	HK$0.81	HK$0.10125	53.486%	7 years	1.485%	0%
Option B	HK$0.81	HK$0.10125	53.486%	7 years	1.485%	0%
Option C	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option D	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option E	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option F	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option G	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option H	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option I	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option J	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%
Option K	HK$0.28	HK$0.289	46.380%	7 years	1.040%	0%

The expected volatilities are based on historical volatilities of the Company. Expected dividend yields are based on historical dividend yields of the Company. Changes in these subjective input assumptions could materially affect the fair value estimate.

The Group recognised the total expense of RMB1,822,000 for the year ended 31 December 2020 (2019: RMB6,378,000) in relation to share options granted by the Company and forfeited during the year.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2020 RMB'000	Financing cash flows RMB'000	Additions for the year RMB'000	Interest expenses (note 11) RMB'000	Disposals for the year RMB'000	Non-cash movement RMB'000	31 December 2020 RMB'000
Lease liabilities	4,202	(1,963)	5,218	144	(2,411)	–	5,190
Convertible bonds	–	83,000	–	–	–	13,420	96,420
Amount due to a related company	–	1,802	–	–	–	–	1,802
	4,202	82,839	5,218	144	(2,411)	13,420	103,412

	1 January 2019 RMB'000	Financing cash flows RMB'000	Additions for the year RMB'000	Interest expenses (note 11) RMB'000	Disposals for the year RMB'000	31 December 2019 RMB'000
Lease liabilities	34,737	(7,140)	3,419	218	(27,032)	4,202

36. CONTINGENT LIABILITIES

As at 31 December 2020 and 2019, the Group did not have any material contingent liabilities.

37. RELATED PARTY TRANSACTIONS

(a) Apart from the related party balance disclosed below, the Group had no other transactions with its related parties during the years ended 31 December 2020 and 2019.

Related party balance

	2020 RMB'000
Amount due to a related company	**1,802**

順盈貿易(上海)有限公司 is a related company indirectly held by Mr. Hu Yishi (the Executive Director of the Company). The balance is for funding the initial set-up of a subsidiary engaging in the trading of LNG in Shanghai, China.

(b) The Directors of the Company and the five highest paid employees are identified as key management members of the Group, whose compensations during the years ended 31 December 2020 and 2019 are set out in notes 16 and 15(a) to the consolidated financial statements. The remunerations of the Directors and key management members are determined by the Remuneration Committee of the Company having regard to the performance of individuals and market trends.

38. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The new classification of the accounting items was considered to provide a more appropriate presentation of the state of affairs of the Group.

Summary of Financial Information

	For the year ended 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Revenue	372,291	302,427	321,265	344,766	**243,697**
(Loss)/profit before taxation	147,090	77,612	147,549	85,704	**(145,451)**
Income tax credit/(expense)	(40,353)	(26,815)	(46,916)	(31,964)	**1,987**
(Loss)/profit for the year	106,737	50,797	100,633	53,740	**(143,464)**

	For the year ended 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
ASSETS AND LIABILITIES					
Total assets	343,168	486,085	679,951	618,694	**595,030**
Total liabilities	(117,337)	(191,424)	(254,248)	(132,232)	**(240,481)**
Net assets	225,831	294,661	425,703	486,462	**354,549**

A summary of the Group's result for the five financial years and the assets and liabilities of the Group as at 31 December 2020, 2019, 2018, 2017 and 2016 as extracted from the published audited financial statements for the year ended 31 December 2020, 2019, 2018, 2017 and 2016, is set out above. The amounts set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

Particular of Investment Property

Location	Type	Tenure	Attributable interest of the Group
Unit 609, Jing An China Tower, 1701 Beijing West Road, Shanghai, the PRC	Commercial	Medium-term lease	100%
Unit 1604, Jing An China Tower, 1701 Beijing West Road, Shanghai, the PRC	Commercial	Medium-term lease	100%