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# 中裕能源控股有限公司

## ZHONGYU ENERGY HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)  
(Stock Code:3633)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2023

#### FINANCIAL AND OPERATIONAL HIGHLIGHTS

	For the year ended 31st December,		
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	changes %
Turnover	<b>13,643,682</b>	12,997,322	5.0%
Profit before tax	<b>585,300</b>	514,649	13.7%
Profit for the year	<b>300,456</b>	242,917	23.7%
Profit attributable to owners of the Company	<b>246,720</b>	174,077	41.7%
Basic earnings per share (HK cents)	<b>8.74</b>	6.14	42.3%
Non-HKFRS EBITDA (as defined in page 37)	<b>1,885,251</b>	1,932,267	(2.4)%
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	
	<b>1,696,726</b>	1,659,817	2.2%
Unit of natural gas sold ('000 m <sup>3</sup> )	<b>3,037,347</b>	2,854,188	6.4%
New piped gas connections made for residential households	<b>276,125</b>	280,807	(1.7)%
Sales volume of integrated energy (million kWh)	<b>15,664.00</b>	117.00	13,288.0%

## CHAIRMAN’S STATEMENT

To our valued shareholders,

The year 2023 is a critical year for the People’s Republic of China’s (the “**PRC**”) economic recovery and development after the epidemic. While the domestic economy recovered steadily and accomplished its annual targets, the real estate industry continued to weaken and the continuous decline in overseas demand caused many setbacks in the economic recovery. Under the impact of unfavorable factors such as insufficient domestic demand and slowdown in external demand, the Group firmly implemented the development concept of “dual-wheel drive and synergetic development” to promote synergy and innovative operation of city gas business and smart energy business, and continuously enhance its core competitiveness and operation quality in order to cope with the uncertainties in the domestic macro environment.

In 2023, the Group took advantage of the development trend of green and low-carbon transformation of the country, and scientifically promoted the synergetic development of two business segments, namely city gas and smart energy, with the challenge of “sustained pressure” on the national economy. Continuous deep cultivation and refined operation have established a solid foundation for the Group’s city gas business and a steady improvement in its operating results. Relying on the established market for its city gas business and professional team in the field of new energy, the Group’s smart energy business has made a breakthrough in terms of both quality and quantity. As a whole, the Group’s “dual-wheel drive” pattern is accelerating.

In 2023, the process of marketization of the natural gas industry accelerated. A number of provinces expedited the implementation of the upstream and downstream price linkage mechanism for natural gas, and the free flow of natural gas resources and market competition further strengthened. As a leader in the city gas industry, the Group actively communicated with the local governments in the regions in which it operates to assist in promoting the implementation of the relevant policies to safeguard the Group’s overall revenue and enhance the Group’s competitive strength. The Group continued to develop upstream resources and promote the development of energy trading business to increase the diversity of the Group’s gas sources, reduce the comprehensive procurement costs and ensure a stable and sufficient supply of gas sources with high quality under extreme weather conditions in winter. While strengthening its operational efficiency, the Group strictly adhered to the bottom line of production safety, established a long-term mechanism for safety, implemented special rectification work on safety, increased investment in safety operations, improved the quality of safety personnel, and accelerated the pace of upgrading the digitization of gas operations, maintaining production safety with no accidents. The Group has also put the ideas of Environmental, Social and Governance (ESG) into practice by continuously strengthening its supplier management system and building a safe line of defense for material procurement, so as to ensure the realization of “whole life cycle” safety operation management.

The Group is fully aware that the development of the city gas industry has gradually entered a mature stage, which will provide the Group with long-term and stable income. However, the Group has always maintained a progressive entrepreneurial spirit and has expanded its presence in the integrated energy market many years ahead of time. With its corporate development goal of “being the most valuable integrated energy service provider”, the Group has achieved considerable results. In 2023, the Group combined its own strengths, synergized the smart energy segment with the city gas segment, and further expanded the scale of smart energy business based on the segmentation of customer needs. The Group pushed the implementation of demonstration projects, extensively explored and reserved resources for new fields targeting cutting-edge technologies, and continued to further focus on the three major smart energy business segments including smart energy management contract (“EMC”), district energy supply, and low-carbon transportation. The business distribution is getting mature and the landscape is getting rich. Meanwhile, the Group has retained its good tradition of focusing on safety in smart energy business, improving safety mechanisms, intensifying safety inspections, enhancing safety discipline of employees, building digital and intelligent operation and maintenance platforms for its projects, and monitoring project operations in real time to achieve double enhancement in operational efficiency and safety monitoring.

In 2023, the Group continued its mission of “Developing Clean Energy for a Better Life”, assumed social responsibility, strengthened its governance, optimized ESG-related information disclosure, enhanced its market competitiveness and brand influence, and gained high recognition from the capital market and industry players. The Group took full advantage of green finance, assisted in the development of green projects, accelerated the green transformation of enterprises, promoted its own sustainable development, and contributed to the achievement of the country’s “dual-carbon” goal.

## **PROSPECT**

In 2024, international geopolitical relations are not yet optimistic, the domestic economy is still in a period of transition between new and old driving forces, and expectations and confidence in economic development still need to be improved. However, with domestic inventories at low levels, the Central Government’s concerted efforts in monetary and fiscal policies, and the gradual recovery of demand, it is expected that the PRC’s economy will be further stabilized.

In the coming year, the Group will maintain its momentum of development under the combined effect of domestic energy transformation and the conversion between old and new driving forces for economic development, and accurately control the direction of the market to meet new development opportunities and challenges. The Group will continue to work hard to further improve its operation efficiency and management as well as business development quality. At the same time, the Group will synergize with the city gas and smart energy segments to expand a wider range of energy types and project model, and strive to create a new scenario of high-quality development for the transformation of the enterprise.

For the city gas business, the Group will continue to optimize the safety and operation management system and enhance the level of digital and intellectual operations to ensure the efficient and healthy development of the projects. The Group will continue to focus on the market for city gas projects and expand its business in an orderly manner, while actively seizing upstream investment opportunities and developing related business cooperation. The Group will also continue to innovate value-added business products and services, explore the potential of its operating regions and accelerate market expansion. At the same time, the Group will plan to develop strategic cooperation in energy trading with coastal receiving terminals and international LNG suppliers, explore the business of importing international LNG, continue to extend the business chain of natural gas production, supply, storage and marketing, optimize the supply of gas sources and broaden its business territory, striving to enter the top ten LNG traders in the PRC in the shortest possible time.

For the smart energy business, the Group will continue to efficiently synergize with the city gas segment, improve the energy usage profiles of its customers and actively explore opportunities for cooperation in extra-territorial markets. The objective of the smart energy business is to reduce carbon emissions for the society, save energy and reduce consumption for customers, and promote environmental protection and the national vision of green development. The Group will vigorously promote the expansion of its zero-carbon community and zero-carbon park business to empower the green and low-carbon urban transformation, and focus its efforts on building a number of replicable demonstration projects to facilitate the rapid growth in the business scale. The Group will also further enter into pragmatic cooperation with local governments in the new energy sector, steadily expand the functional business base of the parks, innovatively expand intelligent micro-grid-related businesses, carry out full-scenario industrial energy-saving services according to the local conditions, and build up the reserve of cutting-edge technologies such as new-type energy storage, hydrogen energy utilization and digital intelligence platforms, so as to promote core competitiveness and achieve sustainable development.

In 2024, the Group will further implement the ESG development concept, closely pursue the industrial development consensus of safety and supply guarantee, green and low-carbon, and actively explore cooperation in the field of green finance. We will coordinate energy security guarantee and enterprise green transformation within the operating areas, ensure continuous optimization in corporate culture, business development, comprehensive management, information disclosure and other aspects, and promote the sustainable development of the Group.

The survival and development of an enterprise need to interact and resonate with the times in which we live. In the new year, the Group will continue to adhere to the business principle of “customer satisfaction, government assured, enterprise development, employee benefit”, and accelerate the pace of transformation and development. We will make short-term planning for long-term strategy, seize the opportunity for development, and take the initiative in studying and analyzing the overall environment. We will also focus on enhancing endogenous dynamics and innovative vitality, and actively deal with the challenges and opportunities brought about by changes in both internal and external environments. We will continue to provide customers with high-quality and efficient integrated energy services, improve our business performance, reward our shareholders and contribute to the society.

## **APPRECIATION**

Over the past 20 years, the brand of Zhongyu Energy has been well established, which is the result of all Zhongyu personnel's joint efforts and concerted endeavors. In the past year, we left behind many unforgettable Zhongyu voices, Zhongyu moment and Zhongyu stories, all being our pride. On behalf of the Board of Directors, I would like to express my sincere gratitude to all our fellow staff members for their hard work and dedication, as well as to their families for their continued dedication and support. I would also like to express my sincere gratitude to all our shareholders and customers for their longstanding support and trust in the Group.

**Wang Wenliang**

*Chairman*

Hong Kong

27th March, 2024

## **CEO MESSAGE**

To our valued shareholders,

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

In 2023, international geopolitical conflicts occurred constantly and the great power game continued to intensify, coupled with the tight monetary policies maintained in major overseas economies, which led to a continued weakening of external demand. At the same time, under the influence of the weak domestic real estate industry, the overall performance of domestic demand was sluggish, and it will take some time for the PRC’s economy to stabilize. In 2023, a year of promoting the continuity of the National “14th Five-Year Plan”, the domestic clean energy industry still maintained a rapid growth momentum, with 305 million kilowatts of renewable energy installed nationwide, accounting for 82.7% of the country’s new power generation installed capacity; the annual apparent consumption of natural gas increased by 7.6% year-on-year. A number of provinces across the country sped up the implementation of the upstream and downstream price linkage mechanism for natural gas, and the marketization process of the industry gradually accelerated. As an important lever for achieving energy transformation and the “dual carbon” goals, vigorously promoting the development of the clean energy industry will continue to provide momentum for the strategic transformation of the Group. In 2023, the Group seized market opportunities and continued to promote refined management. While ensuring safe operation, it actively developed the market, expanded upstream and downstream cooperation, and achieved stable growth in city gas business and accelerated high-quality development of smart energy business. As of 31st December, 2023, the Group had 75 concession gas projects in 11 provinces. The city gas business provided services to 27,387 industrial and commercial customers and 4.94 million residential users, and the number of the Group’s integrated energy projects that had been put into operation during the same period amounted to 260, representing an increase of 162 projects as compared to the year before. In 2023, the Group’s total gas sales volume increased by 6.4% year-on-year to 3,037,347,000 cubic meters, while integrated energy sales volume increased by 13,288.0% year-on-year to 15,664 million kilowatt-hours.

## **RESULTS**

For the year ended 31st December, 2023, the Group recorded a turnover of HK\$13,643,682,000, representing a year-on-year increase of 5.0% (2022: HK\$12,997,322,000). The growth in turnover was mainly attributable to the increase in revenue from gas pipeline construction, smart energy and value-added services.

## BUSINESS REVIEW

During the year, the Group's four major business segments, namely sales of gas, gas pipeline construction, smart energy and value-added services, accounted for 80.6%, 7.8%, 6.9% and 3.0% of the Group's turnover for 2023, respectively.

The sales of gas business continued to be the Group's largest contributor in 2023, with sales amounting to HK\$10,997,172,000, equivalent to approximately RMB9,897,455,000 (2022: HK\$11,331,259,000, equivalent to approximately RMB9,733,551,000), representing a 1.7% year-on-year increase in RMB. The growth of this business was mainly attributable to the Group's large and highly loyal user base, and the business will continue to be a core source of performance contribution for the Group.

In addition, the sales of gas include energy trading. Over the years, the Group has been committed to actively optimizing its gas source organization, identifying opportunities for cooperation in the upstream of natural gas, and vigorously expanding its energy trading business. During the year, sales of this business amounted to HK\$2,768,340,000, representing a year-on-year increase of 13.2% (2022: HK\$2,445,740,000), while the volume of natural gas traded amounted to 786,997,000 cubic meters, representing a year-on-year increase of 44.6%.

With the Group's efforts in the past few years, the gas connection penetration rate in the regions in which it operates has reached a relatively high level. As a result, the Group has adopted a prudent approach in acquiring new customers in order to maintain a favorable customer mix and accounts receivable level. During the year, the total number of new piped gas connection customers reached 279,548. The total length of the Group's existing intermediate and main pipelines increased from 27,263 kilometers to 27,754 kilometers, representing an increase of 1.8%, as the Group continued to expand its coverage.

The Group has actively synergized with the two business groups of city gas and smart energy to scientifically establish its presence in the new energy market. After prior exploration, the Group's distributed photovoltaic, incremental power distribution and boiler entrustment businesses have taken shape, while bold attempts have been made in the development of, among others, household photovoltaic, biomass energy supply, hydrogen refueling and charging integrated stations, and user-side energy storage. The smart energy business achieved significant growth during the year, with sales amounting to HK\$944,669,000 (2022: HK\$71,546,000), accounting for 6.9% (2022: 0.6%) of the Group's total revenue, representing a year-on-year increase of 1,220.4%, and integrated energy sales amounted to 15,664 million kilowatt-hours, representing a year-on-year increase of 13,288.0%.

The value-added services provided by its own offline retail brand "Zhongyu Phoenix" (中裕鳳凰) and online retail platform "Zhongyu iFamille" (中裕i家) have been an effective channel for the Group to enrich the business ecology and effectively increase customer stickiness. During the Year, the Group aggressively expanded its customer base, with initial results of out-of-region expansion, and consolidated its retail brand market share by expanding product portfolio and enhancing brand awareness. Value-added services turnover for the Year amounted to HK\$410,574,000, representing a 13.5% year-on-year increase (2022: HK\$361,660,000).

## PROSPECTS

With the start of the interest rate cut cycle in major economies in Europe and the United States in 2024, and the concerted efforts of domestic fiscal and monetary policies, the PRC's economy is expected to rebound gradually. Meanwhile, with the drivers of expanding domestic demand and the "dual carbon" goals, the demand for natural gas and various types of renewable energy will continue to grow at a high rate, and it is expected that the transformation of the country's energy structure as well as the development of the energy industry will achieve more results.

In 2024, the PRC will continue to accelerate the implementation of the upstream and downstream price linkage mechanism for natural gas and further promote market-based pricing of natural gas. Meanwhile, the Group will continue to improve its safety management, enhance its awareness of production safety and operate prudently to ensure the safety, stability and sustainability of its business. The Group will also actively cooperate with local governments in the establishment and implementation of pricing mechanisms, continue to optimize the structure of gas sources, innovate its business concepts and improve its operating efficiency in various aspects.

The implementation of the "dual carbon" goals will continue to provide opportunities for the diversified development of the Group's smart energy business. In 2024, the Group's smart energy segment will combine existing resources and technology reserves to further define its market direction. Relying on the gas group's regional operating advantages, good political and business relationships and quality industrial and commercial customers, the Group will enrich its business model and make efforts in various areas, and implement the development of six types of businesses, namely photovoltaic development, park energy supply, individual energy supply, smart micro-grid, public construction energy supply, and boiler entrustment, in order to support the smart energy segment's performance to reach a higher level.

In order to realize a new horizon of high-quality development, the Group will implement the following key strategies in the coming year:

- (i) closely monitor market developments and prudently identify investment targets to constantly expand the Group's city gas business;
- (ii) accelerate the development of smart energy business, promote the in-depth integration of market and management resources of gas business and smart energy business, and continue to enhance core competitiveness to realize sustainable development;

- (iii) focus on strategic cooperation opportunities with parties with upstream resources, utilize the advantages of midstream pipeline network interconnection, streamline sales strategies, and improve market competitiveness, and innovate value-added services;
- (iv) continuously optimize the Group’s hidden danger supervision mechanism, comprehensively improve the emergency management, in-depth development of safety culture, while further implement the development of safety information technology, and improve the work-related safety management testing;
- (v) continuously optimize the gas source structure, actively promote the establishment of market price mechanism, improve market risk control capability, and explore international LNG trading opportunities and gas storage capacity trading business;
- (vi) upgrade the Group’s financial management, strictly control overdue receivables and strictly enforce the accountability mechanism; and
- (vii) practice ESG concepts, expand cooperation in green finance, strengthen internal governance and optimize ESG-related information disclosure.

As 2024 is a critical year for the realization of the objectives and tasks of the “14th Five-Year Plan”, the Group will continue to focus on efficient and safe operations, intensively develop its gas business segment to achieve safe and stable gas supply throughout the year, and steadily expand its business footprint. The Group will continue to give play to synergies, innovate business models, and enrich the business landscape in the smart energy business segment, to achieve leapfrog development of business. In the coming year, the Group will strive to capitalize on the development opportunities arising from the “dual carbon” goals and the expansion of domestic demand, and further push forward the strategy of “dual-wheel drive and synergetic development”, in order to strive for the goal of becoming the “most valuable integrated energy service provider”.

**Lui Siu Keung**

*Chief Executive Officer*

27th March, 2024

The board of directors (the “Board” or the “Directors”) of Zhongyu Energy Holdings Limited (the “Company”) is pleased to announce below the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st December, 2023, together with the comparative figures for the corresponding period in 2022.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
<b>Turnover</b>	3	<b>13,643,682</b>	12,997,322
Cost of sales		<u>(11,731,721)</u>	<u>(11,030,715)</u>
<b>Gross profit</b>		<b>1,911,961</b>	1,966,607
Other gains and losses	5	(45,920)	(524,386)
Other income	6	208,999	177,806
Selling and distribution costs		(237,463)	(237,251)
Administrative expenses		(630,568)	(572,191)
Reversal of impairment losses on financial assets and contract assets, net		3,822	2,208
Finance costs	7	(656,065)	(329,382)
Share of results of associates		31,577	32,079
Share of results of joint ventures		<u>(1,043)</u>	<u>(841)</u>
<b>Profit before tax</b>		<b>585,300</b>	514,649
Income tax expenses	8	<u>(284,844)</u>	<u>(271,732)</u>
<b>Profit for the year</b>	9	<b><u>300,456</u></b>	<b><u>242,917</u></b>
Profit for the year attributable to:			
Owners of the Company		246,720	174,077
Non-controlling interests		<u>53,736</u>	<u>68,840</u>
		<b><u>300,456</u></b>	<b><u>242,917</u></b>

	<i>NOTE</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Profit for the year</b>		<b>300,456</b>	242,917
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		<b>(409,708)</b>	(670,494)
Fair value (loss) gain on revaluation of pipelines included in property, plant and equipment		<b>(117,481)</b>	600,459
Deferred tax arising from revaluation of pipelines included in property, plant and equipment		<b>29,370</b>	(150,115)
		<u>                    </u>	<u>                    </u>
Other comprehensive expense for the year		<b>(497,819)</b>	(220,150)
		<u>                    </u>	<u>                    </u>
Total comprehensive (expense) income for the year		<b>(197,363)</b>	22,767
		<u>                    </u>	<u>                    </u>
Profit for the year attributable to:			
Owners of the Company		<b>246,720</b>	174,077
Non-controlling interests		<b>53,736</b>	68,840
		<u>                    </u>	<u>                    </u>
		<b>300,456</b>	242,917
		<u>                    </u>	<u>                    </u>
Total comprehensive (expense) income attributable to:			
Owners of the Company		<b>(234,170)</b>	(54,622)
Non-controlling interests		<b>36,807</b>	77,389
		<u>                    </u>	<u>                    </u>
		<b>(197,363)</b>	22,767
		<u>                    </u>	<u>                    </u>
Earnings per share	<i>11</i>		
Basic		<b>HK8.74 cents</b>	HK6.14 cents
		<u>                    </u>	<u>                    </u>
Diluted		<b>HK8.74 cents</b>	HK6.14 cents
		<u>                    </u>	<u>                    </u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2023

	<i>NOTES</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Investment properties		7,115	7,743
Property, plant and equipment		15,368,744	15,351,567
Right-of-use assets		668,265	622,144
Goodwill		459,052	471,022
Other intangible assets		1,407,561	1,530,058
Long-term deposits, prepayments and other receivables		1,139,828	1,197,220
Interests in associates		774,137	762,102
Interests in joint ventures		14,750	16,198
Financial assets at fair value through other comprehensive income		78,190	80,158
		<u>19,917,642</u>	<u>20,038,212</u>
<b>Current assets</b>			
Inventories		596,231	673,037
Properties under development for sale		289,675	234,937
Trade receivables	12	2,134,904	1,884,906
Deposits, prepayments and other receivables		1,561,408	1,648,279
Amount due from a non-controlling shareholder of a subsidiary		8,287	8,503
Contract assets		395,476	482,133
Tax recoverable		3,800	3,899
Bank balances and cash		1,522,684	1,336,976
		<u>6,512,465</u>	<u>6,272,670</u>
<b>Current liabilities</b>			
Trade payables	13	1,611,662	1,683,449
Other payables and accrued charges		815,757	766,290
Amount due to a non-controlling shareholder of a subsidiary		1,215	3,384
Amount due to an associate		988	1,014
Contract liabilities		1,621,314	1,651,089
Borrowings		7,621,571	6,305,945
Lease liabilities		3,284	3,602
Tax payables		110,551	91,040
		<u>11,786,342</u>	<u>10,505,813</u>
<b>Net current liabilities</b>		<u>(5,273,877)</u>	<u>(4,233,143)</u>
<b>Total assets less current liabilities</b>		<u>14,643,765</u>	<u>15,805,069</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Capital and reserves</b>		
Share capital	27,942	28,297
Reserves	<u>7,673,371</u>	<u>8,099,926</u>
<b>Equity attributable to owners of the Company</b>	<b>7,701,313</b>	8,128,223
Non-controlling interests	<u>992,114</u>	<u>1,007,019</u>
<b>Total equity</b>	<b><u>8,693,427</u></b>	<b><u>9,135,242</u></b>
<b>Non-current liabilities</b>		
Deferred income and advance received	4,523	5,221
Borrowings	4,582,122	5,216,515
Lease liabilities	17,449	15,744
Deferred taxation	<u>1,346,244</u>	<u>1,432,347</u>
	<u>5,950,338</u>	<u>6,669,827</u>
	<b><u>14,643,765</u></b>	<b><u>15,805,069</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2023

### 1. NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1st January, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has 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.

### 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

As at 31st December, 2023, the Group has net current liabilities of HK\$5,273,877,000.

The Directors have therefore given careful consideration to the future liquidity of the Group when preparing the consolidated financial statements. The Directors believe that the Group will be able to meet in full its financial obligations as and when they fall due for the foreseeable future, taking into accounts total new bank borrowings amounting to approximately HK\$0.94 billion obtained in January and February 2024, the cash flows from the profitable operations and expected new banking facilities. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment, financial instruments and investment properties that are measured at revalued amounts or fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 3. TURNOVER

#### Disaggregation of revenue from contracts with customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Types of goods or services</b>		
Sales of gas	10,997,172	11,331,259
Gas pipeline construction	1,056,548	974,429
Smart energy	944,669	71,546
Value-added services	410,574	361,660
Sales of compressed natural gas or liquefied natural gas ("CNG/LNG") in vehicle filling stations	<u>234,719</u>	<u>258,428</u>
<b>Total</b>	<b><u>13,643,682</u></b>	<b><u>12,997,322</u></b>
<b>Timing of revenue recognition</b>		
A point in time	12,587,134	12,022,893
Over time	<u>1,056,548</u>	<u>974,429</u>
<b>Total</b>	<b><u>13,643,682</u></b>	<b><u>12,997,322</u></b>

All the revenue from contracts with customers are derived from the PRC.

### 4. SEGMENT INFORMATION

The Group's executive directors are the chief operating decision makers ("CODM") as they collectively make strategic decisions on resources allocation and performance assessment.

Information that is reported to the CODM for the purpose of resources allocation and assessment of performance focuses on the type of products delivered or services rendered which is also consistent with the basis of organisation of the Group.

Each type of product or service represents an unique business unit within the Group whose performance is assessed independently. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are as follows:

- (a) sales of gas;
- (b) gas pipeline construction;
- (c) smart energy;
- (d) value-added services (including sales of stoves and provision of other related services); and
- (e) operation of CNG/LNG vehicle filling stations.

The operating result and other financial information of this subsidiary's business are not separately reviewed by the CODM for the purpose of resources allocation and performance assessments.

### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

#### *For the year ended 31st December, 2023*

	Sales of gas HK\$'000	Gas pipeline construction HK\$'000	Smart energy HK\$'000	Value-added services HK\$'000	Operation of CNG/LNG vehicle filling stations HK\$'000	Consolidated HK\$'000
Segment revenue	<u>10,997,172</u>	<u>1,056,548</u>	<u>944,669</u>	<u>410,574</u>	<u>234,719</u>	<u>13,643,682</u>
Segment profit	<u>643,571</u>	<u>562,497</u>	<u>55,025</u>	<u>151,026</u>	<u>21,124</u>	<u>1,433,243</u>
Unallocated other income						29,850
Unallocated other gains and losses						(55,081)
Unallocated central corporate expenses						(166,651)
Reversal of impairment loss on other receivables						4
Finance costs						<u>(656,065)</u>
Profit before tax						<u>585,300</u>

#### *For the year ended 31st December, 2022*

	Sales of gas HK\$'000	Gas pipeline construction HK\$'000	Smart energy HK\$'000	Value-added services HK\$'000	Operation of CNG/LNG vehicle filling stations HK\$'000	Consolidated HK\$'000
Segment revenue	<u>11,331,259</u>	<u>974,429</u>	<u>71,546</u>	<u>361,660</u>	<u>258,428</u>	<u>12,997,322</u>
Segment profit	<u>746,361</u>	<u>559,090</u>	<u>36,430</u>	<u>132,688</u>	<u>16,015</u>	<u>1,490,584</u>
Unallocated other income						26,170
Unallocated other gains and losses						(521,256)
Unallocated central corporate expenses						(151,488)
Reversal of impairment loss on other receivables						21
Finance costs						<u>(329,382)</u>
Profit before tax						<u>514,649</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Reportable segments represent the financial result of each segment without allocation of central administration costs, directors' emoluments, interest income, change in fair value of investment properties, foreign exchange gains or losses, certain sundry income, impairment losses on other receivables and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

### Segment assets and liabilities

Amounts of segment assets and liabilities of the Group are not reviewed by the CODM or otherwise regularly provided to the CODM, accordingly, segment assets and liabilities are not presented.

### Other segment information

2023

	Sales of gas HK\$'000	Gas pipeline construction HK\$'000	Smart energy HK\$'000	Value-added services HK\$'000	Operations of CNG/LNG vehicle filling stations HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss:								
Net loss (gain) on disposal of property, plant and equipment	13,961	(10)	(17)	3	(166)	13,771	(40)	13,731
Depreciation of right-of-use assets	13,264	-	10	-	6,792	20,066	2,874	22,940
Depreciation of property, plant and equipment	467,205	685	4,630	3,085	9,941	485,546	9,720	495,266
Amortisation of other intangible assets	82,734	-	2,121	-	-	84,855	-	84,855
Impairment losses (reversed) recognised on								
- trade receivables	-	(6,605)	-	1,817	-	(4,788)	-	(4,788)
- contract assets	-	970	-	-	-	970	-	970
- other receivables	-	-	-	-	-	-	(4)	(4)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

2022

	Sales of gas HK\$'000	Gas pipeline construction HK\$'000	Smart energy HK\$'000	Value-added services HK\$'000	Operations of CNG/LNG vehicle filling stations HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss:								
Net (gain) loss on disposal of property, plant and equipment	1,675	-	(192)	7	(412)	1,078	155	1,233
Depreciation of right-of-use assets	12,867	-	29	-	6,341	19,237	5,509	24,746
Depreciation of property, plant and equipment	439,078	716	3,477	2,325	11,167	456,763	10,392	467,155
Amortisation of other intangible assets	73,782	-	2,223	-	-	76,005	-	76,005
Reversal of impairment losses on								
- contract assets	-	(2,187)	-	-	-	(2,187)	-	(2,187)
- other receivables	-	-	-	-	-	-	(21)	(21)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Geographical information

All the turnover of the Group for both years are derived from the PRC. None of the customers contributes over 10% of the total revenue of the Group.

As at 31st December, 2023, all the non-current assets of the Group (excluding financial assets) amounting to HK\$19,174,391,000 (2022: HK\$19,324,245,000) are located in the PRC.

## 5. OTHER GAINS AND LOSSES

	2023 HK\$'000	2022 HK\$'000
Net foreign exchange losses ( <i>Note</i> )	(44,647)	(522,538)
Decrease in fair value of investment properties	(434)	(561)
Net losses on disposal of property, plant and equipment	(13,731)	(1,233)
Others	12,892	(54)
	<u>          </u>	<u>          </u>
	<u>(45,920)</u>	<u>(524,386)</u>

*Note:*

The foreign exchange mainly related to the borrowings denominated in United States Dollars in translation to the functional currency of the Group.

## 6. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest income from financial assets at amortised cost		
– Bank interest income	11,869	9,406
– Interest income from loans to employees	23,319	23,319
	<u>35,188</u>	<u>32,725</u>
Government subsidies ( <i>Note</i> )	141,205	90,863
Sundry income	32,606	54,218
	<u>208,999</u>	<u>177,806</u>

### *Note:*

During the year ended 31st December, 2023, the Group recognised government grants of HK\$363,000 (2022: HK\$1,989,000) in respect of Covid-19-related subsidies of which nil (2022: HK\$120,000) related to Employment Support Scheme provided by the Hong Kong government.

During the year ended 31st December, 2023, the Group has received subsidies of HK\$140,842,000 (2022: HK\$88,874,000) from the relevant PRC governments for promoting the use of natural gas. There are no conditions attached to the subsidies granted to the Group.

## 7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on borrowings	712,690	396,262
Interest on lease liabilities	1,006	1,051
	<u>713,696</u>	<u>397,313</u>
Amortisation on loan facilities fees relating to bank borrowings	68,158	57,241
	<u>781,854</u>	<u>454,554</u>
Total borrowing costs	781,854	454,554
Less: Amounts capitalised in construction in progress included in property, plant and equipment	<u>(125,789)</u>	<u>(125,172)</u>
	<u>656,065</u>	<u>329,382</u>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.39% (2022: 3.31%) per annum to expenditure on qualifying assets.

## 8. INCOME TAX EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
PRC Enterprise Income Tax:		
Current tax	292,060	272,387
Under provision in prior years	8,501	6,536
Withholding tax levied on dividends paid previously not recognised	4,833	5,429
	<u>305,394</u>	<u>284,352</u>
Deferred taxation	<u>(20,550)</u>	<u>(12,620)</u>
	<u><u>284,844</u></u>	<u><u>271,732</u></u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and its subsidiaries had no assessable profits arising in Hong Kong for both years.

## 9. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	4,800	3,916
Amortisation of other intangible assets (included in cost of sales)	84,855	76,005
Depreciation of right-of-use assets	22,940	24,746
Depreciation of property, plant and equipment	495,266	467,155
Employee benefits expenses, other than directors' emoluments		
– Salaries and other benefits	463,578	462,897
– Contributions to retirement benefits schemes	101,429	97,300
	<b>565,007</b>	560,197
Cost of inventories recognised as expenses in respect of contract cost for gas pipeline construction	213,242	190,847
Cost of inventories recognised as expenses in respect of sales of gas, CNG/LNG, liquefied petroleum gas, stoves and smart energy	10,678,722	10,125,775
	<b>10,891,964</b>	10,316,622
(Reversal of impairment losses) impairment losses, net		
– Trade receivables	(4,788)	–
– Other receivables	(4)	(21)
– Contract assets	970	(2,187)
	<b>(3,822)</b>	(2,208)
Gross rental income from investment properties with minimal outgoings	(1,173)	(839)
Gross rental income from equipment with minimal outgoings	<b>(8,281)</b>	<b>(8,176)</b>

## 10. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2022 final dividend of nil (2022: 2021 final dividend of HK8 cents) per ordinary share	–	226,707
2022 special dividend of nil (2022: 2021 special dividend of HK5 cents) per ordinary share	–	141,691
2023 interim dividend of nil (2022: 2022 interim dividend of HK3 cents) per ordinary share	–	85,015
	<u>–</u>	<u>453,413</u>

No dividend was paid or proposed for ordinary shareholders of the Company in respect of the year ended 31st December, 2023, nor has any dividend been proposed since the end of the reporting period (2022: nil).

## 11. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	<u>246,720</u>	<u>174,077</u>
	2023 <i>'000</i>	2022 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,822,610	2,833,290
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	<u>265</u>	<u>2,848</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,822,875</u>	<u>2,836,138</u>

## 12. TRADE RECEIVABLES

Other than certain major customers with good repayment history which the Group allows a long credit period or settlement by installment basis, the Group generally allows an average credit period of 30 to 180 days to its trade customers. The following is an aged analysis of trade receivables from contracts with customers net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates for sales of gas and the respective construction contracts completion dates, as appropriate:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>981,148</b>	914,916
31 – 90 days	<b>68,852</b>	44,872
91 – 180 days	<b>134,012</b>	91,402
181 – 360 days	<b>182,093</b>	224,093
Over 360 days	<b>768,799</b>	609,623
	<hr/>	<hr/>
Trade receivables	<b>2,134,904</b>	1,884,906
	<hr/> <hr/>	<hr/> <hr/>

## 13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>773,507</b>	759,252
31 – 90 days	<b>177,676</b>	252,733
91 – 180 days	<b>144,564</b>	196,247
Over 180 days	<b>515,915</b>	475,217
	<hr/>	<hr/>
Trade payables	<b>1,611,662</b>	1,683,449
	<hr/> <hr/>	<hr/> <hr/>

## **LIQUIDITY, FINANCIAL RESOURCES AND WORKING CAPITAL**

### **Treasury Management and Cash Funding**

The Group's funding and treasury policy is designed to maintain a diversified and balanced debt profile and financing structure. The Group continues to monitor its cash flow position and debt profile, and to enhance the cost-efficiency of funding initiatives by its centralised treasury function. In order to maintain financial flexibility and adequate liquidity for the Group's operations, potential investments and growth plans, the Group has built a strong base of funding resources and will keep exploring cost-efficient ways of financing.

### **Liquidity**

As at 31st December, 2023, the total assets of the Group increased by HK\$119,225,000 or 0.5% to HK\$26,430,107,000 (2022: HK\$26,310,882,000).

As at 31st December, 2023, the Group has net current liabilities of HK\$5,273,877,000 (2022: HK\$4,233,143,000). Increase in net current liabilities was mainly due to increase in borrowings due within one year.

As at 31st December, 2023, the Group's current ratio, represented by a ratio of total current assets to total current liabilities, was approximately 0.6 (2022: 0.6).

As at 31st December, 2023, the total borrowings and lease liabilities increased by HK\$682,620,000 or 5.9% to HK\$12,224,426,000 (2022: HK\$11,541,806,000).

As at 31st December, 2023, the Group had total net debts of HK\$10,701,742,000 (2022: HK\$10,204,830,000), measured as total borrowings and lease liabilities minus the bank balances and cash. As at 31st December, 2023, the Group had net gearing ratio of approximately 1.23 (2022: 1.12), measured as total net debts to total equity of HK\$8,693,427,000 (2022: HK\$9,135,242,000).

### **Financial resources**

During the year ended 31st December, 2023, the Group entered into several loan agreements with several banks in Hong Kong, pursuant to which loan facilities of up to HK\$3,663,299,000 in total were made available to the Group.

During the year ended 31st December, 2023, the Group generally financed its operations with internally generated resources and bank and other borrowings. As at 31st December, 2023, all of the bank and other borrowings were on normal commercial terms.

The Group's borrowing was not affected by seasonality.

## **Working capital**

In view of the Group's current financial and liquidity positions and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group has sufficient working capital for its requirements.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATIONS**

During the year, the Group's monetary assets and liabilities are principally denominated in either Renminbi ("RMB"), Hong Kong dollars ("HK\$") or United States dollars ("US\$") and the Group conducted its business transactions principally in RMB. As a result of the further depreciation of RMB in 2023, exchange loss arising from the Group's bank borrowings denominated in US\$ and HK\$ was recognised during the year. The Group may, as it thinks fit, seek suitable financial instruments to hedge against potential depreciation of RMB. As at 31st December, 2023, the Group did not, but was actively exploring opportunities to, employ any financial instruments for hedging purposes.

## **EMPLOYEE INFORMATION**

As at 31st December, 2023, the Group had a total of 5,087 employees (2022: 5,067) in Hong Kong and the PRC, and the total employee benefit expenses (other than directors) for the year was approximately HK\$639,808,000 (2022: HK\$637,100,000). The growth was mainly due to the increase in the number of headcount of the Group. Around 99.7% of the Group's employees are based in the PRC.

The Group's remuneration and bonus policies are determined based on the performance of individual employees.

The emoluments of the Directors are recommended by the Remuneration Committee of the Company, having regard to the Group's operating results, the Directors' duties and responsibilities within the Group and comparable market statistics.

## **CHARGE ON THE GROUP'S ASSETS**

As at 31st December, 2023 and 2022, there was no pledged bank deposit to secure the short-term general banking facilities granted to the Group.

## **SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSALS**

During the year under review, the Group did not conduct any significant investments, or material acquisitions or disposal of subsidiaries, associates and joint ventures.

## **FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS**

As at 31st December, 2023, the Board did not have any specific plans for material investment or capital assets.

## **CONTINGENT LIABILITIES**

As at 31st December, 2023, the Group did not have any contingent liabilities (2022: nil).

## **BUSINESS REVIEW**

During the year ended 31st December, 2023, the Group was principally engaged in (i) the investment, operation and management of gas pipeline infrastructure, and the distribution of piped gas to residential, industrial and commercial users; (ii) development of smart energy; (iii) sales of stoves and provision of other related value-added services; and (iv) the operation of CNG/LNG vehicle filling stations in the PRC.

### **Piped Gas Distribution Projects**

As at 31st December, 2023, the Group had 75 gas projects with exclusive rights in the PRC.

## **SMART ENERGY BUSINESS DEVELOPMENT**

With the reform of the domestic energy market and the national strategy emphasizing “green development” and “clean and low-carbon, safety and efficiency”, environmental protection policies and “dual carbon goals (carbon peak and neutrality)” have become one of the biggest driving forces for the Group to develop clean energy projects. The Group planned the layout of its comprehensive energy business years ago, and strived to become the most valuable integrated energy service provider. In view of the successive launch of a series of national policies related to energy transformation, opportunities for the Group to develop diversified businesses such as distributed energy, photovoltaic rooftop and charging stations were created. According to the scientific study and analysis on the policies, market and other various aspects, the Group enhanced the smart energy segment to a position of equal importance to the city gas segment in 2022, and proposed the new development strategy of “dual-wheel drive and synergetic development”, which has been adopted to date. Relying on its extensive experience accumulated in developing the energy segment over the years, the Group continued to further focus on the three major types of businesses, including energy management contract (EMC), district energy supply and low-carbon transportation, and actively expanded the smart energy business coverage. During the year, the Group rapidly developed the integrated energy business and the cumulative number of projects in operation reached 260. The sales volume of integrated energy throughout the year increased by 13,288.0% to 15,664.00 million kWh as compared with the same period of last year.

## Major Operational Data

The natural gas distribution business of the Group primarily comprises sales of gas, gas pipeline construction and sales of natural gas from CNG/LNG vehicle filling stations.

The major operational data of the Group for the year ended 31st December, 2023 together with the comparative figures for the corresponding period last year are as follows:

	<b>2023</b>	2022	Increase/ (Decrease)
Number of operational locations ( <i>Note a</i> )	<b>75</b>	75	–
– Henan Province	<b>28</b>	28	–
– Hebei Province	<b>21</b>	21	–
– Jiangsu Province	<b>8</b>	8	–
– Shandong Province	<b>4</b>	4	–
– Jilin Province	<b>4</b>	4	–
– Fujian Province	<b>1</b>	1	–
– Heilongjiang Province	<b>2</b>	2	–
– Zhejiang Province	<b>2</b>	2	–
– Anhui Province	<b>3</b>	3	–
– Inner Mongolia	<b>1</b>	1	–
– Jiangxi Province	<b>1</b>	1	–
Connectable population ('000) ( <i>Note b</i> )	<b>24,575</b>	23,487	4.6%
Connectable residential households ('000)	<b>7,008</b>	6,697	4.6%
New piped gas connections by the Group made during the year			
– Residential households	<b>276,125</b>	280,807	(1.7)%
– Industrial customers	<b>352</b>	374	(5.9)%
– Commercial customers	<b>3,071</b>	2,217	38.5%
Accumulated number of connected piped gas customers			
– Residential households	<b>4,938,517</b>	4,662,392	5.9%
– Industrial customers	<b>4,271</b>	3,919	9.0%
– Commercial customers	<b>23,116</b>	20,045	15.3%
Penetration rate of residential pipeline connection ( <i>Note c</i> )	<b>70.5%</b>	69.6%	0.9%

	2023	2022	Increase/ (Decrease)
Unit of piped natural gas sold to retail customers ('000 m <sup>3</sup> )			
– Residential households	<b>766,298</b>	794,828	(3.6)%
– Industrial customers	<b>1,334,500</b>	1,378,882	(3.2)%
– Commercial customers	<b>149,552</b>	136,132	9.9%
Unit of gas sold to wholesale customers ('000 m <sup>3</sup> )			
– Piped natural gas	<b>270,497</b>	219,628	23.2%
– LNG	<b>462,737</b>	270,216	71.2%
Total unit of gas sold ('000 m <sup>3</sup> )	<b>2,983,584</b>	2,799,686	6.6%
Number of CNG/LNG vehicle filling stations			
– Accumulated	<b>56</b>	56	–
– Under construction	<b>7</b>	7	–
Unit of natural gas sold to vehicles ('000 m <sup>3</sup> )	<b>53,763</b>	54,502	(1.4)%
Total length of existing intermediate and main pipelines (km)	<b>27,754</b>	27,263	1.8%
Average selling price of natural gas (pre-tax) (RMB per m <sup>3</sup> )			
– Residential households	<b>2.59</b>	2.53	2.4%
– Industrial customers	<b>3.76</b>	3.85	(2.3)%
– Commercial customers	<b>4.10</b>	3.87	5.9%
– Wholesale customers	<b>3.03</b>	3.45	(12.2)%
– Wholesale customers (LNG)	<b>3.16</b>	4.15	(23.9)%
– CNG/LNG vehicle filling stations	<b>3.93</b>	4.07	(3.4)%
Average purchase cost of natural gas (RMB per m <sup>3</sup> ) (Note d)	<b>2.86</b>	2.97	(3.7)%
Average connection fee for residential households (RMB)	<b>2,977</b>	2,612	14.0%
Accumulated number of integrated energy projects in operation	<b>260</b>	98	165.3%
Sales volume of integrated energy (million kWh)	<b>15,664.00</b>	117.00	13,288.0%

*Note a:* The number of operational locations represents the gas projects with exclusive rights which are operated by the Group in different cities and regions in the PRC.

*Note b:* The information is quoted from the website of the PRC government.

*Note c:* The penetration rates of residential pipeline connection refers to the accumulated number of the Group's connected residential households to the estimated aggregate number of connectable residential households in its operation regions expressed in percentages.

*Note d:* The amounts do not include the average distribution costs of natural gas, which is RMB0.19 per m<sup>3</sup> (2022: RMB0.19 per m<sup>3</sup>).

## FINANCIAL REVIEW

### Overall

The Group's turnover for the year ended 31st December, 2023 increased by 5.0% to HK\$13,643,682,000 (2022: HK\$12,997,322,000). The Group's profit attributable to owners of the Company increased by 41.7% to HK\$246,720,000 (2022: HK\$174,077,000). The basic and diluted earnings per share attributable to the owners of the Company were HK8.74 cents and HK8.74 cents respectively for the year ended 31st December, 2023, as compared with that of HK6.14 cents and HK6.14 cents respectively for the corresponding period last year.

### Turnover

An analysis of the Group's turnover by products and services for the year, together with the comparative figures for the corresponding period last year, are as follows:

	2023 <i>HK\$'000</i>	Year ended 31st December,		Increase/ (Decrease)	
		% of total	2022 <i>HK\$'000</i>		% of total
Sales of Gas	<b>10,997,172</b>	<b>80.6%</b>	11,331,259	87.2%	(2.9)%
Gas Pipeline Construction	<b>1,056,548</b>	<b>7.8%</b>	974,429	7.4%	8.4%
Smart Energy	<b>944,669</b>	<b>6.9%</b>	71,546	0.6%	1,220.4%
Value-added Services	<b>410,574</b>	<b>3.0%</b>	361,660	2.8%	13.5%
Sales of CNG/LNG in Vehicle Filling Stations	<b>234,719</b>	<b>1.7%</b>	258,428	2.0%	(9.2)%
Total	<b><u>13,643,682</u></b>	<b><u>100%</u></b>	<b><u>12,997,322</u></b>	<b><u>100%</u></b>	<b><u>5.0%</u></b>

The turnover for the year ended 31st December, 2023 amounted to HK\$13,643,682,000 (2022: HK\$12,997,322,000). Such increase was mainly attributable to the increase in revenue from gas pipeline construction, smart energy and valued-added services.

## *Sales of gas*

Sales of gas for the year ended 31st December, 2023 amounted to HK\$10,997,172,000 (2022: HK\$11,331,259,000), representing a decrease of 2.9% over the corresponding period last year. Revenue from sales of gas expressed in RMB for the year under review increased by 1.7%. The decrease in revenue from sales of gas expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in 2023.

Sales of gas for the year ended 31st December, 2023 contributed 80.6% of the total turnover of the Group, as compared with the percentage of 87.2% during the corresponding period last year. Sales of gas continued to be the major source of turnover for the Group. The following table set forth the breakdown of revenue from sales of gas by customers.

### *Sales of gas by customers*

	Year ended 31st December,				Increase/ (Decrease)
	2023 <i>HK\$'000</i>	% of total	2022 <i>HK\$'000</i>	% of total	
Industrial customers	<b>5,574,599</b>	<b>50.7%</b>	6,186,829	54.6%	(9.9)%
Residential households	<b>2,206,843</b>	<b>20.1%</b>	2,344,278	20.7%	(5.9)%
Commercial customers	<b>682,109</b>	<b>6.2%</b>	612,840	5.4%	11.3%
Wholesale customers	<b>2,533,621</b>	<b>23.0%</b>	2,187,312	19.3%	15.8%
Total	<b><u>10,997,172</u></b>	<b><u>100%</u></b>	<b><u>11,331,259</u></b>	<b><u>100%</u></b>	<b><u>(2.9)%</u></b>

### *Industrial customers*

The sales of gas to the Group's industrial customers for the year ended 31st December, 2023 decreased by 9.9% to HK\$5,574,599,000 from HK\$6,186,829,000 for the corresponding period last year. Revenue from sales of gas to industrial customers expressed in RMB for the year under review decreased by 5.6%. The further decrease in revenue from sales of gas to industrial customers expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in 2023. During the year ended 31st December, 2023, the Group connected 352 new industrial customers and the piped natural gas usage provided by the Group to its industrial customers decreased by 3.2% to 1,334,500,000 m<sup>3</sup> (2022: 1,378,882,000 m<sup>3</sup>). In response to lower cost of natural gas from suppliers for gas sales, the average selling price of natural gas for industrial customers for the year under review was adjusted downwards by 2.3% to RMB3.76 per m<sup>3</sup> (2022: RMB3.85 per m<sup>3</sup>).

The sales of gas to our industrial customers for the year ended 31st December, 2023 contributed 50.7% of the total sales of gas of the Group (2022: 54.6%) and continues to be the major source of sales of gas of the Group.

### *Residential households*

The sales of gas to our residential households for the year ended 31st December, 2023 decreased by 5.9% to HK\$2,206,843,000 from HK\$2,344,278,000 for the corresponding period last year. Revenue from sales of gas to residential households expressed in RMB for the year under review decreased slightly by 1.4%. The further decrease in revenue from sales of gas to residential households expressed in HK\$ was due to the impact of the depreciation of RMB against HK\$ in 2023. The performance remains stable as it was supported by continuous construction work for gas pipeline connection and the growth in population in the Group's existing project cities in the PRC. Furthermore, after years of promotion of clean energy heating plan, more residential households are willing to use natural gas for indoor heating in the winter, which led to stable gas consumption of residential households for indoor as well. During the year under review, the Group provided new natural gas connections for 276,125 residential households and the piped natural gas usage provided by the Group to residential households decreased by 3.6% to 766,298,000 m<sup>3</sup> (2022: 794,828,000 m<sup>3</sup>). The average selling price of natural gas for residential customers increased by 2.4% to RMB2.59 per m<sup>3</sup> (2022: RMB2.53 per m<sup>3</sup>).

The sales of gas to our residential households for the year under review contributed 20.1% of the total sales of gas of the Group (2022: 20.7%).

### *Commercial customers*

The sales of gas to our commercial customers for the year ended 31st December, 2023 increased by 11.3% to HK\$682,109,000 from HK\$612,840,000 for the corresponding period last year. Revenue from sales of gas to commercial customers expressed in RMB for the year under review, without including the impact of HK\$ translation, further increased by 16.6%. The sales of gas to commercial customers for the year under review contributed 6.2% of the total sales of gas of the Group (2022: 5.4%). During the year ended 31st December, 2023, the Group connected 3,071 new commercial customers. As at 31st December, 2023, the number of commercial customers of the Group reached 23,116, representing an increase of 15.3% as compared with 20,045 commercial customers as at 31st December, 2022.

The demand for gas from commercial customers were adversely impacted during the COVID-19 pandemic. However, as social distancing measures in the PRC were lifted in early of 2023, social activities increased. The demand of gas by restaurants, schools and recreational facilities increased as well. The gas consumption of commercial customers increased by 9.9% to 149,552,000 m<sup>3</sup> (2022: 136,132,000 m<sup>3</sup>) for the year under review. The average selling price of natural gas for commercial customers for the year was adjusted upwards by 5.9% to RMB4.10 per m<sup>3</sup> (2022: RMB3.87 per m<sup>3</sup>).

## Wholesale Customer

The sales of gas to our wholesale customers for the year end 31st December, 2023 increased by 15.8% to HK\$2,533,621,000 from HK\$2,187,312,000 for last year. Revenue from sales of gas to wholesale customers expressed in RMB for the year under review, without including the impact of HK\$ translation, further increased by 21.4%. The sales of gas to wholesale customers for the year under review contributed 23.0% of the total sales of gas of the Group (2022: 19.3%).

During the year under review, piped natural gas usage provided by the Group to its wholesale customers increased by 23.2% to 270,497,000 m<sup>3</sup> (2022: 219,628,000 m<sup>3</sup>). The impact of increase in volume of natural gas sold was offset by the decrease in selling price. The average selling price of natural gas for wholesale customers for the year under review was adjusted downwards by 12.2% to RMB3.03 per m<sup>3</sup> (2022: RMB3.45 per m<sup>3</sup>) in response to the lower cost of natural gas from gas suppliers.

During the year under review, the LNG provided by the Group to its wholesale customers increased by 71.2% to 462,737,000 m<sup>3</sup> (2022: 270,216,000 m<sup>3</sup>). Such increase was offset by the decrease in selling price. The average selling price of LNG for wholesale customers for the year under review, which was affected by the decrease of international LNG price, was adjusted downwards by 23.9% to RMB3.16 per m<sup>3</sup> (2022: RMB4.15 per m<sup>3</sup>).

## Gas Pipeline Construction

Revenue from gas pipeline construction for the year ended 31st December, 2023 amounted to HK\$1,056,548,000, representing an increase of 8.4% over last year. It contributed 7.8% of the total turnover of the Group, as compared with the percentage of 7.4% of last year. The following table sets forth the breakdown of revenue from gas pipeline construction by customers.

### Revenue from gas pipeline construction by customers

	Year ended 31st December,				Increase/ (Decrease)
	2023 HK\$'000	% of total	2022 HK\$'000	% of total	
Residential households	913,303	86.4%	853,999	87.6%	6.9%
Non-residential customers	143,245	13.6%	120,430	12.4%	18.9%
Total	<u>1,056,548</u>	<u>100%</u>	<u>974,429</u>	<u>100%</u>	<u>8.4%</u>

During the year ended 31st December, 2023, revenue from gas pipeline construction for residential households increased by 6.9% to HK\$913,303,000 (2022: HK\$853,999,000). The construction work for gas pipeline connection completed by the Group for residential households slightly dropped to 276,125 from 280,807 for the corresponding period last year. Such drop was offset by the increase in connection fee. The average connection fee rose to RMB2,977 in 2023 from RMB2,612 in 2022.

The gross profit margin for gas pipeline construction for the year under review remained relatively stable at 68.7% (2022: 70.4%).

The connection fee charged to industrial/commercial customers by the Group was significantly higher than that charged to residential households and was determined on a case-by-case basis. During the year ended 31st December, 2023, revenue from gas pipeline construction for non-residential customers increased by 18.9% to HK\$143,245,000 from HK\$120,430,000 for last year.

As at 31st December, 2023, the Group's penetration rates of residential pipeline connection amounted to 70.5% (2022: 69.6%) (calculated by the accumulated number of the Group's connected residential households over the estimated aggregate number of connectable residential households in regions it operates in and expressed in percentages). In view of the favourable energy policies in the PRC, the Group is aiming to continue to increase its market coverage by acquisitions when suitable opportunities arise.

### ***Smart energy***

Revenue from smart energy for the year ended 31st December, 2023 significantly increased by 1,220.4% to HK\$944,669,000 from HK\$71,546,000 for last year. Leveraging the huge market and customer base of its gas projects, the Group is currently establishing an extensive network of new businesses in the PRC, including natural gas-fired distributed energy, photovoltaic power generation and charging stations. It seeks to comprehensively utilise energy with years of cumulative experience in market development and technical innovation, in an effort to provide customers with highly efficient integrated energy that addresses their needs for gas, heating, electricity and cooling. The smart energy business contributed 6.9% (2022: 0.6%) of the total turnover of the Group for the year ended 31st December, 2023. The Group will continuously explore the operation model of energy business, and promote the expansion of energy projects to meet the diversified energy demand of customers.

### ***Value-added Services***

Revenue from value-added services for the year ended 31st December, 2023 amounted to HK\$410,574,000 (2022: HK\$361,660,000), representing an increase of 13.5% over last year. It contributed 3.0% of the total turnover of the Group, as compared with 2.8% of last year.

Since 2017, the Group placed greater efforts in value-added services such as sales of stoves and safe and reliable kitchenware, including gas water heaters, gas cooking appliances and wall-hang boilers under its own brand name, “Zhongyu Phoenix” (中裕鳳凰), to residential customers. The increase in revenue of value-added services for the year under review was mainly due to an increase in the sales of stoves, self-closing valve and bellows by 44.8% to HK\$153,600,000 from HK\$106,074,000 for last year. During the year ended 31st December, 2023, other than sales of stoves, self-closing valve and bellows, revenue from provision of other related services amounted to HK\$256,974,000 (2022: HK\$255,586,000), representing a growth of 0.5% as compared to last year. With the increasing number of connected residential customers and brand recognition developed in recent years, as well as the establishment of the online shopping platform “Zhongyu iFamille” (中裕i家), the independent supply platform, customer service platform and customer online community, the value-added services is expected to contribute stable revenue to the Group.

### ***Sales of CNG/LNG in Vehicle Filling Stations***

Revenue from operating CNG/LNG vehicle filling stations for the year ended 31st December, 2023 amounted to HK\$234,719,000 (2022: HK\$258,428,000), representing a decrease of 9.2% compared to last year. Revenue from operating CNG/LNG vehicle filling stations expressed in RMB for the year under review decreased by 4.8%. The further decrease in revenue from operating CNG/LNG vehicle filling stations expressed in HK\$ was due to the impact of the depreciation of RMB against HK\$ in 2023. The unit of natural gas sold to vehicles declined by 1.4% to 53,763,000 m<sup>3</sup> (2022: 54,502,000 m<sup>3</sup>) and the average selling price of natural gas for CNG/LNG vehicle filling stations decreased by 3.4% to RMB3.93 per m<sup>3</sup> (2022: RMB4.07 per m<sup>3</sup>) for the year ended 31st December, 2023.

During the year ended 31st December, 2023, the turnover derived from operating CNG/LNG vehicle filling stations accounted for 1.7% (2022: 2.0%) of the total turnover of the Group. As at 31st December, 2023, the Group had 56 CNG/LNG vehicle filling stations and 7 CNG/LNG vehicle filling stations under construction in the PRC.

### **Gross profit margin**

The overall gross profit margin for the year ended 31st December, 2023 was 14.0% (2022: 15.1%). The slight decline in overall gross profit margin for the year ended 31st December, 2023 was mainly due to decrease of gross profit margin of sales of gas and smart energy.

The gross profit margin for the sales of piped natural gas decreased to 8.4% (2022: 10.1%) as the decrement of average selling price of natural gas outweighed the decrement of average purchase cost of natural gas for wholesale customers. The Group's energy trading business has been strengthened to secure stable gas supply from different sources and contracts have been signed with suppliers to secure more piped gas supply with lower average cost. The gross profit margin for gas pipeline construction remained stable at 68.7% for the year under review (2022: 70.4%). The gross profit margin of smart energy decreased to 10.0% (2022: 26.7%) mainly because of the rapid development of the Group's comprehensive energy business in 2023 which provides multiple forms of energy such as steam, coldness, heat, electricity, hydrogen and photovoltaic in order to meet the diversified energy demand of customers. Such comprehensive energy business offers a range of smart energy product and services with varying gross profit margins. The gross profit margin for value-added services remained stable at 73.4% (2022: 73.4%). The gross profit margin for the sales of CNG/LNG in vehicle filling stations increased to 13.0% (2022: 9.4%) as a result of the decline in average purchase cost of CNG/LNG sold in vehicle refilling station.

### **Other gains and losses**

The Group recognised other net losses of HK\$45,920,000 in 2023 (2022: HK\$524,386,000). The amount was mainly derived from net foreign exchange loss of HK\$44,647,000 (2022: HK\$522,538,000) mainly arising from the Group's bank borrowings denominated in US\$ and HK\$ as a result of the depreciation of RMB in 2023.

Every year, the Group performs impairment assessment under expected credit loss model according to HKFRS 9 on trade receivables and contract assets based on provision matrix except for the debtors with credit-impaired balances which are assessed individually. During the year ended 31st December, 2023, the Group made a reversal of impairment loss of HK\$4,788,000 (2022: nil) on trade receivables and an impairment loss of HK\$970,000 (2022: reversal of impairment loss of HK\$2,187,000) on contract assets in consideration of the likelihood of recovery of those aged receivables. In addition, the Group recognised a reversal of impairment loss of HK\$4,000 (2022: HK\$21,000) on other receivables, based on the individual assessment of the recoverability of the relevant receivables. The amount was considered as credit-impaired and full provision has been made.

### **Other income**

Other income increased to HK\$208,999,000 in 2023 from HK\$177,806,000 in 2022. The balance in 2023 represented the bank interest income of HK\$11,869,000 (2022: HK\$9,406,000), interest income from loans to employees of HK\$23,319,000 (2022: HK\$23,319,000), government subsidies of HK\$141,205,000 (2022: HK\$90,863,000) and sundry income of HK\$32,606,000 (2022: HK\$54,218,000).

## **Selling and distribution costs and administrative expenses**

Selling and distribution costs slightly increased by 0.1% to HK\$237,463,000 in 2023 from HK\$237,251,000 in 2022. Administrative expenses increased by 10.2% to HK\$630,568,000 in 2023 from HK\$572,191,000 in 2022. The increase was mainly attributable to (i) increased staff costs and related expenses as a result of increased number of headcount and increased social security contribution; (ii) the increased travelling expenses and conference expenses since business activities resumed to normal after the easing of Covid-19 restrictions; and (iii) additional depreciation expenses arisen from the revaluation of pipelines in prior year.

## **Finance costs**

Finance costs increased by 99.2% to HK\$656,065,000 in 2023 from HK\$329,382,000 in 2022. The increase was mainly attributable to increment of effective interest rate.

## **Income tax expenses**

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for both years.

Under the EIT Law of the PRC, withholding tax is imposed on the dividend declared to non-PRC tax residents in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. During the year ended 31st December, 2023, withholding tax amounting to HK\$4,833,000 (2022: HK\$5,429,000) was charged by the PRC tax authority on the dividends paid to overseas group entities.

Accordingly, the income tax expenses in 2023 amounted to HK\$284,844,000 (2022: HK\$271,732,000).

## **Non-HKFRS EBITDA**

For the purposes of this announcement, non-HKFRS EBITDA is defined as earnings from continuing operations before finance costs, taxation, depreciation, amortisation, foreign exchange gain/loss, impairment losses/reversal of impairment losses and share option expenses. Non-HKFRS EBITDA is a non-HKFRS measure used by the management for monitoring the actual business performance of the Group. The Company considers that the non-HKFRS EBITDA can provide shareholders and potential investors of the Company with useful supplementary information on the performance of the Group’s core operations. Foreign exchange gain/loss and share option expenses are considered not directly resulting from the actual business activities of the Group. They, together with the impairment losses/reversal of impairment losses, are non-cash items which we do not believe are reflective of the core operating performance of the Group. The non-HKFRS EBITDA may not be comparable to similar measures presented by other companies.

The Group's non-HKFRS EBITDA was approximately HK\$1,885,251,000 for the year ended 31st December, 2023, representing a decrease of 2.4% as compared with that of approximately HK\$1,932,267,000 for last year. To avoid the impact of HK\$ translation and to demonstrate the actual business performance of the Group, non-HKFRS EBITDA expressed in RMB was approximately RMB1,696,726,000 for the year ended 31st December, 2023, representing an increase of 2.2% as compared with that of approximately RMB1,659,817,000 for last year.

### **Profit attributable to owners of the Company**

As a result of the above, profit attributable to owners of the Company was HK\$246,720,000 in 2023, representing an increase of 41.7% as compared with that of HK\$174,077,000 in 2022.

### **Net profit margin**

For the year ended 31st December, 2023, the net profit margin, representing a ratio of profit attributable to owners of the Company to turnover, was 1.8% (2022: 1.3%).

### **Earnings per share**

The basic and diluted earnings per share attributable to the owners of the Company were HK8.74 cents and HK8.74 cents respectively in 2023, as compared with that of HK6.14 cents and HK6.14 cents respectively in 2022.

### **Net assets value per share**

The net assets value per share attributable to the owners of the Company was HK\$2.76 as at 31st December, 2023, representing a decrease of 3.8% as compared with that of HK\$2.87 as at 31st December, 2022.

## **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the year end 31st December, 2023 (2022: nil).

## **CORPORATE GOVERNANCE CODE**

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 of the Listing Rules. During the year under review, the Company has complied with all the applicable code provisions under the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted and complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, they have all confirmed their compliance with the required standard of dealings and the Model Code regarding securities transactions by Directors adopted by the Company during the year ended 31st December, 2023.

## **AUDIT COMMITTEE**

The Company’s Audit Committee, comprising Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie, all being independent non-executive Directors, has reviewed with the Company’s management the accounting principles and practices adopted by the Group and financial reporting matters including a review of the annual results of the Group for the year ended 31st December, 2023. There were no disagreements within the Audit Committee in relation to the accounting treatment adopted by the Company.

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

During the year ended 31st December, 2023, the Company repurchased on The Stock Exchange of Hong Kong Limited a total of 35,554,000 shares of the Company at a total consideration of HK\$198,012,400. The repurchase of the Company's shares was made for the benefit of the shareholders with a view to enhancing the net asset value per share and earnings per share of the Company. Such repurchased shares were cancelled on 23rd June, 2023, 29th December, 2023 and 15th March, 2024. Details of the share repurchases are summarised as follows:

<b>Month of repurchase</b>	<b>Total number of shares repurchased</b>	<b>Repurchased price per share</b>		<b>Aggregate consideration (HK\$)</b>
		<b>Lowest (HK\$)</b>	<b>Highest (HK\$)</b>	
January 2023	300,000	5.84	5.90	1,763,270
March 2023	500,000	5.37	5.49	2,723,980
April 2023	4,061,000	5.30	6.15	22,730,780
May 2023	2,400,000	6.00	6.13	14,600,160
October 2023	3,000,000	5.38	5.56	16,427,080
November 2023	4,100,000	5.43	5.56	22,550,090
December 2023	21,193,000	5.18	5.84	117,217,040

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2023.

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

This announcement is required to be published on the website of The Hong Kong Exchanges and Clearing Limited ("HKEX") at [www.hkex.com.hk](http://www.hkex.com.hk) under "Latest Listed Company Information" and the Company at [www.zhongyuenergy.com](http://www.zhongyuenergy.com) under "Announcement And Circulars" respectively. The annual report of the Company for the year ended 31st December, 2023 will be published on the websites of the HKEX and the Company in April 2024.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 27th March, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

Shareholders whose names appear on the Company's register of members on Monday, 3rd June, 2024 will be eligible to attend and vote at the forthcoming annual general meeting of the Company. The Company's transfer books and register of members will be closed from Wednesday, 29th May, 2024 to Monday, 3rd June, 2024 (both days inclusive) during which period no transfer of shares will be registered. In order to attend and vote at the forthcoming annual general meeting of the Company, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 28th May, 2024.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. Wang Wenliang (Chairman), Mr. Yiu Chi Shing (Vice Chairman), Mr. Lui Siu Keung (Chief Executive Officer), Mr. Jia Kun (Executive President), Mr. Lu Zhaoheng and Mr. Li Yan as the executive Directors, and Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie, as the independent non-executive Directors.

By Order of the Board  
**ZHONGYU ENERGY HOLDINGS LIMITED**  
**Wang Wenliang**  
*Chairman*

Hong Kong, 27th March, 2024