

# ANNUAL REPORT

## 年報 2024



**中裕能源控股有限公司**  
ZHONGYU ENERGY HOLDINGS LIMITED

Stock Code 股份代號: 3633

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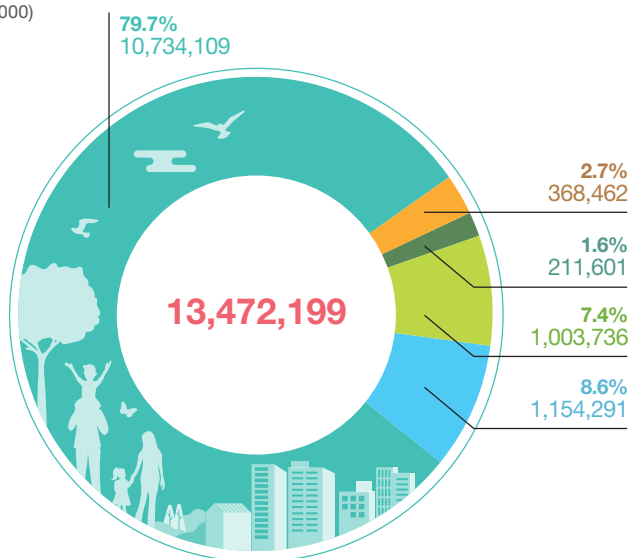




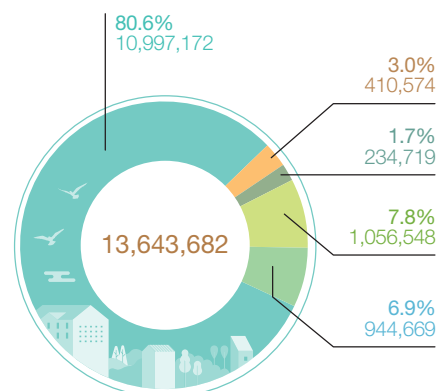
## FINANCIAL AND OPERATIONAL HIGHLIGHTS

	For the year ended 31st December,		
	2024 HK\$'000	2023 HK\$'000	changes %
Turnover	<b>13,472,199</b>	13,643,682	(1.3)%
	<b>RMB'000</b>	RMB'000	
	<b>12,286,645</b>	12,279,314	0.1%
Profit before tax	<b>448,697</b>	585,300	(23.3)%
Non-HKFRS EBITDA (as defined in page 26)	<b>1,721,595</b>	1,885,251	(8.7)%
Unit of natural gas sold ('000 m <sup>3</sup> )	<b>3,196,174</b>	3,037,347	5.2%
Sales volume of integrated energy (million kWh)	<b>2,441</b>	1,566	55.9%
Proposed final dividend (HK cents)	<b>2.00</b>	–	100%

**2024**  
(HK\$'000)



**2023**  
(HK\$'000)



● Sales of gas

● Gas pipeline construction

● Smart energy

● Sales of CNG/LNG in vehicle filling stations

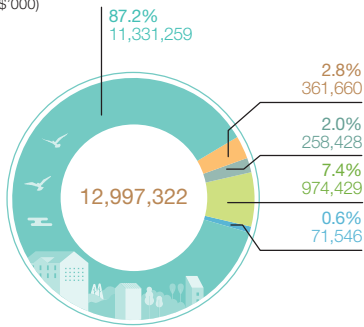
● Value-added services



## FINANCIAL AND OPERATIONAL HIGHLIGHTS

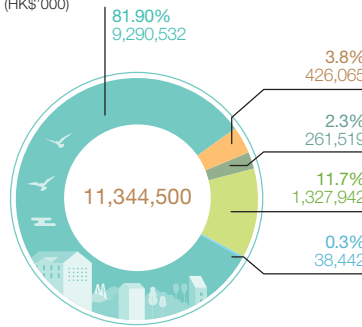
**2022**

(HK\$'000)



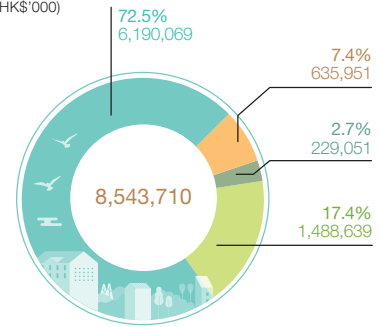
**2021**

(HK\$'000)

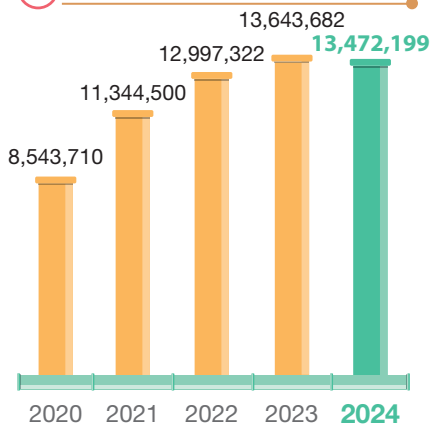


**2020**

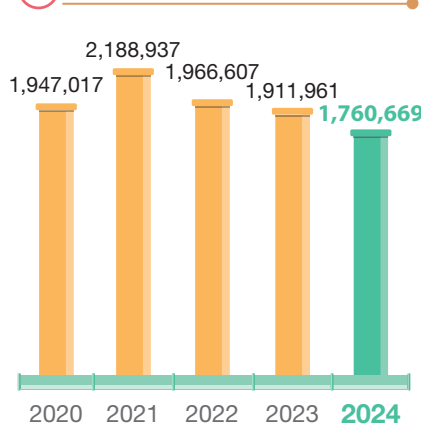
(HK\$'000)



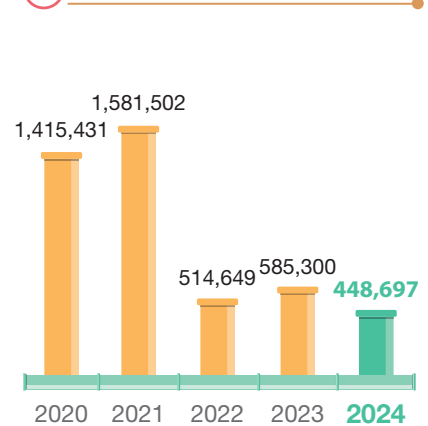
Turnover (HK\$'000)



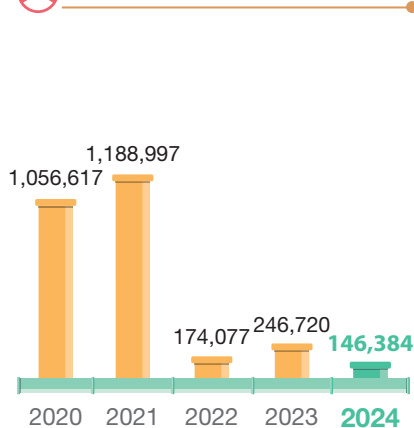
Gross Profit (HK\$'000)



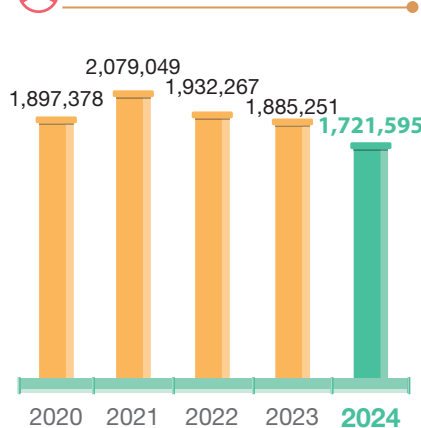
Profit before tax (HK\$'000)



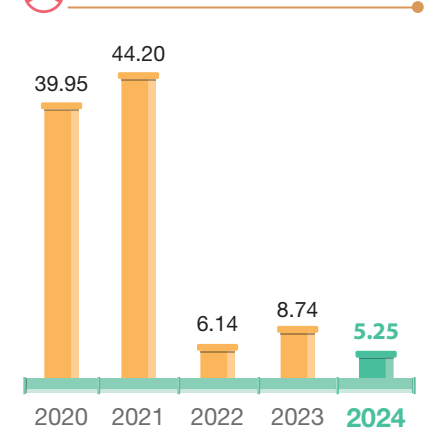
Profit attributable to owners of the Company (HK\$'000)



Non-HKFRS EBITDA (HK\$'000)



Basic earnings per share (HK cents)





# CORPORATE INFORMATION

## Executive Directors

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  
 Mr. Li Yan

## Independent Non-executive Directors

Mr. Li Chunyan  
 Dr. Key Ke Liu  
 Ms. Liu Yu Jie

## Company Secretary

Mr. Lui Siu Keung

## Authorised Representatives

Mr. Wang Wenliang  
 Mr. Lui Siu Keung

## Audit Committee

Mr. Li Chunyan (*Chairman*)  
 Dr. Key Ke Liu  
 Ms. Liu Yu Jie

## Remuneration Committee

Mr. Li Chunyan (*Chairman*)  
 Dr. Key Ke Liu  
 Ms. Liu Yu Jie

## Nomination Committee

Mr. Li Chunyan (*Chairman*)  
 Dr. Key Ke Liu  
 Ms. Liu Yu Jie

## Hong Kong Legal Advisors

Reed Smith Richards Butler LLP

## Auditors

Deloitte Touche Tohmatsu  
 Registered Public Interest Entity Auditors

## Corporate Website

[www.zhongyuenergy.com](http://www.zhongyuenergy.com)

## Stock Code

3633

## Registered Office

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

## Head Office and Principal Place of Business in Hong Kong

Units 02-06, 24th Floor  
 China Merchants Tower  
 Shun Tak Centre  
 168-200 Connaught Road Central  
 Hong Kong

## Principal Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited  
 Cricket Square  
 Hutchins Drive  
 P.O. Box 2681  
 Grand Cayman KY1-1111  
 Cayman Islands

## Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited  
 17/F, Far East Finance Centre  
 16 Harcourt Road  
 Hong Kong

## Principal Bankers

Bank of Beijing Co., Ltd  
 Bank of China  
 Bank of Communications Co., Ltd.  
 Bank of Dongguan Co., Ltd.  
 Bank of Kunlun Corporation Limited  
 China CITIC Bank  
 China Minsheng Bank Corp., Ltd  
 Fubon Bank (Hong Kong) Limited  
 Hang Seng Bank Limited  
 Industrial and Commercial Bank of China Limited  
 Ping An Bank Co., Ltd  
 Shanghai Pudong Development Bank Co., Limited  
 Standard Chartered Bank (Hong Kong) Limited  
 Tai Fung Bank Limited  
 The Bank of East Asia, Limited  
 The Hongkong and Shanghai Banking Corporation Limited

# CHAIRMAN'S STATEMENT



To our valued shareholders,

In 2024, the global economy grew steadily, and global monetary policy entered a new cycle of interest rate cuts. However, geopolitical competition, global supply-demand imbalance, and trade protectionism have led to varying paces of economic recovery among countries, making the global economic situation remains to be complex and intricate. The domestic economy is still grappling with the impacts of the continued deepening economic structural adjustment, and the low inflation environment remains difficult to change. Further policy measures are still required to facilitate the recovery of the domestic economy.

For Zhongyu Energy, 2024 was a year of both challenges and opportunities. Unstable energy prices and customer business disruptions posed challenges to the Group's city gas business development. However, the explosive growth in demand for clean energy and the introduction of the national energy law provided a fertile ground for the Group to develop green energy business. Faced with a complex and rapidly changing external environment, the Group adhered to the implementation of the "dual-wheel drive" development strategy, deeply integrated city gas market resources and management resources, leveraged geographical advantages, and promoted the advancement of smart energy business in a location-specific manner. While ensuring the steady development of the city gas business, the Group also promoted the upgrading of smart energy business and



## CHAIRMAN'S STATEMENT

further accelerated the pace of the Group's transformation process. At the same time, the Group actively promoted debt optimization, significantly reduced the proportion of high-cost debt, and achieved high-quality development of the Group as a whole. As a result, the Board of Directors of the Group has recommended the payment of a final dividend of HK2.00 cents per share. It resumes the dividend payment to reward shareholders for their long-term support.

In terms of city gas business, safety and stability have always been the keys to the development of this business segment. This year, the Group effectively improved the quality of operations through innovative management and refined operations, and achieved the annual business targets satisfactorily. It continued to increase investment in safety operations and accelerated the digitalization of gas operations, maintaining the excellent record of zero occurrences of general and above-level production safety accidents, and achieving stable development in a complex business environment. In terms of gas supply security, the Group further deepened its cooperation with the "Big Three Oil Companies," ensuring sufficient upstream supply while saving significant gas procurement costs. While ensuring gas supply for city gas customers, the Group made new breakthroughs in energy trading business. In terms of value-added business and new retail, the Group innovatively expanded into extra-territorial markets by establishing a gas appliance sub-brand, and providing customers with comprehensive support from products to services, and injecting new momentum into business growth.

In terms of smart energy business, after years of investment and operation, the Group has accumulated a wealth of experience and resources in strategic judgment, team management, market expansion, and project operations. In the current year, the Group's smart energy business still maintained a high growth rate. We continuously carried out smart energy management contract (EMC), low-carbon transportation energy and park energy business, with the project investment and operation system becoming more mature. Meanwhile, considering multiple factors such as its own advantages, market trends, and policy changes, the Group relied on city gas user resources to develop a more comprehensive smart energy business by expanding

externally and consolidating internally. It determined a new transformation strategy focusing on biomass business to carry out zero-carbon coupling business, striving to build a new engine for the Group's development. At the end of the year, we joined hands with the Joint Research Center for Zero Carbon Application of Biomass Gasification at the School of Environment of Tianjin University to jointly tackle key technical problems in the field of biomass gasification for heating, further contributing to the energy transformation and sustainable development of our country.

## PROSPECTS

In 2025, there are still many uncertainties in the domestic and international economic environment. However, with the deepening advancement of the national energy strategy, more development opportunities will be brought to enterprises. We will continue to clarify our positioning as a "comprehensive energy service provider," increase investment in zero-carbon energy utilization and exploration, focus on green innovation, activate new quality productivity, and drive the practical implementation of the Group's "dual-wheel drive" strategy. At the same time, the Group will keep pace with the times, benchmarking against industry leaders in city gas and smart energy project operations, actively embrace cutting-edge technologies, and explore the deep integration of business scenarios with artificial intelligence (AI). By introducing cutting-edge digital and intelligent technologies and integrating them into various aspects of energy supply, transportation, and sales, we will achieve intelligent allocation of energy supply, improve overall operational efficiency, and support the Group's high-quality development.

In the new year, the Group will continue to consolidate the foundation of city gas business, continuously advance refined management, improve resource integration capabilities, and consolidate its important role as the "cornerstone" for the Group's development. At the same time, we will continue to delve into customer groups, expand service fields and quality, continue to promote residential price adjustment, increase investment in safety and operations, accelerate the construction of smart gas, and strengthen the efficient integration with smart energy business. Together, these





## CHAIRMAN'S STATEMENT

efforts will advance the implementation of the “dual-wheel drive” strategy and facilitate the Group’s transformation and development.

In 2025, the Group will take “focusing on biomass business to carry out zero-carbon coupling business” (「以生物質業務為主線開展零碳耦合業務」) as the main axis of the development of smart energy business, take city gas users serving as the foundation for market development, and at the same time explore the opportunity to tap into extra-territorial markets. With biomass gasification heating as the core, coupled with boiler entrustment, natural gas heating, and distributed photovoltaic business, we aim to create green factories and green parks as the core development model of this business segment, continuously promoting the high-quality and sustainable development of smart energy business.

With the long-term development of the industry, attention to detail becomes particularly important for enterprises. The Group will continue to deeply implement the concept of environment, social and governance (ESG), accelerate the development of green energy business, and contribute to achieving the “dual carbon” goals. We will improve service quality, provide customers with safer and more efficient

products and services, optimize the talent training system and employee welfare, and enhance the comprehensive strength of the team. At the same time, the Group will continue to integrate innovations in the field of green finance, further adjust the Group’s debt structure, reduce financial costs, and provide safeguards for our high-quality transformation and development.

In the new year, the Group will continue to adhere to our business philosophy of “customer satisfaction, government trust, enterprise development, and employee benefits,” and accelerate the pace of transformation and upgrading. We will stand on a long-term development strategy, scientifically formulate short-term plans, accurately grasp market opportunities, and deeply analyze changes in the macro environment. By continuously enhancing internal driving force and innovation vitality, we will actively deal with challenges and opportunities brought by internal and external environments. In the future, the Group will continue to provide its customers with further high-quality and efficient comprehensive energy services, continuously improving business performance, maximizing shareholder value, and actively fulfilling corporate social responsibility to continuously contribute to the society.





## CHAIRMAN'S STATEMENT

### APPRECIATION

Over the past two decades, whenever there is market fluctuation, all Zhongyu people have united as one and weathered the storm together, allowing Zhongyu Energy to firmly take root in the energy market and win the trust of thousands of households. With opportunities ahead, let us continue to join hands and strive together to ensure the steady and far-reaching journey of the “Zhongyu Energy Ship”. On behalf of the Board of Directors, I would like to extend my most sincere thanks to all Zhongyu staff members for their hard work. At the same time, I would like to express our deepest gratitude to our customers, shareholders, investors, and people from all walks of life for their longstanding trust and support.



**Wang Wenliang**

*Chairman*

Hong Kong

28th March, 2025

# 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, 2024 ("the Year").

In 2024, the global economy continued to face insufficient growth momentum. Geopolitical conflicts and trade protectionism continued to intensify, and the external environment became increasingly complex. These factors had a deepening adverse impact. On the other hand, the domestic economy was still in the throes of transitioning between old and new drivers of growth, with longstanding structural contradictions persisting and insufficient effective

demand. A comprehensive recovery of the Chinese economy will still take some time. However, 2024 was also a year of both opportunities and challenges. Domestic natural gas consumption maintained a medium-to-high growth rate, with the annual apparent consumption volume reaching 426.05 billion cubic meters, an 8% increase year-on-year. By the end of 2024, the installed capacity of renewable energy in China reached 1.889 billion kilowatts, a 25% increase year-on-year. The introduction of the Energy Law of the People's Republic of China (《中華人民共和國能源法》) provides a clear direction for the green and low-carbon development of domestic energy, effectively promoting the continuous optimization of the domestic energy structure.



## CEO MESSAGE

To keep pace with the industry's development trend, the Group firmly implemented the "dual-wheel drive" development strategy in 2024. We continued to advance refined management and increased investment in safety operations to ensure the safety and stability of our city gas business. In terms of smart energy business, the Group comprehensively strengthened the synergy between the city gas and smart energy segments, with smooth progress in the expansion and operation of various smart energy projects. Through in-depth analysis of the market and policies, the Group formulated a comprehensive smart energy business development strategy centered on biomass gasification heating, combined with boiler entrustment business, natural gas heating, and distributed photovoltaic business, to create green factories and green parks. This strategy will help the Group achieve high-quality transformation and development. As of 31st December, 2024, The Group had 74 franchised gas projects in 11 provinces. Our city gas business served 31,208 industrial and commercial customers and approximately 5.19 million residential households. During the same period, the number of operational integrated energy projects reached 283, an increase of 23 compared to last year. In 2024, the Group's total natural gas sales volume increased by 5.2% year-on-year to 3,196,174,000 cubic meters, while the integrated energy sales volume surged by 55.9% year-on-year to 2,441 million kilowatt-hours.

## RESULTS

For the year ended 31st December 2024, the Group recorded a turnover of HKD13,472,199,000, a 1.3% decrease year-on-year (2023: HKD13,643,682,000). Excluding the impact of currency translation from HKD, the turnover in RMB increased by 0.1% for the Year. The growth in turnover was primarily from the increase in revenue from our smart energy business.

## 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 79.7%, 7.4%, 8.6%, and 2.7% of the Group's turnover for 2024, respectively.

The sales of gas business continued to be the Group's largest contributor in 2024, with sales amounting to HK\$10,734,109,000, equivalent to approximately RMB9,789,507,000 (2023: HK\$10,997,172,000, equivalent to approximately RMB9,897,455,000). Due to the Group's large and highly loyal user base, the business will continue to be a core source of performance contribution for the Group.







## CEO MESSAGE

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\$2,920,367,000, representing a year-on-year increase of 5.5% (2023: HK\$2,768,340,000), while the volume of natural gas traded amounted to 951,387,000 cubic meters, representing a year-on-year increase of 20.9%.

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 258,092. The total length of the Group's existing intermediate and main pipelines increased from 27,754 kilometers to 28,201 kilometers, representing an increase of 1.6%, as the Group continued to expand its business 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 and carry out smart energy management contract (EMC), low-carbon transportation energy and park energy business. Currently, the Group's smart energy business has taken shape, which achieved significant growth during the year with sales amounting to HK\$1,154,291,000 (2023: HKD944,669,000), accounting for 8.6% (2023: 6.9%) of the Group's total revenue and representing a year-on-year increase of 22.2%; while integrated energy sales amounted to 2,441 million kilowatt-hours, representing a year-on-year increase of 55.9%.

Relying on our highly loyal base of city gas customers, the Group innovated its operations and promoted the sales of its own-brand kitchen appliances, "Zhongyu Phoenix." (中裕鳳凰) We also provided more convenient and efficient value-added services to customers through the "Zhongyu iFamille" (中裕i家) retail platform. At the same time, the Group actively expanded into external markets, continuously strengthened innovative cooperation, and incubated sub-brands of gas appliances to further increase market share.

## PROSPECTS

In 2025, geopolitical tensions, trade barriers, and high debt levels will continue to pose significant risks to global economic development. However, there are also positive factors such as technological innovation, loose monetary policy, and slowing inflation. Faced with the complex external environment, China will promote high-quality economic development through proactive fiscal policies and moderately loose monetary policies. It will also continue to enhance energy security, adhere to the development of green and low-carbon energy, and continuously optimize the energy structure.

In 2025, the domestic city gas industry will see continued market consolidation and enhanced safety supervision, and national requirements for safety management will be further raised. The changing economic environment will significantly increase the uncertainty of energy use by industrial users. Therefore, the Group will continue its excellent practices in safety management, customer service, and market management, actively innovate, and comprehensively upgrade the digitalization level of our gas business to improve operational management quality. At the same time, the Group will strengthen the coordination among gas source, market, and customer service departments to ensure the continuous improvement of gas supply and sales performance.





## CEO MESSAGE

In terms of smart energy business, in 2025, the Group will firmly implement the transformation strategy of “focusing on biomass business to carry out zero-carbon coupling business.” While continuing to develop and operate our conventional businesses, the Group will seize the market window period for biomass business, fully utilize existing Group’s resources, and enhance the integration depth and synergy between city gas and smart energy businesses. The Group will seek synergies between businesses, regions, and customers to provide strong support for the development of biomass business. To achieve high-quality transformation, the Group will implement the following key strategies in the coming year:

- (i) continue to advance refined operations, delve into customer groups, expand into new areas, improve service quality, and consolidate the foundation of our city gas business;
- (ii) enhance management and operational quality, strengthen the efficient integration of the smart energy segment with the city gas segment, jointly promote the implementation of biomass business, and accelerate the Group’s transformation and development;
- (iii) deeply integrate digitalization support into our business, build a multi-scenario business support system, promote data interconnectivity across platforms, and achieve digitalization and business synergy;

- (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, continuously optimize the Group’s debt structure, 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.

2025 marks the concluding year of the national “14th Five-Year Plan.” The Group will continue to focus on steady progress in the city gas business, ensuring safe and stable gas supply, enhancing management and operational quality, and achieving robust improvement to provide solid support for the Group’s transformation and development. At the same time, we will fully advance the development strategy of “focusing on biomass business to carry out zero-carbon coupling business” (「以生物質業務為主線開展零碳耦合業務」) in the smart energy sector to create a “new engine” for the Group’s growth. In the new year, The Group will fully leverage its own strengths, seize the continuous development trend in the clean energy market, and capitalize on the development dividends brought by artificial intelligence technology in enterprise management



## CEO MESSAGE

and business development. We will further implement the “dual-wheel drive” strategy, enhance our comprehensive competitiveness, and strive towards the goal of becoming the “most valuable integrated energy service provider.”

**Lui Siu Keung**

*Chief Executive Officer*

28th March, 2025



## OPERATIONAL STATISTICS

Province	Operational location	Connectable Population	Connectable Residential Households	Accumulated Connected Residential Households	Accumulated Connected Industrial Customers	Accumulated Connected Commercial Customers	Length of Existing Intermediate and Main Pipelines (km)	Number of CNG/LNG Vehicle Filling Stations
Henan	Jiaozuo City	1,788,773	511,078	421,048	179	1,787	1,819	7
	Qinyang City	578,674	165,335	129,685	96	459	926	1
	Wuzhi County	879,303	251,230	142,660	155	505	1,123	1
	Xiuwu County	272,415	77,833	55,471	104	427	691	4
	Luohe City	2,378,753	679,644	564,191	296	2,968	1,494	4
	Light Food Industrial Park in Luohe Economic Development District	-	-	-	10	-	40	-
	Luohe Shaoling District	-	-	-	18	-	-	-
	Luohe Songjiang Industrial Zone	-	-	-	15	-	-	-
	Luohe Houxie Village Industrial Zone	-	-	-	-	-	-	-
	Luohe West Industrial Zone	-	-	-	-	-	-	-
	Venture Centre in Luohe Economic Development District	-	-	-	15	-	-	-
	Xiping County	32,800	9,371	-	-	-	-	-
	Jiyuan City	1,086,520	310,435	235,355	295	2,423	1,460	4
	Sanmenxia City	743,016	212,291	197,263	84	1,205	1,583	4
	Shanzhou District	86,356	24,673	9,521	-	53	-	-
	Sanmenxia Industrial Park	3,871	1,106	1,106	16	36	-	-
	Lingbao City	406,131	116,037	79,821	40	326	428	-
	Yanshi City	428,445	122,413	103,136	281	594	837	2
	Yongcheng City	1,014,487	289,854	246,588	101	1,110	862	4
	Yongcheng Industrial Zone	35,000	10,000	-	1	-	-	-
	Xinmi City	696,114	198,890	170,242	131	847	916	5
	Huiguo Town, Gongyi City	27,969	7,991	6,675	75	71	142	-
	Yuanyang County	235,079	67,165	8,934	5	12	81	-
	Hui County	59,509	17,002	7,180	1	1	-	-
	Wen County	640,222	182,921	105,584	203	522	714	-
	Mengzhou	547,335	156,381	103,626	284	582	537	-
	Puyang Industrial Zone	6,132	1,752	1,739	70	28	222	-
	Puyang Administrative Region	392,291	112,083	68,058	40	174	2,324	-
Hebei	Sanshuitou Town, Yangjiatao Town, Hongqiao Town and Guojiatun Town of Yutian County	234,455	66,987	31,097	22	12	1,078	-
	Administrative jurisdiction of Gucheng County	370,071	105,735	76,238	43	64	133	-
	Within the operation area of Xinhe County	130,329	37,237	5,700	20	64	54	-
	Yutian County	324,800	92,800	108,902	33	466	280	-
	Yutian Town and Caitingqiao Town, Yutian County	105,200	30,057	-	-	-	46	-
	Changli County	239,070	68,306	85,420	81	530	370	-
	Yu County	149,100	42,683	56,811	15	156	220	-
	Yu County Economic Development Zone	3,000	940	-	-	-	-	-
	Xiahuayuan District	118,352	33,815	42,290	1	143	141	-
	Chengnan County	539,864	154,246	67,702	15	130	276	-
	Wuqiao County	263,516	75,290	46,144	63	189	544	-
	Ningjin County	520,000	148,571	126,281	157	830	612	-



## OPERATIONAL STATISTICS

Province	Operational location	Connectable Population	Connectable Residential Households	Accumulated Connected Residential Households	Accumulated Connected Industrial Customers	Accumulated Connected Commercial Customers	Length of Existing Intermediate and Main Pipelines (km)	Number of CNG/LNG Vehicle Filling Stations
	Linzhang County	353,695	101,056	88,185	42	177	518	1
	Zaoqiang County	380,000	108,572	39,508	6	307	218	–
	Longyao County	291,901	83,400	10,208	–	106	39	–
	Xingtang County	86,551	24,729	27,984	1	105	137	–
	City district of Gucheng	514,350	146,957	52,104	54	501	513	–
	Nangong City	648,570	171,534	143,704	19	324	610	–
	Jize County	370,400	105,828	21,451	31	116	162	–
	Xinhe County	291,530	83,294	48,260	44	387	359	–
	Xingtai	675,000	192,857	13,262	25	62	26	–
Jiangsu	Donghai County	59,636	17,039	2,610	37	18	73	–
	Sihong County	36,232	10,352	4,585	47	9	522	–
	Guannan County	329,266	94,076	82,193	1	524	342	–
	Suqian Zhongyu Hong Cheng	517,209	147,774	27,774	30	16	–	–
	Tongshan	398,000	113,715	94,020	–	382	77	–
	Within the jurisdiction of City district of Sihong County	586,000	167,429	171,774	101	871	713	–
	River-Sea Interconnected Development Demonstration District of Tongzhou Bay	100,000	28,571	–	60	34	84	–
Shandong	Linyi City (Note)	1,912,497	546,428	455,301	443	2,322	1,299	7
	Linyi Economic Development District	455,597	130,171	110,738	314	485	801	4
	Linshu County	23,746	6,784	5,966	121	62	238	2
	Tianqu Industrial Park in Dezhou City	4	1	1	43	27	99	1
Jilin	Baishan City	469,639	134,182	131,344	17	1,235	335	2
	Changbaishan International Tourist Resort Zone in Fusong County	166,419	47,548	7,805	9	128	132	–
	Lushuihe Town and Quanyang Town within the administrative regions of Fusong County	60,000	17,142	–	–	–	–	–
	Within the administrative jurisdiction of Wanliang Town of Fusong County (including the Industrial Park)	16,900	4,830	–	–	–	–	–
Fujian	Shaowu City	296,133	84,609	56,487	20	363	136	2
Heilongjiang	Chengou Town, Tieli City	276,724	79,064	33,080	20	200	151	–
	Current administrative jurisdiction of Shuangfeng Forestry Bureau, Tieli City	62,000	17,714	–	–	–	–	–
Zhejiang	Within the administrative jurisdiction of Daishan Island and Xiushang Township	112,945	32,270	36,051	45	170	113	1
	Yueqing City	80,300	22,943	20,030	21	93	124	–
Inner Mongolia	Bainyou Qi	81,641	23,326	2,593	2	1	14	–
Anhui	Bang Bu Hong Yu	35,000	10,000	–	–	–	–	–
	Wuhe County	241,500	69,000	118,957	49	535	228	–
	Si County	186,037	53,153	81,307	11	356	175	–
Jiangxi	Tiannan Area, Gaoan	87,500	25,000	–	–	–	10	–
		<b>25,539,874</b>	<b>7,283,500</b>	<b>5,191,750</b>	<b>4,578</b>	<b>26,630</b>	<b>28,201</b>	<b>56</b>

Note: The operational location covers the administrative jurisdiction of Linyi City, which is from Binhe Road on the west bank of Yihe River in the east to Beijing–Shanghai Expressway in the west, bordering Binhe Road on the south bank of Fanghe River in the north and reaching Yihe Road, Luo Zhuang District in the south (excluding western part beyond Mengshan Avenue and southern part beyond Huawu Road).







# MANAGEMENT DISCUSSION & ANALYSIS

## BUSINESS REVIEW

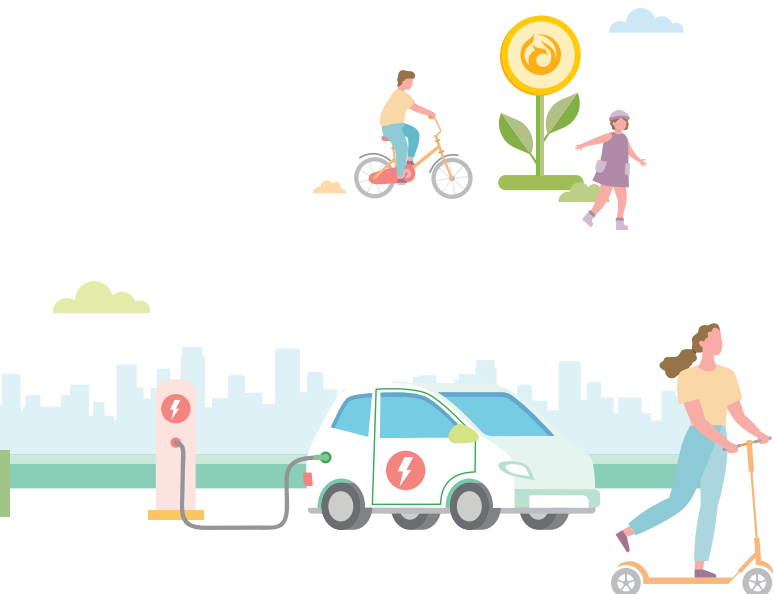
During the year ended 31st December, 2024, the Group was principally engaged in (i) the investment, operation and management of gas pipeline infrastructure, and the distribution of piped gas to residential, industrial and commercial users; (ii) development of smart energy; (iii) sales of stoves and provision 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, 2024, the Group had 74 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. After comprehensive consideration of various aspects, the Group determined a development strategy of “focusing on biomass business to carry out zero-carbon coupling business” during the year, which specified the development direction of our smart energy business in the next few years, and actively carried out the related businesses. During the year, the Group rapidly developed the integrated energy business and the cumulative number of projects in operation reached 283. The sales volume of integrated energy throughout the year increased by 55.9% to 2,441 million kWh as compared with the same period of last year.





## MANAGEMENT DISCUSSION & ANALYSIS

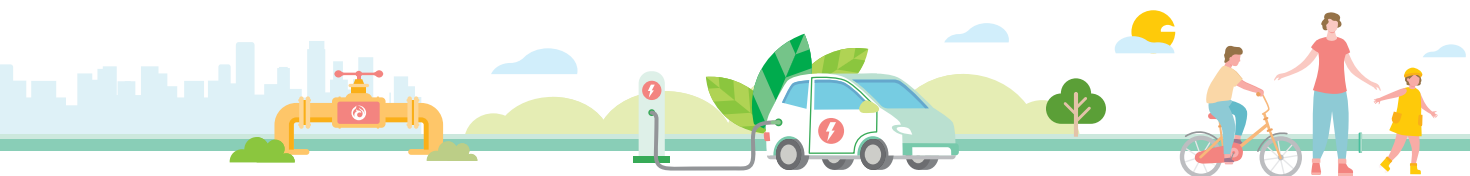
### BUSINESS REVIEW

#### 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, 2024 together with the comparative figures for the corresponding period last year are as follows:

	2024	2023	Increase/ (Decrease)
Number of operational locations <i>(Note a)</i>	<b>74</b>	75	(1)
– Henan Province	<b>28</b>	28	–
– Hebei Province	<b>21</b>	21	–
– Jiangsu Province	<b>7</b>	8	(1)
– 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>25,540</b>	24,575	3.9%
Connectable residential households ('000)	<b>7,283</b>	7,008	3.9%
New piped gas connections by the Group made during the year			
– Residential households	<b>254,257</b>	276,125	(7.9)%
– Industrial customers	<b>317</b>	352	(9.9)%
– Commercial customers	<b>3,518</b>	3,071	14.6%
Accumulated number of connected piped gas customers			
– Residential households	<b>5,191,750</b>	4,938,517	5.1%
– Industrial customers	<b>4,578</b>	4,271	7.2%
– Commercial customers	<b>26,630</b>	23,116	15.2%
Penetration rate of residential pipeline connection <i>(Note c)</i>	<b>71.3%</b>	70.5%	0.8%
Unit of piped natural gas sold to retail customers ('000 m <sup>3</sup> )			
– Residential households	<b>769,536</b>	766,298	0.4%
– Industrial customers	<b>1,323,493</b>	1,334,500	(0.8)%
– Commercial customers	<b>151,758</b>	149,552	1.5%



## MANAGEMENT DISCUSSION & ANALYSIS BUSINESS REVIEW

	2024	2023	Increase/ (Decrease)
Unit of gas sold to wholesale customers ('000 m <sup>3</sup> )			
– Piped natural gas	<b>502,163</b>	270,497	85.6%
– LNG	<b>394,586</b>	462,737	(14.7)%
Total unit of gas sold ('000 m <sup>3</sup> )	<b>3,141,536</b>	2,983,584	5.3%
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>54,638</b>	53,763	1.6%
Total length of existing intermediate and main pipelines (km)	<b>28,201</b>	27,754	1.6%
Average selling price of natural gas (pre-tax) (RMB per m <sup>3</sup> )			
– Residential households	<b>2.65</b>	2.59	2.3%
– Industrial customers	<b>3.54</b>	3.76	(5.9)%
– Commercial customers	<b>3.92</b>	4.10	(4.4)%
– Wholesale customers	<b>2.52</b>	3.03	(16.8)%
– Wholesale customers (LNG)	<b>3.05</b>	3.16	(3.5)%
– CNG/LNG vehicle filling stations	<b>3.53</b>	3.93	(10.2)%
Average purchase cost of natural gas (RMB per m <sup>3</sup> ) (Note d)	<b>2.71</b>	2.86	(5.2)%
Average connection fee for residential households (RMB)	<b>3,087</b>	2,977	3.7%
Accumulated number of integrated energy projects in operation	<b>283</b>	260	8.8%
Sales volume of integrated energy (million kWh)	<b>2,441</b>	1,566	55.9%

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> (2023: RMB0.19 per m<sup>3</sup>).



## MANAGEMENT DISCUSSION & ANALYSIS

# FINANCIAL REVIEW

### OVERALL

The Group's turnover for the year ended 31st December, 2024 decreased by 1.3% to HK\$13,472,199,000 (2023: HK\$13,643,682,000). The Group's profit attributable to owners of the Company decreased by 40.7% to

HK\$146,384,000 (2023: HK\$246,720,000). The basic and diluted earnings per share attributable to the owners of the Company were HK5.25 cents and HK5.25 cents respectively for the year ended 31st December, 2024, as compared with that of HK8.74 cents and HK8.74 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:

	Year ended 31st December,				
	2024 HK\$'000	% of total	2023 HK\$'000	% of total	Increase/ (Decrease)
Sales of Gas	<b>10,734,109</b>	<b>79.7%</b>	10,997,172	80.6%	(2.4)%
Gas Pipeline Construction	<b>1,003,736</b>	<b>7.4%</b>	1,056,548	7.8%	(5.0)%
Smart Energy	<b>1,154,291</b>	<b>8.6%</b>	944,669	6.9%	22.2%
Value-added Services	<b>368,462</b>	<b>2.7%</b>	410,574	3.0%	(10.3)%
Sales of CNG/LNG in Vehicle	<b>211,601</b>	<b>1.6%</b>	234,719	1.7%	(9.8)%
Total	<b>13,472,199</b>	<b>100%</b>	13,643,682	100%	(1.3)%

The turnover for the year ended 31st December, 2024 amounted to HK\$13,472,199,000 (2023: HK\$13,643,682,000). Turnover expressed in RMB for the year under review, without including the impact of HK\$ translation, is slightly increased by 0.1%. Increase in revenue of smart energy outweighed the decrease in revenue from other segments. Overall performance remains stable.



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### Sales of gas

Sales of gas for the year ended 31st December, 2024 amounted to HK\$10,734,109,000 (2023: HK\$10,997,172,000), representing a decrease of 2.4% over the corresponding period last year. Revenue from sales of gas expressed in RMB for the year under review decreased by 1.1%. The further decrease in revenue from sales of gas expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in 2024.

Sales of gas for the year ended 31st December, 2024 contributed 79.7% of the total turnover of the Group, as compared with 80.6% 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,				
	2024 HK\$'000	% of total	2023 HK\$'000	% of total	Increase/ (Decrease)
Industrial customers	5,135,123	47.8%	5,574,599	50.7%	(7.9)%
Residential households	2,237,578	20.9%	2,206,843	20.1%	1.4%
Commercial customers	652,642	6.1%	682,109	6.2%	(4.3)%
Wholesale customers	2,708,766	25.2%	2,533,621	23.0%	6.9%
Total	10,734,109	100%	10,997,172	100%	(2.4)%

#### Industrial customers

The sales of gas to the Group's industrial customers for the year ended 31st December, 2024 decreased by 7.9% to HK\$5,135,123,000 from HK\$5,574,599,000 for the corresponding period last year. Revenue from sales of gas to industrial customers expressed in RMB for the year under review decreased by 6.7%. 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 2024. During the year ended 31st December, 2024, the Group connected 317 new industrial customers and the piped natural gas usage provided by the Group to

its industrial customers decreased by 0.8% to 1,323,493,000 m<sup>3</sup> (2023: 1,334,500,000 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 5.9% to RMB3.54 per m<sup>3</sup> (2023: RMB3.76 per m<sup>3</sup>).

The sales of gas to our industrial customers for the year ended 31st December, 2024 contributed 47.8% of the total sales of gas of the Group (2023: 50.7%) and continues to be the major source of sales of gas of the Group.





## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### Residential households

The sales of gas to our residential households for the year ended 31st December, 2024 increased by 1.4% to HK\$2,237,578,000 from HK\$2,206,843,000 for the corresponding period last year. Revenue from sales of gas to residential households expressed in RMB for the year under review, excluding the impact of HK\$ translation, further increased by 2.7%. 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. In recent years, as the PRC has been promoting the establishment of the price linkage mechanism for natural gas, governments at local level have made price adjustment to the natural gas consumed by residential households, leading to an increase in the price of natural gas consumed for residential households. 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 254,257 residential households and the piped natural gas usage provided by the Group to residential households increased by 0.4% to 769,536,000 m<sup>3</sup> (2023: 766,298,000 m<sup>3</sup>). The average selling price of natural gas for residential customers increased by 2.3% to RMB2.65 per m<sup>3</sup> (2023: RMB2.59 per m<sup>3</sup>).

The sales of gas to our residential households for the year under review contributed 20.9% of the total sales of gas of the Group (2023: 20.1%).

#### Commercial customers

The sales of gas to our commercial customers for the year ended 31st December, 2024 decreased by 4.3% to HK\$652,642,000 from HK\$682,109,000 for the corresponding period last year. Revenue from sales of gas to commercial customers expressed in RMB for the year under review decreased by 3.0%. The further decrease in revenue from

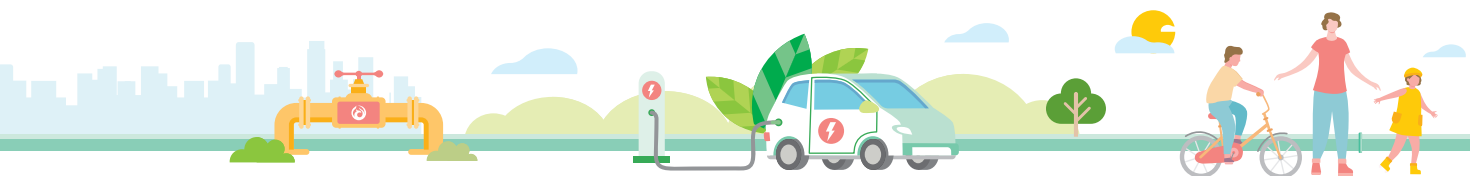
sales of gas to commercial customers expressed in HK\$ was due to the impact of the depreciation of RMB against HK\$ in 2024. The sales of gas to commercial customers for the year under review contributed 6.1% of the total sales of gas of the Group (2023: 6.2%). During the year ended 31st December, 2024, the Group connected 3,518 new commercial customers. As at 31st December, 2024, the number of commercial customers of the Group reached 26,630, representing an increase of 15.2% as compared with 23,116 commercial customers as at 31st December, 2023.

The demand of gas by restaurants, schools and recreational facilities increased in 2024. The gas consumption of commercial customers increased by 1.5% to 151,758,000 m<sup>3</sup> (2023: 149,552,000 m<sup>3</sup>) for the year under review. In response to the lower cost of natural gas from suppliers in gas sales, the average selling price of natural gas for commercial customers was adjusted downwards by 4.4% to RMB3.92 per m<sup>3</sup> (2023: RMB4.10 per m<sup>3</sup>) when compared to the corresponding period last year.

#### Wholesale customers

The sales of gas to our wholesale customers for the year end 31st December, 2024 increased by 6.9% to HK\$2,708,766,000 from HK\$2,533,621,000 for last year. Revenue from sales of gas to wholesale customers expressed in RMB for the year under review, excluding the impact of HK\$ translation, further increased by 8.3%. The sales of gas to wholesale customers for the year under review contributed 25.2% of the total sales of gas of the Group (2023: 23.0%).

During the year under review, piped natural gas usage provided by the Group to its wholesale customers increased by 85.6% to 502,163,000 m<sup>3</sup> (2023: 270,497,000 m<sup>3</sup>). The increase in volume of natural gas sold was offset by the decline in selling price. The average selling price of natural gas for wholesale customers for the year under review was adjusted downwards by 16.8% to RMB2.52 per m<sup>3</sup> (2023: RMB3.03 per m<sup>3</sup>) in response to the lower cost of natural gas from gas suppliers.



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

During the year under review, the LNG provided by the Group to its wholesale customers declined by 14.7% to 394,586,000 m<sup>3</sup> (2023: 462,737,000 m<sup>3</sup>). 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 3.5% to RMB3.05 per m<sup>3</sup> (2023: RMB3.16 per m<sup>3</sup>).

#### Gas Pipeline Construction

Revenue from gas pipeline construction for the year ended 31st December, 2024 amounted to HK\$1,003,736,000 (2023: HK\$1,056,548,000), representing a decrease of 5.0% over last year.

Gas pipeline construction contributed 7.4% of the total turnover of the Group, as compared with 7.8% during the corresponding period 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,				
	2024 HK\$'000	% of total	2023 HK\$'000	% of total	Increase/ (Decrease)
Residential households	860,734	85.8%	913,303	86.4%	(5.8)%
Non-residential customers	143,002	14.2%	143,245	13.6%	(0.2)%
Total	1,003,736	100%	1,056,548	100%	(5.0)%

During the year ended 31st December, 2024, revenue from gas pipeline construction for residential households decreased by 5.8% to HK\$860,734,000 (2023: HK\$913,303,000). Revenue from gas pipeline construction for residential households expressed in RMB for the year under review decreased by 4.5%. The further decrease in revenue from gas pipeline construction for residential households expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in 2024. The drop was mainly attributable to the decrease in construction work for gas pipeline connection completed by the Group for residential households to 254,257 from 276,125 for the corresponding period last year. Such drop was offset by the increase in connection fee. The average connection fee rose to RMB3,087 in 2024 from RMB2,977 in 2023.

The gross profit margin for gas pipeline construction for the year under review remained relatively stable at 69.7% (2023: 68.7%).

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, 2024, revenue from gas pipeline construction for non-residential customers slightly decreased by 0.2% to HK\$143,002,000 from HK\$143,245,000 for last year. Revenue from gas pipeline construction for non-residential customers expressed in RMB for the year under review increased by 1.2%. The decrease in revenue from gas pipeline construction for non-residential customers expressed in HK\$ was mainly due to the impact of the depreciation of RMB against HK\$ in 2024.



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

As at 31st December, 2024, the Group's penetration rates of residential pipeline connection amounted to 71.3% (2023: 70.5%) (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 aims to continuously increase its market coverage by acquisitions when suitable opportunities arise.

#### *Smart energy*

Revenue from smart energy for the year ended 31st December, 2024 increased by 22.2% to HK\$1,154,291,000 from HK\$944,669,000 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, incremental distribution network 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 steam, heating, electricity and cooling. The smart energy business contributed 8.6% (2023: 6.9%) of the total turnover of the Group for the year ended 31st December, 2024. 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, 2024 amounted to HK\$368,462,000 (2023: HK\$410,574,000), representing a decrease of 10.3% over last year. It contributed 2.7% of the total turnover of the Group, as compared with 3.0% of last year.

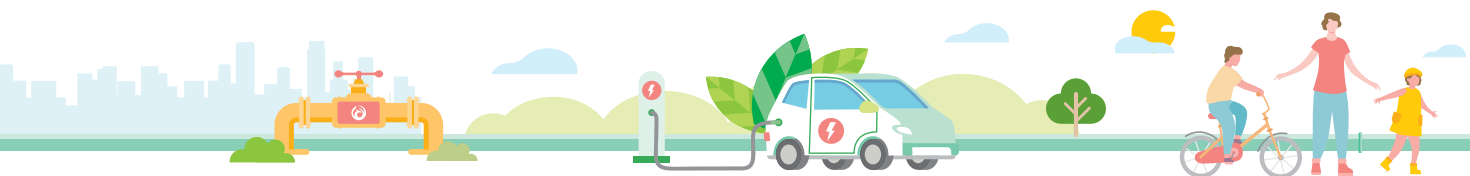
Since 2017, the Group placed greater efforts in value-added services such as sales of stoves and safe and reliable kitchenware, including gas water heaters, gas cooking appliances and wall-hang boilers under its own brand name, "Zhongyu Phoenix" (中裕鳳凰), to residential customers. The decrease in revenue of value-added services for the year

under review was mainly due to decrease in the sales of wall-hang boilers, self-closing valve, bellows and alarm by 21.3% to HK\$129,942,000 from HK\$165,129,000 for last year. During the year ended 31st December, 2024, other than sales of wall-hang boilers, self-closing valve, bellows and alarm, revenue from sales of stoves and provision of other related services expressed in RMB decreased by 1.5% 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, 2024 amounted to HK\$211,601,000 (2023: HK\$234,719,000), representing a decrease of 9.8% compared to last year. Revenue from operating CNG/LNG vehicle filling stations expressed in RMB for the year under review decreased by 8.6%. 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 2024. The unit of natural gas sold to vehicles increased by 1.6% to 54,638,000 m<sup>3</sup> (2023: 53,763,000 m<sup>3</sup>) and the average selling price of natural gas for CNG/LNG vehicle filling stations decreased by 10.2% to RMB3.53 per m<sup>3</sup> (2023: RMB3.93 per m<sup>3</sup>) for the year ended 31st December, 2024.

During the year ended 31st December, 2024, the turnover derived from operating CNG/LNG vehicle filling stations accounted for 1.6% (2023: 1.7%) of the total turnover of the Group. As at 31st December, 2024, the Group had 56 CNG/LNG vehicle filling stations and 7 CNG/LNG vehicle filling stations under construction in the PRC.



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### Gross profit margin

The overall gross profit margin for the year ended 31st December, 2024 was 13.1% (2023: 14.0%). The slight decline in overall gross profit margin for the year ended 31st December, 2024 was mainly due to decrease of gross profit margin of sales of gas, smart energy and sales of CNG/LNG in vehicle filling stations.

The gross profit margin for the sales of piped natural gas decreased to 7.4% (2023: 8.4%) as the decrement of average selling price of natural gas for industrial, commercial and wholesale customers outweighed the decrement of average purchase cost of natural gas. 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 69.7% for the year under review (2023: 68.7%). The gross profit margin of smart energy slightly decreased to 9.2% (2023: 10.0%) mainly because of the rapid development of the Group's comprehensive energy business in 2024 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. Additionally, the comprehensive energy business of the Group is gradually maturing, with the number of projects being put into operation increased year by year, the close relationship between city gas and smart energy business leads to continuous improvement in management and operation. The gross profit margin for value-added services increased to 78.2% (2023: 73.4%) mainly due to the increase in gross profit margin of pipe gas transportation services and sales of self-closing valve. The gross profit margin for the sales of CNG/LNG in vehicle filling stations decreased to 1.5% (2023: 13.0%) as a result of the decline in average selling price of CNG/LNG sold in vehicle refilling station.

#### Other gains and losses

The Group recognised other net losses of HK\$15,586,000 in 2024 (2023: HK\$45,920,000). The amount was mainly derived from net foreign exchange loss of HK\$12,805,000 (2023: HK\$44,647,000) mainly arising from the Group's bank borrowings denominated in US\$ and HK\$ as a result of the depreciation of RMB in 2024.

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, 2024, the Group made an impairment loss of HK\$6,433,000 (2023: a reversal of impairment loss of HK\$4,788,000) on trade receivables and an impairment loss of HK\$1,506,000 (2023: HK\$970,000) on contract assets in consideration of the likelihood of recovery of those aged receivables. In addition, the Group recognised an impairment loss of HK\$4,071,000 (2023: a reversal of impairment loss of HK\$4,000) 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 decreased to HK\$206,515,000 in 2024 from HK\$208,999,000 in 2023. The balance in 2024 represented the bank interest income of HK\$4,503,000 (2023: HK\$11,869,000), interest income from loans to employees of HK\$23,319,000 (2023: HK\$23,319,000), government subsidies of HK\$124,517,000 (2023: HK\$141,205,000) and sundry income of HK\$54,176,000 (2023: HK\$32,606,000).



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### Selling and distribution costs and administrative expenses

Selling and distribution costs increased by 3.7% to HK\$246,302,000 in 2024 from HK\$237,463,000 in 2023. 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; and (ii) the increase in commission expenses due to more revenue derived from businesses with higher commission rate when compared to the corresponding period last year. Administrative expenses decreased by 1.1% to HK\$623,557,000 in 2024 from HK\$630,568,000 in 2023. The decrease was mainly attributable to the decrease in professional fee and the decrease in depreciation expenses arisen from the revaluation loss of pipelines in the prior year.

#### Finance costs

Finance costs decreased by 4.1% to HK\$629,488,000 in 2024 from HK\$656,065,000 in 2023. The decrease was mainly attributable to decrement 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, 2024, withholding tax amounting to HK\$17,493,000 (2023: HK\$4,833,000) was charged by the PRC tax authority on the dividends paid to overseas group entities.

Accordingly, the income tax expenses in 2024 amounted to HK\$247,553,000 (2023: HK\$284,844,000).

#### Non-HKFRS EBITDA

For the purposes of this report, 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\$1,721,595,000 for the year ended 31st December, 2024, representing a decrease of 8.7% as compared with that of approximately HK\$1,885,251,000 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 RMB1,570,095,000 for the year ended 31st December, 2024, representing a decrease of 7.5% as compared with that of approximately RMB1,696,726,000 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\$146,384,000 in 2024, representing a decrease of 40.7% as compared with that of HK\$246,720,000 in 2023.

#### Net profit margin

For the year ended 31st December, 2024, the net profit margin, representing a ratio of profit attributable to owners of the Company to turnover, was 1.1% (2023: 1.8%).





## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

#### Earnings per share

The basic and diluted earnings per share attributable to the owners of the Company were HK5.25 cents and HK5.25 cents respectively in 2024, as compared with that of HK8.74 cents and HK8.74 cents respectively in 2023.

#### Net assets value per share

The net assets value per share attributable to the owners of the Company was HK\$2.66 as at 31st December, 2024, representing a decrease of 3.6% as compared with that of HK\$2.76 as at 31st December, 2023.

### 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, 2024, the total assets of the Group decreased by HK\$207,483,000 or 0.8% to HK\$26,222,624,000 (2023: HK\$26,430,107,000).

As at 31st December, 2024, the Group has net current liabilities of HK\$3,117,950,000 (2023: HK\$5,273,877,000). Decrease in net current liabilities was mainly due to decrease in borrowings due within one year.

As at 31st December, 2024, the Group's current ratio, represented by a ratio of total current assets to total current liabilities, was approximately 0.7 (2023: 0.6).

As at 31st December, 2024, the total borrowings and lease liabilities increased by HK\$699,850,000 or 5.7% to HK\$12,924,276,000 (2023: HK\$12,224,426,000).

As at 31st December, 2024, the Group had total net debts of HK\$11,273,419,000 (2023: HK\$10,701,742,000), measured as total borrowings and lease liabilities minus the bank balances and cash. As at 31st December, 2024, the Group had net gearing ratio of approximately 1.35 (2023: 1.23), measured as total net debts to total equity of HK\$8,380,971,000 (2023: HK\$8,693,427,000). The increase of net gearing ratio mainly due to the increase of total borrowings and decrease of total equity.

#### Financial resources and liquidity

During the year ended 31st December, 2024, the Group entered into several loan agreements with several banks in Hong Kong, pursuant to which loan facilities of up to HK\$4,505,694,000 in total were made available to the Group.

During the year ended 31st December, 2024, the Group generally financed its operations with internally generated resources and bank and other borrowings. As at 31st December, 2024, all of the bank and other borrowings were on normal commercial terms.

The Group's borrowing was not affected by seasonality.

The Group's borrowings, principally denominated in RMB, which were outstanding as at 31st December, 2024 amounted to approximately HK\$8,739,376,000 (2023: HK\$4,219,166,000). Bank borrowings amounting to approximately HK\$10,142,924,000 (2023: HK\$10,111,013,000) and approximately HK\$2,756,748,000 (2023: HK\$2,092,680,000) were carried at floating interest rate and fixed interest rate respectively.

Cash and cash equivalents held by the Group as at 31st December, 2024 was approximately HK\$1,495,088,000 (2023: HK\$1,438,981,000), principally denominated in RMB.



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

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 2024, 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, 2024, the Group did not, but was actively exploring opportunities to, employ any financial instruments for hedging purposes.

#### EMPLOYEE INFORMATION

As at 31st December, 2024, the Group had a total of 5,146 employees (2023: 5,087) in Hong Kong and the People's Republic of China (the "PRC"), and the total employee benefit expenses (other than directors) for the year was approximately HK\$651,570,000 (2023: HK\$639,808,000). 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.

#### SHARE OPTION SCHEME

On 24th October, 2003, the Company adopted a share option scheme ("First Share Option Scheme") pursuant to which the Directors were authorized to grant share option to its employees (including executive directors and employees of any of its subsidiaries) or any person who has contributed or will contribute to the Group. The First Share Option Scheme was terminated and replaced by a new share option scheme ("Second Share Option Scheme") on 3rd May, 2013 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 3rd May, 2013. As at 31st December, 2024, there was no share option outstanding under the First Share Option Scheme.

The Second Share Option Scheme was valid and effective for a period of ten years commencing on 3rd May, 2013 and expired on 2nd May, 2023. Under the Second Share Option Scheme, the Directors may offer to any employees or any eligible person, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Second Share Option Scheme. Such scheme was terminated and replaced by another new share option scheme ("Third Share Option Scheme") on 2nd June, 2023 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 2nd June, 2023.

The details of the Second Share Option Scheme and movements of the Company's share options granted under the Second Share Option Scheme during the year ended 31st December, 2024 are disclosed in the section headed "Share Option Scheme" in the Directors' Report.





## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

The Third Share Option Scheme shall be valid and effective for a period of ten years commencing on 2nd June, 2023 and will expire on 1st June, 2033. Under the Third Share Option Scheme, the Directors may offer to any employees or any participant who is a director or employee of any related entity in accordance with Chapter 17 of the Listing Rules, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Third Share Option Scheme. Since the adoption of the Third Share Option Scheme and during the year ended 31st December, 2024, no share option have been granted, exercised, cancelled or lapsed under the Third Share Option Scheme.

#### CHARGE ON THE GROUP'S ASSETS

As at 31st December, 2024 and 2023, 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 ended 31st December, 2024, save for events described in notes 21 and 22 to the consolidated financial statements, 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, 2024, the Board did not have any specific plans for material investment or capital assets.

#### CAPITAL AND OTHER COMMITMENTS

As at 31st December, 2024, the capital expenditure in respect of the acquisition of property, plant and equipment and right-of-use assets contracted for but not provided in the consolidated financial statements was HK\$98,076,000 (2023: HK\$138,112,000).

#### CONTINGENT LIABILITIES

As at 31st December, 2024, the Group did not have any contingent liabilities (2023: nil).



# BIOGRAPHICAL INFORMATION OF DIRECTORS

## Executive Directors

**Mr. Wang Wenliang**, aged 54, is the Chairman of the Company. He was appointed as an executive Director on 10th July, 2003 and is responsible for the overall strategic planning and operational development of the Company and its subsidiaries (collectively the “Group”). Mr. Wang also serves as a director of certain other subsidiaries within the Group. Mr. Wang have accumulated over 30 years of business experience in China. With keen investment vision and rich operational and management experience, he has invested in various fields including financial securities, internet information services and operation, building materials, real estate development, energy and infrastructures, etc. Mr. Wang currently serves as the standing vice chairman of Hong Kong Association for Promotion of Peaceful Reunification of China Limited and the deputy chairman of the fourth council of China Foundation For Justice And Courage. Mr. Wang was an executive director of China Gas Holdings Limited between 17th January, 2003 and 10th June, 2003. Mr. Wang completed his postgraduate course in Finance in the Graduate School of Chinese Academy of Social Sciences in the PRC in June 2001. Mr. Wang completed the EMBA program at School of Business of Peking University in July 2019. Mr. Wang is the sole shareholder, a chairman and director of Hezhong Investment Holding Company Limited (“Hezhong”), which is a substantial shareholder (as defined in the Listing Rules) of the Company.

**Mr. Yiu Chi Shing**, aged 61, is the executive Director and Vice Chairman of the Company. He was appointed as an executive Director and Vice Chairman of the Company on 29th October, 2021. He holds a master's degree in Business Administration from Huaqiao University, PRC and a honorary Doctor of International Business from William Penn University, Iowa, USA. He is also qualified as a senior economist. Mr. Yiu is the Chairman of the board of directors of TransGlobal Group (International) Limited, a company principally engaged in real estate development and operation, financial investments, tourist resorts and the construction of bridges, roads and urban public utility infrastructure in Hong Kong and Mainland China. Mr. Yiu is an executive director and vice chairman of United Energy Group Limited (stock code: 467) since September 2024. Mr. Yiu is a standing committee member of the National Committee of the Chinese People's Political Consultative Conference, the president of the Hong Kong Association for the Promotion of Peaceful Reunification of China Limited, a member of the Election Committee of the HKSAR and a Justice of the Peace of the HKSAR. He is also awarded the Gold Bauhinia Star by the Government of the HKSAR.

**Mr. Lui Siu Keung**, aged 53, is the Chief Executive Officer and Company Secretary of the Company. He was appointed as an executive Director of the Company on 22nd October, 2007. Mr. Lui joined the Company in 2003 and is responsible for the general business operations and management. Mr. Lui also serves as a director of certain other subsidiaries within the Group. Mr. Lui has approximately twenty years of experience in corporate finance, accounting and auditing fields. He graduated from The Hong Kong Polytechnic University with a bachelor of arts degree in accountancy in November 1996. Mr. Lui is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Lui was an independent non-executive director of Dashan Education Holdings Limited (stock code: 9986) from June 2020 to Feb 2023.



## BIOGRAPHICAL INFORMATION OF DIRECTORS

**Mr. Jia Kun**, aged 54, is an executive Director of the Company. He was appointed as an executive Director on 25th February, 2019. Mr. Jia graduated from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Zhongnan University of Law (中南政法學院)) and Cheung Kong Graduate School of Business (長江商學院). Mr. Jia holds a bachelor of laws degree and an EMBA degree. Mr. Jia has several years of judicial, legal, risk management and administrative management experience. Mr. Jia previously served as head of office and chief executive officer of Henan Hezhong Group Company (河南和眾集團公司). Mr. Jia joined the Group in 2003 and currently serves as its executive president (執行總裁). Mr. Jia also serves as a director of certain other subsidiaries within the Group.

**Mr. Lu Zhaoheng**, aged 61, is an executive Director of the Company. He was appointed as an executive Director on 24th June, 2004. Mr. Lu also serves as a director of certain other subsidiaries within the Group. Mr. Lu is the National Registered Public Facilities Engineer and Senior Engineer. Mr. Lu graduated from 重慶建築工程學院 (The Architecture and Engineering Institute of Chongqing) specializing in Town Gas Thermal Engineering in 1984, and obtained a master degree in senior management of business administration from China Europe International Business School in 2017. Mr. Lu has accumulated more than thirty years of experience in the development and commercialisation of natural gas in the PRC. Mr. Lu held various positions in 河南省城鄉規劃設計研究總院 (Henan Urban Planning Institute Corporation) and has comprehensive qualification and experience in planning research, engineering and business management in the natural gas industry.

**Mr. Li Yan**, aged 61, is an executive Director of the Company. Mr. Li joined the Group in 2003. He was appointed as an executive Director on 25th February, 2019. Mr. Li also serves as a director of certain other subsidiaries within the Group. Mr. Li holds a bachelor's degree from Henan University of Economics and Law (河南財經政法大學) (formerly known as Henan University of Economics (河南財經學院)) and an EMBA degree from The Guanghua School of Management of Peking University (北京大學光華管理學院). Mr. Li taught accounting, finance and economics at Henan Province Supply and Marketing School (河南省供銷學校) from July 1988 to February 1992 and served as assistant to the general manager of China Commercial Resources Zhengzhou Company (中國商業物資鄭州公司) from March 1992 to 2002. In December 2005, Mr. Li obtained the title of senior economist.

### Independent Non-executive Directors

**Mr. Li Chunyan**, aged 61, is an independent non-executive Director, Chairman of Audit Committee, Remuneration Committee and Nomination Committee of the Company. He was appointed as an independent non-executive Director on 5th October, 2010. He has been a practicing lawyer at Henan Shi Ji Tong Law Office (河南世紀通律師事務所) since April 1999. He has also been a teacher at Xiangcheng Normal School in Henan Province, a lawyer at Pingdingshan Economic Law Office (平頂山經濟律師事務所), a lawyer at Asia Pacific (Group) CPAs, a certified public accountant, as well as a registered assets valuer. In July 2007, he attended the independent director training of Shenzhen Stock Exchange and obtained the qualification certificate of independent directors. He has been an external director of Henan Investment Group Co., Ltd. (河南投資集團有限公司) since November 2022.



## BIOGRAPHICAL INFORMATION OF DIRECTORS

**Dr. Key Ke Liu**, aged 60, is an independent non-executive Director, a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He was appointed as an independent non-executive Director on 21st August, 2023. Dr. Liu is now the chair professor, the dean of School of Innovation and Entrepreneurship and the dean of Clean Energy Institute at the Southern University of Science and Technology in Shenzhen, China, a foreign member of the Australian National Academy of Engineering. Dr. Liu holds a bachelor and a master of science in chemical engineering from Northwestern University in Xian, China, a master's degree and PhD in chemical engineering from City University of New York and a master's degree in management from Rensselaer Polytechnic Institute. Dr. Liu was an independent director of Konfoong Materials International Co., Ltd. (寧波江豐電子材料股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 300666) for the period from April 2015 to December 2020, Shenzhen Hifuture Information Technology Company Limited (深圳市惠程信息科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002168) for the period from July 2016 to March 2023, Shenzhen Agricultural Power Group Company Limited (深圳市農產品集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000061) for the period from January 2023 to July 2024 and Winner Medical Co., Ltd. (穩健醫療用品股份有限公司) (a company listed on ChiNext of the Shenzhen Stock Exchange, stock code: 300888) for the period from July 2021 to August 2024.

**Ms. Liu Yu Jie**, aged 60, is an independent non-executive Director, a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company. She was appointed as an independent non-executive Director on 30th June, 2017. Ms. Liu graduated from University of International Business and Economics in Beijing and obtained a master's degree in business management. She has been working in Hong Kong, Singapore and the PRC for over 20 years and is

familiar with the business environment and regulatory systems of such jurisdictions. She has comprehensive experience in capital markets, business promotion and corporate management through participating in initial public offerings, underwriting over 30 companies in their respective initial public offerings on The Stock Exchange of Hong Kong Limited, and having led and completed mergers and acquisitions of a number of companies in Hong Kong and Singapore. Ms. Liu also assisted in capital raising and management of large-scale industrial funds which make investments in China, and acted as executive directors of listed companies in Hong Kong and Singapore which engaged in utilities and infrastructure investments. Ms. Liu is a non-executive director of China Water Affairs Group Limited (stock code: 855) and an executive director of New Universe Environmental Group Limited (stock code: 436) and Kangda International Environmental Company Limited (stock code: 6136). She was also an executive director of SIIC Environment Holdings Ltd. (a company listed on the Singapore Exchange) from 19th November, 2009 to 8th August, 2014.

### Update on Directors' Information Under Rule 13.51B(1) of the Listing Rules

- Mr. Yiu Chi Shing was appointed as an executive director and vice chairman of United Energy Group Limited (stock code: 467) with effect from 18th September, 2024.
- Dr. Key Ke Liu resigned as an independent director of Shenzhen Agricultural Power Group Company Limited (深圳市農產品集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000061) with effect from 22nd July, 2024 and Winner Medical Co., Ltd. (穩健醫療用品股份有限公司) (a company listed on ChiNext of the Shenzhen Stock Exchange, stock code: 300888) with effect from 11th August, 2024.



# CORPORATE GOVERNANCE REPORT

The board of directors (the “Directors”) and the management of Zhongyu Energy Holdings Limited (the “Company”) are committed to high standards of corporate governance. Corporate governance system is set up to achieve a balance of the interests of different participants in the corporation, to direct and manage corporate affairs and to monitor corporate performance. The Company is dedicated to continue improving its corporate governance practices to ensure accountable, transparent and efficient management.

The Company has fully complied with all code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) (the “CG Code”) for the year ended 31st December, 2024. The following summarises the corporate governance practices of the Company and the reasons for deviations, if any, from the CG Code.

## **Executive Directors:**

Mr. Wang Wenliang (“Mr. Wang”) (*Chairman*)  
 Mr. Yiu Chi Shing (*Vice Chairman*)  
 Mr. Lui Siu Keung (“Mr. Lui”) (*Chief Executive Officer*)  
 Mr. Jia Kun (*Executive President*)  
 Mr. Lu Zhaoheng  
 Mr. Li Yan

## **Independent Non-executive Directors:**

Mr. Li Chunyan  
 Dr. Key Ke Liu  
 Ms. Liu Yu Jie

Save for the Directors’ business relationships as a result of their respective directorships and positions in the Company and its subsidiaries (collectively the “Group”), there are no financial, business, family or other material or relevant relationships among members of the Board.

The Company received a written annual confirmation of independence from each of the independent non-executive Directors pursuant to the Rule 3.13 of the Listing Rules. The Company considered each independent non-executive Director to be independent.

## **A. Board of Directors**

The board of Directors (the “Board”), holds responsibility for leadership and control of the Company. By directing and supervising corporate affairs, the Board plays an important role in protecting and enhancing long-term shareholder value.

### **A.1 Board composition**

As at 31st December, 2024, the Board included nine Directors, of which six were executive Directors and the remaining three were independent non-executive Directors. The composition of the Board for the year ended 31st December, 2024 and up to the date of this report are as follows:

Given the business nature, the Board members have distinct skills and experience in a variety of business range, which includes city gas network design and operation, organisational management, financial and securities trading market, etc.. The relevant biographies and the respective roles of all Directors on the Board are set out on pages 30 to 32 in this report.

The primary roles of the Board are to set the corporate strategy by determining business objectives, development plan and strategic policies; to delegate day-to-day operations to the management and to monitor their operating and financial performance; to avoid risks and oversee corporate affairs.



## CORPORATE GOVERNANCE REPORT

### A.2 Board meetings and information supply

The Board meets regularly and board meetings were held quarterly and additional meetings would be arranged, if and when required. All Directors can attend meetings in person or through other electronic means of communication.

The Company Secretary assists the Chairman in establishing the meeting agenda and each Director may request inclusion of matters in the agenda.

Notice of at least 14 days in advance is given for a regular board meeting to give all Directors an opportunity to attend.

The management of the Company has provided the Board with adequate information in a timely manner to enable it to make informed decisions. In addition, the management may be invited, if and when requested, to attend board meetings to make presentation and answer the queries raised by the Board.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations are followed.

Minutes of board meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable notice by any Director.

Minutes of board meetings are recorded in sufficient detail and draft and final versions of minutes of board meetings are sent to all Directors for their comment and records respectively, in both cases within a reasonable time after the board meeting is held.

If and when a substantial shareholder of the Company or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation but a board meeting would be held. Independent non-executive Directors (and whose associates) who have no material interest in the transaction would be present at such board meeting.

For the year ended 31st December, 2024, the Board held 14 board meetings and the Company held one general meeting. The attendance records of all board meetings and the general meeting are set out below:

#### Executive Directors

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  
Mr. Li Yan

#### Independent Non-executive Directors

Mr. Li Chunyan  
Dr. Key Ke Liu  
Ms. Liu Yu Jie

#### General meeting      Board meetings

1	100%	14	100%
1	100%	12	86%
1	100%	14	100%
1	100%	12	86%
1	100%	12	86%
1	100%	12	86%
1	100%	12	86%
1	100%	12	86%
1	100%	12	86%
1	100%	12	86%
1	100%	12	86%





## CORPORATE GOVERNANCE REPORT

### A.3 Chairman and chief executive

The Chairman is responsible for offering leadership and effectiveness for the Board, arranging all key and appropriate issues to be discussed by the Board in a timely manner, and ensuring the Board acts in the best interests of the Group by establishing constructive relations between executive and non-executive Directors and providing effective communication with shareholders; whereas the chief executive is responsible for running the Group's business, supervising the implementation of the Group's strategy in achieving the overall commercial objectives and managing the day-to-day operation of the Group.

The Provision C.2.1 in Part 2 of CG Code provides that the roles of Chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly established and set out in writing.

During the year ended 31st December, 2024, Mr. Wang served as the Chairman and Mr. Lui served as the chief executive officer. Save for their business relationship as a result of their respective directorships and positions in the Group, there are no financial, business, family or other material or relevant relationships between Mr. Wang and Mr. Lui.

### A.4 Appointments and re-election

According to the Company's articles of association amended and restated on 2nd June, 2022 ("Articles of Association"), the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board and the Directors shall have the power from

time to time and at any time to appoint any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following annual general meeting of the company and shall then be eligible for re-election.

Except for the Directors hereinafter, the Company renewed the service contracts with each Director on 11th July, 2024. The Company renewed the service contracts with Mr. Jia Kun on 25th February, 2022, with Ms. Liu Yu Jie on 3rd June, 2023, with Mr. Li Yan on 25th February, 2024 and with Mr. Yiu Chi Shing on 29th October, 2024. The Company entered into service contract with Dr. Key Ke Liu on 21st August, 2023. The term of appointment for the Directors is three years and they are subject to retirement by rotation and re-election in accordance with the Articles of Association. The details of procedure for retirement of Directors are as follows:

According to the Articles of Association, one-third of the Directors shall retire from office by rotation at the annual general meeting. Furthermore, in compliance with Provision B.2.2 in Part 2 of CG Code, every director should be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Director so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall be determined by lot. Any Director appointed pursuant to the Company's Articles of Association as stated in the first paragraph under the heading "A.4 Appointment and re-election" shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.



## CORPORATE GOVERNANCE REPORT

### A.5 Responsibilities of directors

Directors are provided with sufficient and appropriate information by management periodically to ensure they have a proper understanding of the operations and business of the Group, and to enable them to be fully aware of their responsibilities. When a new Director is appointed, he will receive a formal induction and other materials to familiarize with the Group promptly. Besides every Director is required to disclose his interests, potential conflict of interests, and changes in a timely manner according to the Group's written responsibilities guideline. The Company strive to ensure independent views and input are available to the Board. The independent non-executive Directors participate in board meetings and serve on relevant committees to make an independent judgment on corporate affairs and to develop a balanced understanding of the views of shareholders. Individual Directors may also seek external independent professional advice, at the Company's expense, on any specific matter. The Company also encourages all Directors to participate in programs of continuous professional development to develop and refresh their knowledge and skills, in order to discharge their responsibilities positively and constructively.

### A.6 Directors' securities transaction

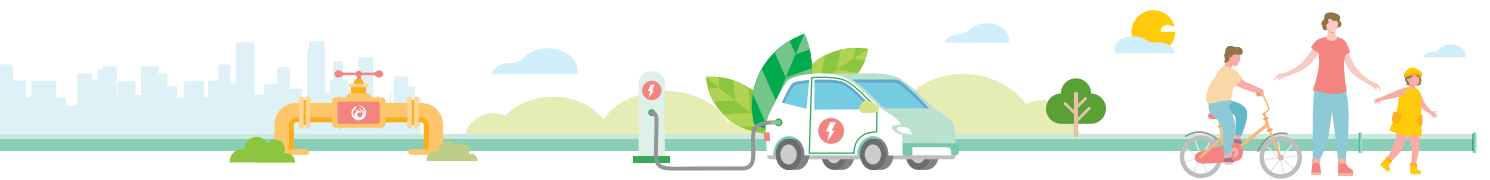
The Company has adopted and complied with the Model Code as set out in Appendix C3 of the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, they have all confirmed their compliance with the required standard of dealings and the Model Code regarding securities transactions by Directors adopted by the Company during the year ended 31st December, 2024.

### A.7 Directors and Officers' Liabilities Insurance

The Company maintains appropriate insurance cover in respect of legal action against the Company's directors and officers when they discharge their duties. The insurance coverage is reviewed on an annual basis.

### A.8 Corporate Governance Functions

The Board also assumes the corporate governance functions and is responsible for: developing and reviewing the Company's policies on corporate governance; reviewing and monitoring training and continuous professional development of Directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; developing, reviewing and monitoring the Company's code of conduct; and reviewing the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.



## CORPORATE GOVERNANCE REPORT

### A.9 Continuous Professional Development

Any newly appointed Director would receive an induction package covering the Group's operations, businesses, governance policies and the statutory regulatory obligations and responsibilities of a director of a listed company. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged in-house trainings for Directors and provision of training materials. A summary of training received by Directors during the year ended 31st December, 2024 according to the records provided by the Directors is as follows:

Training on corporate governance, Directors' responsibilities and other relevant topics	
Name of Directors	
<b>Executive Directors</b>	
Mr. Wang Wenliang	✓
Mr. Yiu Chi Shing	✓
Mr. Lui Siu Keung	✓
Mr. Jia Kun	✓
Mr. Lu Zhaocheng	✓
Mr. Li Yan	✓
<b>Independent non-executive Directors</b>	
Mr. Li Chunyan	✓
Dr. Key Ke Liu	✓
Ms. Liu Yu Jie	✓

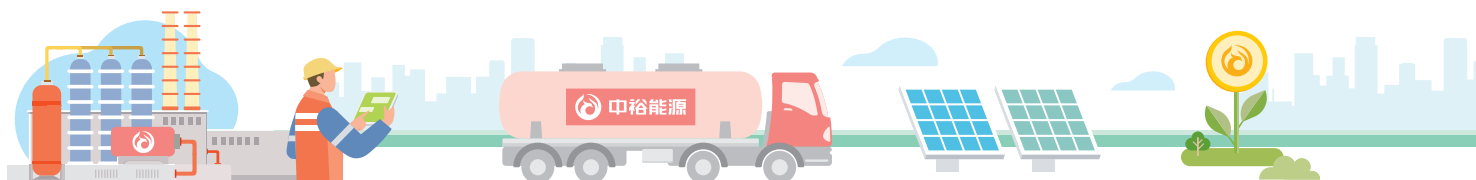
The Directors confirmed that they have complied with the Provision C.1.4 in Part 2 of CG Code Provision in relation to continuous professional development.

### B. Remuneration Matters

The Board has established a Remuneration Committee comprising three independent non-executive Directors including Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie. Mr. Li Chunyan is the chairman of the Remuneration Committee. The Remuneration Committee meets at least once a year. It will consult the Chairman about their remuneration proposals for other executive directors and the primary responsibilities of the Remuneration Committee are: to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; to determine specific remuneration packages of individual executive directors and senior management including benefits in kind, pension rights and compensation policy (i.e. the model as described in Provision E.1.2(c) in Part 2 of CG Code was adopted); to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; to ensure that no Director or any of his associates is involved in deciding his own remuneration; and to review and/or approve matters related to share schemes under Chapter 17 of the Listing Rules.

Two remuneration committee meetings were held during the year ended 31st December, 2024 to review the remuneration packages of Directors with reference to their duties and responsibilities within the Group, the Company's remuneration policy and the prevailing market condition. The attendance record of the Remuneration Committee meeting is set out below:

<b>Independent Non-executive Directors</b>		
Mr. Li Chunyan (Chairman)	2	100%
Dr. Key Ke Liu	2	100%
Ms. Liu Yu Jie	2	100%



## CORPORATE GOVERNANCE REPORT

### C. Accountability and Audit

#### C.1 Financial reporting

The Directors acknowledge their responsibilities for preparing the accounts of the Group and ensuring that the preparation of the accounts of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors shall ensure the publication of the Group's accounts in a timely manner.

The statement of the Auditor of the Company about their reporting responsibilities on the accounts of the Group is set out in the Independent Auditor's Report of this Annual Report.

#### C.2 Risk Management and Internal controls

The risk management and internal control systems have a key role in the management of risks that are significant to the fulfillment of corporation business objectives. Internal control is designed to facilitate the effectiveness and efficiency of operations, to help ensure the reliability of internal and external reporting, to assist compliance with laws and regulations.

Risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for the Group's risk management and internal control systems and reviewing their effectiveness. The effectiveness of the risk management and internal control systems is reviewed

annually by the Board through the Audit Committee. Management is accountable to the Board for ongoing monitoring of the systems of risk management and internal control. By covering financial, operational, compliance controls and risk management, the Board takes the following procedures to achieve business objectives: A distinct organizational structure exists with defined lines of authority and control responsibilities.

- As the Board sets up corporate strategy and delegates daily operation power to senior management, both senior managers in administration headquarter and heads in divisions or projects are involved in the strategic plan and resource allocation to achieve their annual operational and financial targets.
- A comprehensive performance assessment system is implemented to provide financial and operational performance evaluation for both the management and employees once a year. When there are variances against targets or quality requirements, to find the reasons and take appropriate actions to eliminate gaps.

According to business nature and management structure, the Company has established different departments in two levels. The administration headquarter has major responsibilities to prepare and accomplish the Group's business development plan, to conduct day-to-day operation and report to senior management directly, to appoint and direct administrative officers in gas project divisions and to assess their business performances, to implement internal control and avoid operational and financial risks. Compared with headquarter offices, the gas



## CORPORATE GOVERNANCE REPORT

project divisions hold very similar duties except that all their daily jobs are done in a lower level and they have to report to the corresponding administration departments respectively on different operational matters.

In order to realize effective financial controls, through maintenance of proper accounting records, both the upper and lower financial departments ensure the Group is not unnecessarily exposed to avoidable financial risks and the financial information can be used only within the business and for reliable publication. They also contribute to pre-setting annual financial budgets, saving expenses and safeguarding of assets, including the prevention and detection of fraud.

Operational control is another important part of the whole risk management and internal control system. To achieve effective result and avoid operational risks, human resource department employs motivation plan to attract employees with necessary knowledge, skills and information, while administrative and engineering departments in two levels pay more attention to ensure efficient operational management and construct high quality gas projects. In addition, all employees have responsibility for internal control as part of their accountability for achieving the Group's objectives. With delegated authority, they are allowed to establish, operate and monitor the system of internal control, and are required to have an understanding of the Group, its objectives, the energy industry and gas markets, and the risks it faces.

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules and the overriding principle that inside information should be announced as soon as practicable after such information comes to our attention unless it falls within the "Safe Harbours" as defined under the Securities and Futures Ordinance;
- conducts its affairs in strict compliance with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012;
- has implemented procedures for responding to external enquiries about the Group's affairs; and
- has implemented policy regarding prohibition on the unauthorised use of confidential or inside information.

The Group's internal audit department checks for compliance with statutory requirements, internal policies and procedures. It assesses the operating effectiveness and efficiency of the Group's risk management and internal control systems in the course of its audit. The audit scope and frequency are determined by the level of assessed risks and have to be reviewed and approved by the Audit Committee.

The Board, through the Audit Committee, reviews the risk management and internal control systems of the Group once every year.



## CORPORATE GOVERNANCE REPORT

During the year ended 31st December, 2024, the Board, through the Audit Committee, conducted an annual review of the effectiveness of the risk management and internal control systems of the Group. The annual review covered all material controls, including financial, operational and compliance controls. The annual review also covered the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, which the Board considered to be effective and adequate.

As part of the key processes that have been established in reviewing the adequacy and integrity of the systems of risk management and internal control, the Audit Committee of the Company reviewed risk management and internal control issues (if any) identified by internal auditor, external auditor, regulatory authorities and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board is of the view that the risk management and internal control systems of the Group are effective and adequate. The Board is also satisfied that the Group has fully complied with the code provisions on risk management and internal controls as set forth in the CG Code.

### C.3 Audit committee

The Company has established the Audit Committee in compliance with Rules 3.21 and 3.23 of the Listing Rules. The primary duties of the Audit Committee are: to independently review and supervise the financial reporting process and risk management and internal control systems,

to ensure good communication among Directors and the Company's auditors, to recommend the appointment of external auditors on an annual basis and approval of the audit fees, to assist the Board in oversight of the independence, qualifications, performance and compensation of the independent accountant, to review interim and annual results announcements as well as the financial statements prior to their approval by the Board, to provide audit report, advice, accounting policies and comments to all Directors.

The Audit Committee comprises three independent non-executive Directors who have extensive experience in financial matters, including Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie. Mr. Li Chunyan is the chairman of the Audit Committee. In 2024, the Audit Committee held two meetings to check the effectiveness of the risk management and internal control systems; to review the report of internal control prepared by the internal audit department; to consider major investigation findings on risk management and internal control matters (if any); to review the effectiveness of the Company's internal audit function; to review all draft interim and annual financial reports, circulars and announcements; and understand the external auditors' statutory audit plan and the Letters of Representation, and to consider and approve the audit fees. The attendance records of the Audit Committee meetings are set out below:

#### *Independent Non-executive Directors*

Mr. Li Chunyan (Chairman)	2	100%
Dr. Key Ke Liu	2	100%
Ms. Liu Yu Jie	2	100%





## CORPORATE GOVERNANCE REPORT

### C.4 Auditor's remuneration

The remuneration in respect of audit service provided by Deloitte Touche Tohmatsu, being the Company's auditor during the year 2024, amounted to HK\$4,100,000. There was no non-audit service provided by the Company's auditor during the year.

### D. Nomination Committee

The Board has established a Nomination Committee with written terms of reference in compliance with the CG Code. The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, the appointment and reappointment of Directors, Board succession planning and assessing the independence of independent non-executive Directors.

The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents. On selection of candidates for directorship of the Company, the Nomination Committee makes reference to criteria such as the skills, experience, professional qualifications, personal integrity and time commitments of such individuals. Each candidate shall be ranked by order of preference based on the needs of the Company and his/her reference check. The Nomination Committee shall report its findings and make recommendation to the Board on the appointment of appropriate candidate for directorship for decision.

The Nomination Committee comprises three independent non-executive Directors including Mr. Li Chunyan, Dr. Key Ke Liu and Ms. Liu Yu Jie. Mr. Li Chunyan is the chairman of the Nomination Committee.

The Nomination Committee held one meeting during the year ended 31st December, 2024 to determine the policy for the nomination of directors, review the nomination, re-appointment and re-election of Directors and to determine the nomination procedures and consider the process and criteria to be adopted by the Nomination Committee for selecting and proposing a person for election as a Director including the benefits of board diversity in terms of skill, experience, knowledge and gender. The attendance record of the Nomination Committee meeting is set out below:

#### Independent Non-executive Directors

Mr. Li Chunyan ( <i>Chairman</i> )	1	100%
Dr. Key Ke Liu	1	100%
Ms. Liu Yu Jie	1	100%



## CORPORATE GOVERNANCE REPORT

The Company believes diversity is important to enhance board effectiveness by encouraging a diversity of perspectives and to maintain high standards of corporate governance. According to the Board diversity policy adopted by the Company, the range of diversity perspectives may include a consideration of various factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry and regional experience, and other factors based on the specific needs of the Company. Through the adoption of the Board diversity policy, the Board believes it has developed a pipeline of potential successors to the Board which could achieve gender diversity. As at the date of this Report, the Board comprises nine Directors, one of which is female. The Nomination Committee targeted to avoid a single gender Board. It will review the composition of the Board annually to ensure an appropriate balance of diversity perspectives of the Board is maintained and will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. The Nomination Committee considered the current size and composition of the Board to be sufficient to meet the Company's business needs.

In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and needs for future growth as well as its shareholder value in the long-run.

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- availability of distributable profits;
- business conditions and strategies;
- future operations and earnings;
- development plans;
- cash requirements;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

## E. Shareholders' Rights

### Dividend Policy

The Company adopted a dividend policy (the "Dividend Policy") which aimed to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company.



## CORPORATE GOVERNANCE REPORT

Notwithstanding anything in the Dividend Policy, the declaration and payment of dividends (if any) by the Company is subject to the discretion of the Board, any restrictions under the Companies Law of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Company's Memorandum and Articles of Association and any other applicable laws and regulations.

### **Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings**

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company 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 company secretary of the Company by mail at Unit 02-06, 24th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, 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 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (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.

If shareholder(s) would like to express their views to a matter mentioned in a proposed resolution or other business to be dealt with at a general meeting, they can submit a written statement of not more than 1,000 words with respect to that matter or business to the company secretary at the address as mentioned in the preceding paragraph and request the Company to circulate their written statement to shareholders entitled to receive notice of the meeting. Such shareholder(s) must represent at least (a) 2.5% of the total voting rights of all the shareholders having the relevant right to vote at the meeting or (b) 50 shareholders having the relevant right to vote at the meeting.

### **Procedures by which enquiries may be put to the Board**

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Unit 02-06, 24th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the Directors of the Company.

### **Investor Relations and Shareholders Communication Policy**

The Company endeavours to maintain an on-going dialogue with shareholders and investment community, mainly through annual general meeting and other general meetings that may be convened. The members of the Board will make themselves available at general meetings to meet shareholders and answer their enquiries.



## CORPORATE GOVERNANCE REPORT

The Company maintains a website at [www.zhongyuenergy.com](http://www.zhongyuenergy.com), where information and updates on the Company's business developments and operations, financial information, corporate governance practices (including Shareholders Communication Policy) and other information are available for public access. The Company has reviewed such channels during the year and considered its Shareholders Communication Policy effective and adequate.

### F. Constitutional Documents

There was no change in the Company's constitutional documents during the year ended 31st December, 2024.

### G. Company Secretary

The Company Secretary is Mr. Lui Siu Keung. He took no less than 15 hours of relevant professional training during the year ended 31st December, 2024.

### H. Workforce Diversity

The Group is committed to providing equal opportunities for all employees and promoting a diverse and inclusive workplace. We respect and value the uniqueness of each employee and strictly adhere to the principle of equal opportunity in all employment matters to ensure that every employee is treated with respect and fairness. The Group prohibits any discrimination based on gender, disability, pregnancy, family status, race, color, religion, age, sexual orientation, nationality or union membership, and actively encourages the disabled to join and provides them with a supportive working environment.

As at the date of this report, approximately 66% of the Group's workforce (including senior management) is male and approximately 34% is female. The gender ratio is in line with industry norm.



## DIRECTORS' REPORT

The directors of the Company present their annual report and the audited consolidated financial statements of the Group for the year ended 31st December, 2024.

Further discussion and analysis of the activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business, an analysis using key performance indicators and an indication of likely future development in the Group's business can be found in the "Chairman's Statement", "CEO Message" and the "Management Discussion and Analysis" sections of this annual report (which form part of this report of the Directors).

### Principal Activities

The Company is an investment holding company and provides corporate management services to its subsidiaries. The activities of the Company's principal subsidiaries are set out in note 44 to the consolidated financial statements.

### Results and Appropriations

The results of the Group for the year ended 31st December, 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 62 and 63.

The Board recommended the payment of a final dividend of HK2 cents per ordinary share (payable in cash) for the year ended 31st December, 2024 to shareholders whose names appear on the register of members of the Company on 12th June, 2025 and the final dividend are expected to be paid on or about 15th July, 2025. The payment of final dividend shall be subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

### Investment Properties and Pipelines

The Group revalued all of its investment properties and pipelines included in property, plant and equipment at the year end date. The decrease in fair value of investment properties, which has been debited to profit or loss, amounted to HK\$423,000. The investment properties are primarily used as offices and shop in the PRC.

Details of the movements during the year in investment properties and pipelines of the Group are set out in notes 15 and 16 to the consolidated financial statements respectively.

### Share Capital

Details of movements during the year in the share capital of the Company are set out in note 34 to the consolidated financial statements.

### Distributable Reserves

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for distributions as dividends to shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In the opinion of the directors, as at 31st December, 2024, the Company's reserves available for distribution amounted to HK\$52,464,000 which consisted of share premium of HK\$2,429,452,000 and accumulated loss of HK\$2,376,988,000.

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

During the year ended 31st December, 2024, the Company repurchased on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") a total of 16,504,000 shares of the Company at a total consideration of HK\$79,131,950. 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 21st June, 2024 and 19th March, 2025. Details of the share repurchases are summarised as follows:



## DIRECTORS' REPORT

Month of repurchase	Total number of shares repurchased	Repurchased price per share		Aggregate consideration (HK\$)
		Lowest (HK\$)	Highest (HK\$)	
April 2024	9,300,000	4.85	5.00	45,944,750
December 2024	7,204,000	4.48	4.75	33,187,200

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, 2024.

### Directors

The directors of the Company during the year and up to the date of this report were:

#### Executive Directors

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  
 Mr. Li Yan

#### Independent non-executive Directors

Mr. Li Chunyan  
 Dr. Key Ke Liu  
 Ms. Liu Yu Jie

In accordance with Article 84(1) of the Company's Articles of Association, Mr. Wang Wenliang, Mr. Jia Kun and Mr. Lu Zhaoheng will retire by rotation at the upcoming annual general meeting and, being eligible, offer themselves for re-election.

### Directors Service Contracts

Except for the Directors hereinafter, the Company renewed the service contracts with each of the Directors on 11th July, 2024. The Company renewed the service contracts with Mr. Jia Kun on 25th February, 2022, with Ms. Liu Yu Jie on 3rd June, 2023, with Mr. Li Yan on 25th February, 2024 and with Mr. Yiu Chi Shing on 29th October, 2024. The Company entered into service contract with Dr. Key Ke Liu on 21st August, 2023. The term of appointment for all Directors under their respective service contracts, including the independent non-executive Directors, is three years and the Directors are subject to retirement by rotation and re-election in accordance with the Articles of Association and the CG Code. There are no existing or proposed directors' service contracts which are not determinable by the employer within one year without payment of compensation (other than statutory compensation).





## DIRECTORS' REPORT

### Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contracts of significance in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### DISCLOSURE OF INTERESTS

#### (a) Interests of Directors

As at 31st December, 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or

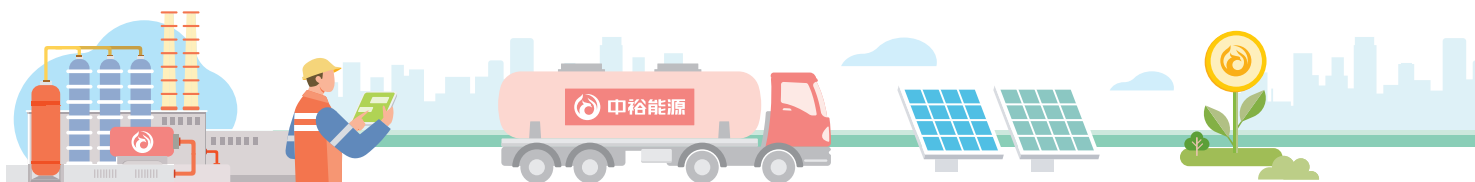
debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

#### Long positions in the shares/underlying shares of the Company

Name of Directors	Notes	Number of shares and/or underlying shares	Type of interests	Approximate shareholding interest as disclosed under the SFO (Note 9)
Mr. Wang Wenliang	1	800,225,206	Beneficial/Interest in controlled corporation/Interest of spouse	28.73%
Mr. Yiu Chi Shing	2	188,000,000	Interest in controlled corporation	6.75%
Mr. Lui Siu Keung	3	19,002,179	Beneficial	0.68%
Mr. Jia Kun	4	7,055,031	Beneficial	0.25%
Mr. Lu Zhaocheng	5	6,040,984	Beneficial	0.22%
Mr. Li Yan	6	9,013,063	Beneficial	0.32%
Mr. Li Chunyan	7	1,510,761	Beneficial	0.05%
Ms. Liu Yu Jie	8	502,900	Beneficial	0.02%

Notes:

- Among these shares and/or underlying shares, 767,962,289 shares were held by Hezhong Investment Holding Company Limited ("Hezhong"). Mr. Wang Wenliang was beneficially interested in 100% of the issued share capital of Hezhong. The remaining 21,324,616 shares and 10,938,301 shares were directly held by Mr. Wang Wenliang and his spouse respectively.
- These shares were held by Fundway International Investment Limited ("Fundway"). Mr. Yiu Chi Shing was beneficially interested in 100% of the issued share capital of Fundway.



## DIRECTORS' REPORT

3. *These comprise 11,458,679 shares directly held by Mr. Lui Siu Keung and 7,543,500 underlying shares issuable upon exercise of the rights attaching to the 7,543,500 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.*
4. *These shares were directly held by Mr. Jia Kun.*
5. *These comprise 3,023,584 shares directly held by Mr. Lu Zhaoheng and 3,017,400 underlying shares issuable upon exercise of the rights attaching to the 3,017,400 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.*
6. *These shares were directly held by Mr. Li Yan.*
7. *These comprise 1,007,861 shares directly held by Mr. Li Chunyan and 502,900 underlying shares issuable upon exercise of the rights attaching to the 502,900 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.*
8. *These represent underlying shares issuable upon exercise of the rights attaching to the 502,900 share options at an exercise price of HK\$5.468 per share granted under the Second Share Option Scheme.*
9. *As at 31st December, 2024, the total number of issued shares of the Company was 2,784,899,157.*

Save as disclosed above, as at 31st December, 2024, none of the Directors and chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### (b) Interests of substantial shareholders of the Company

So far as is known to the Directors, as at 31st December, 2024, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:



## DIRECTORS' REPORT

### Long positions in the shares of the Company

Name of shareholder	Notes	Type of interests	Number of Shares	Approximate shareholding interest as disclosed under the SFO (Note 5)
China Gas Holdings Limited	1	Interest of controlled corporation	1,030,402,000	37.00%
Hezhong	2	Beneficial	767,962,289	27.58%
Ms. Feng Haiyan	3	Beneficial/Interest of spouse	800,225,206	28.73%
Fundway	4	Beneficial	188,000,000	6.75%

#### Notes:

1. According to the disclosure of interests filings as shown in the website of the Stock Exchange as at 31st December, 2024, China Gas Holdings Limited held these shares through Rich Legend International Limited ("Rich Legend"), its wholly-owned subsidiary, and is therefore deemed to be interested in the 1,030,402,000 shares held by Rich Legend.
2. Hezhong was beneficially interested in 767,962,289 shares. Mr. Wang Wenliang was beneficially interested in 100% of the issued share capital of Hezhong.
3. Ms. Feng Haiyan directly held 10,938,301 shares and was deemed to be interested in 789,286,905 shares under the SFO as she is the spouse of Mr. Wang Wenliang.
4. Fundway was beneficially interested in 188,000,000 shares. Mr. Yiu Chi Shing was beneficially interested in 100% of the issued share capital of Fundway.
5. As at 31st December, 2024, the total number of issued shares of the Company was 2,784,899,157.

Save as disclosed above, as at 31st December, 2024, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### Share option scheme

On 24th October, 2003, the Company adopted a share option scheme ("First Share Option Scheme") pursuant to which the Directors were authorised to grant share option to its employees (including executive directors and employees of any of its subsidiaries) or any person who has contributed or will contribute to the Group. The First Share Option Scheme was terminated and replaced by a new share option scheme ("Second Share Option

Scheme") on 3rd May, 2013 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 3rd May, 2013.

As at 1st January, 2024 and 31st December, 2024, there was no share options outstanding under the First Share Option Scheme.



## DIRECTORS' REPORT

The purpose of the Second Share Option Scheme is to reward participants who have contributed or will contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Under the Second Share Option Scheme, the Directors may offer share options to any directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company in accordance with the terms of the Second Share Option Scheme.

The Second Share Option Scheme was valid and effective for a period of ten years commencing on 3rd May, 2013 and expired on 2nd May, 2023. The Board may, at its absolute discretion, specify in an offer to any participant a minimum period for which an option must be held before it can be exercised. Options granted under the Second Share Option Scheme may be exercised during the period to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant. An amount of HK\$1.00 is payable within 28 days from the day of grant upon acceptance of the grant of options. The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Second Share Option Scheme shall not, in the absence of shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of shares in issue on the adoption date (the "Scheme Mandate Limit of the Second Share Option Scheme"). The total number of shares available for issue under the Second Share Option Scheme is 252,400,768, represent approximately 9.06% of the number of issued shares of the Company as at 31st December, 2024. Options lapsed in accordance with the terms of the Second Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit of the Second Share Option Scheme.

The maximum number of shares issued upon exercise of the options granted to each grantee under the Second Share Option Scheme (including both exercised and outstanding options) in any 12-month period shall not (when aggregated with any shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the shareholders in a general meeting) exceed 1% of the shares of the Company in issue for the time being.

On 5th January, 2018, 126,000,000 share options to subscribe for an aggregate of 126,000,000 ordinary shares of the Company at par value of HK\$0.01 each were granted to the eligible participants (including Directors) by the Company pursuant to the Second Share Option Scheme. The exercise price of such share options granted under the Second Share Option Scheme was HK\$5.5 per share. The share options granted shall be valid for a period of ten years from the date of grant. The closing price of the Company's shares on 4th January, 2018, being the date immediately before the date on which the share options under the Second Share Option Scheme were granted, was HK\$4.98. As announced by the Company on 1st August, 2018, the exercise price and the number of options outstanding as at that date were adjusted to HK\$5.468 per share and 126,730,800 options in accordance with the terms of the Second Share Option Scheme, as a result of the issue of scrip shares by the Company to its shareholders on 1st August, 2018.

The Second Share Option scheme was terminated and replaced by another new share option scheme ("Third Share Option Scheme") on 2nd June, 2023 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 2nd June, 2023.

The scheme mandate limit of the Second Share Option Scheme is 252,400,768. No options were granted, exercised, cancelled or lapsed in the year under review. As at 31st December, 2024, 126,730,800 share options were granted, 3,526,100 share options have lapsed in accordance with the terms of the Second Share Option Scheme, 107,614,800 Shares have been issued under the Second Share Option Scheme and the number of share options outstanding was 15,589,900. The number of options available for grant under the scheme mandate limit of the Second Share Option Scheme was nil as at 1st January, 2024 and 31st December, 2024 and the date of this report. The outstanding share options, if converted in full into shares of the Company, represent approximately 0.56% of the number of issued shares of the Company as at 31st December, 2024.



## DIRECTORS' REPORT

The following table discloses movements of the Company's share options granted to the eligible participants (including Directors) under the Second Share Option Scheme during the year ended 31st December, 2024:

Name of participants who are Directors and category of other participants	Date of grant	Exercise period	Exercise price HK\$	Number of share options granted under the Second Share Option Scheme				
				Outstanding at 1st January, 2024	Granted during the year under review	Exercised during the year under review	Cancelled/ Lapsed during the year under review	Outstanding at 31st December, 2024
Lui Siu Keung	5th January, 2018	5th January, 2018 to 4th January, 2028 <sup>(a)</sup>	5.468	7,543,500	–	–	–	7,543,500
Lu Zhaocheng	5th January, 2018	5th January, 2018 to 4th January, 2028 <sup>(a)</sup>	5.468	3,017,400	–	–	–	3,017,400
Li Chunyan	5th January, 2018	5th January, 2018 to 4th January, 2028 <sup>(a)</sup>	5.468	502,900	–	–	–	502,900
Liu Yu Jie	5th January, 2018	5th January, 2018 to 4th January, 2028 <sup>(a)</sup>	5.468	502,900	–	–	–	502,900
				11,566,700	–	–	–	11,566,700
Employees	5th January, 2018	5th January, 2018 to 4th January, 2028 <sup>(a)</sup>	5.468	2,514,500	–	–	–	2,514,500
Employees	5th January, 2018	17th December, 2019 to 4th January, 2028 <sup>(b)</sup>	5.468	1,508,700	–	–	–	1,508,700
				15,589,900	–	–	–	15,589,900
Exercisable at the end of the year								15,589,900
Weighted average exercise price				HK\$5.468	–	–	–	HK\$5.468

Notes:

- (a) The options became vested immediately on 5th January, 2018.
- (b) Pursuant to an ordinary resolution passed by the Shareholders on 17th December, 2019, the options became vested immediately upon passing of the resolution.



## DIRECTORS' REPORT

The purpose of the Third Share Option Scheme is to reward participants who have made or will make contributions to the Group and to encourage longer term commitment of grantees to the Group and to better align their interests with those of the shareholders of the Company, which can contribute towards enhancing the value of the Company and the shares for the benefit of the Company and its shareholders as a whole. Under the Third Share Option Scheme, the Directors may offer to any employees or any participant who is a director or employee of any related entity in accordance with Chapter 17 of the Listing Rules, who has made or will make contributions to the Group, share options to subscribe for shares in the Company in accordance with the terms of the Third Share Option Scheme.

The Third Share Option Scheme shall be valid and effective for a period of ten years commencing on 2nd June, 2023 and will expire on 1st June, 2033. The Board may, at its absolute discretion, specify in an offer to any participant a minimum period for which an option must be held before it can be exercised. Options granted under the Third Share Option Scheme may be exercised during the period to be determined and notified by the Board to the grantee at the time of making an offer which shall not expire later than 10 years from the date of grant. An amount of HK\$1.00 is payable within 28 days from the day of grant upon acceptance of the grant of options. The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Third Share Option Scheme shall not, in the absence of shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of shares in issue on the adoption date (the "Scheme Mandate Limit"). The total number of shares available for issue under the Third Share Option Scheme is 282,975,315, represent approximately 10.16% of the number of issued shares of the Company as at 31st December, 2024. Options lapsed in accordance with the terms of the Third Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval but in any event, the total number of shares which may be issued upon exercise of all share options to be granted under the Third Share Option Scheme under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Third Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

Further, no options will be granted which would result in the maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the Third Share Option Scheme, the existing options granted under the Second Share Option Scheme, in aggregate, 30% of the issued share capital of the Company from time to time.

The maximum number of shares issued and to be issued upon exercise of the options granted to each grantee under the Third Share Option Scheme (excluding lapsed options) in any 12-month period shall not (when aggregated with any shares subject to options granted during such period under any other share option scheme(s) of the Company other than those options granted pursuant to specific approval by the shareholders in a general meeting) exceed 1% of the shares of the Company in issue for the time being.





## DIRECTORS' REPORT

The Scheme Mandate Limit of the Third Share Option Scheme is 282,975,315 (representing 10.21% of the issued shares of the Company as at the date of this report). Since the adoption of the Third Share Option Scheme and during the year ended 31st December, 2024, no share option have been granted, exercised, cancelled or lapsed. The number of options available for grant under the scheme mandate limit of the Third Share Option Scheme was 282,975,315 as at 1st January, 2024 and 31st December, 2024.

Save as disclosed above, (i) at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company; and (ii) no other equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

### Connected Transaction

To the extent the related party transactions set out in note 39 to the consolidated financial statements constitute connected transactions of the Company (i.e. the transactions referred to in note 27, note 31 and note 39(b)), they are fully exempt under Rule 14A.76 or Rule 14A.95 (as the case may be) of the Listing Rules. The Board confirms that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31st December, 2024.

### Compliance with Laws and Regulations

Zhongyu Energy strictly complies with environmental laws and regulations in each operating region, such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Waste Disposal Ordinance, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Soil Contamination, and the Law of the People's Republic of China on the Prevention and Control of Water Pollution. The Group always adheres to the principle of sustainable development, strictly implements the internally formulated Environmental Policy, and regards the protection of the ecological environment and the development of clean energy as its core work direction.

The Group respects human rights and strictly abides by relevant laws and regulations such as the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors and the Employment Ordinance of Hong Kong. It has also formulated internal management measures such as the Human Resources Management System. The Group strictly prohibits the use of child labor and forced labor in the workplace, and requires employees and business partners to comply with relevant preventive and remedial measures. The Group is committed to safeguarding the legitimate rights and interests of employees and ensuring that they are not infringed upon.

The Group strictly complies with relevant laws and regulations such as the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and the Occupational Safety and Health Ordinance of Hong Kong. It has formulated a number of occupational health and safety related systems to regulate the safety production responsibilities of personnel at all levels, and to ensure that these systems and measures are strictly enforced at all times.



## DIRECTORS' REPORT

### Environmental policies

The Group has established a mechanism to monitor, formulate and implement measures to ensure proper management and reduction of greenhouse gases, air pollutants, waste and wastewater emissions from its operations.

To reduce greenhouse gas emissions, the Group has adopted measures such as strengthening the inspection on exhaust gas from vehicles and prioritizing the procurement of new energy and clean energy vehicles (LNG vehicles and pure electric vehicles) to promote low-carbon transportation. There was a slight reduction in greenhouse gas emissions (measured by intensity per head) in the year ended 31st December, 2024 when compared to the preceding year.

To enhance water usage efficiency, the Group has introduced water-saving technologies such as water-saving faucets and water-saving toilet systems, thereby reducing consumption in daily operations.

The Group has set waste reduction goals and is committed to reducing hazardous and non-hazardous wastes per head to minimize the environmental impact of office operations.

The Group regularly reviews its energy efficiencies and management systems by means such as the procurement of energy saving equipment, promotion of energy saving plans, reducing power consumption to lower the electricity consumption per capita and continuously improve the Group's energy performance.

### Key Relationship with Employees

The Group has put in place a comprehensive employment system covering compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, anti-discrimination, and other benefits and welfare. In order to meet the needs of business expansion, the Group makes active efforts to recruit talent through open and campus recruitment activities based on the principles of fair competition, two-way selection and merit selection. We have formulated Performance Management System, pursuant to which we provide fair and reasonable promotion opportunities to our employees. The ranks and remuneration of employees are determined according to their skills, contributions and scope of influence. The Group also provides thorough and comprehensive training for staff at all levels through diversified means including lectures, practical training, sharing and learning, onsite observation and outreach training.

### Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 13.7% of total turnover for the year. The Group's largest customer accounted for 4.6% of the total sales for the year. The Group allows an average credit period of 30 to 180 days to its trade customers. Customers are mainly local reputable corporate entities in the PRC and no significant counterparty default was noted in the past. The concentration of credit risk is limited due to the customer base being large and unrelated.



## DIRECTORS' REPORT

For the year ended 31st December, 2024, our five largest suppliers comprised 48.5% of our total purchase for the year. The Group's largest supplier accounted for 29.6% of the total purchase for the year. Long-term relationship has been established with major suppliers to ensure stable supply of gas.

At no time during the year did a director, a close associate of a director, or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

### Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### Confirmation from Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Board is not aware of any circumstances which may influence the independent non-executive Directors in exercising their independent judgement.

### Emolument Policy

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, having regard to the Group's operating results, the Directors' duties and responsibilities within the Group and comparable market statistics.

Pursuant to E.1.5 of the CG Code, the remuneration of the senior management of the Company is set out in note 12 to the consolidated financial statements.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in the section headed "Share option scheme" in the Directors' Report and note 36 to the consolidated financial statements.

### Retirement Benefits Plans

The Group had joined the Mandatory Provident Fund Scheme under the rules and regulations of the Hong Kong Mandatory Provident Fund Schemes Authority. The Group's employees in Hong Kong are required to join the scheme. The Group and each employee employed in Hong Kong are required to make a contribution of 5% on the employees' monthly relevant income with a maximum monthly contribution of HK\$1,500 per person.

No forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions.

The Company's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in various central pension schemes operated by the relevant municipal and provincial governments. These subsidiaries are required to make defined contributions to these schemes at rates ranging from 15% to 30% of their covered payroll. The Group has no other material obligation for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.



## DIRECTORS' REPORT

### Indemnity Provision

Pursuant to article 164 of the Articles of Association of the Company, every director of the Company shall be entitled to be indemnified and assured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or trusts in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said directors. Such provision was in force during the year ended 31st December, 2024 and remained in force as of the date of this report.

### Principal Risks and Uncertainties Facing by the Group

Work safety is the most important operational risk facing by the Group. The Group has formulated various rules in relation to occupational health and work safety in accordance with the Law of the People's Republic of China on Work Safety to specify work safety responsibilities of staff at all levels, and ensure that these rules and measures are strictly followed. We organize annual training for all staff in respect of management, environment to safety systems, and departments organize their own relevant training as well, with the aim of raising employees' awareness of prevention. We have also equipped our employees with appropriate safety gear to ensure their work safety. For frontline positions, all employees are strictly required to obtain certificates of labour skills from the government, ensuring that the related personnel are equipped with the professional qualifications and safety knowledge about dangerous working conditions.

We proactively prevent gas leakage. Apart from thorough and rigorous control systems including the Rules on Gas Pipeline Network Safety Inspection, we have also equipped the pipeline network management department

with adequate manpower and equipment, ensuring that any leakage can be noticed timely. We also greatly publicize the Group's hotline to encourage the public to report any gas leakage.

Please refer to note 42 to the consolidated financial statements for a summary of financial risks of the Group.

### Competing Business

As far as the Directors are aware, during the year, none of the Directors had any interest in a business which competed with or might compete with the business of the Group.

### Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31st December, 2024 and as at the latest practicable date prior to the issue of this report.

### Donations

During the year under review, the Group made charitable and other donations amounted to approximately RMB2,641,000.

### Auditor

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

**Wang Wenliang**

*Chairman*

Hong Kong  
28th March, 2025



# INDEPENDENT AUDITOR'S REPORT

# Deloitte.

# 德勤

## TO THE MEMBERS OF ZHONGYU ENERGY HOLDINGS LIMITED

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Zhongyu Energy Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 62 to 187, which comprise the consolidated statement of financial position as at 31st December, 2024, 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 material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) 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 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 judgment, 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.



## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<b><i>Impairment assessment of goodwill</i></b>	
<p>We identified the impairment assessment of goodwill of the Group as a key audit matter due to their significance to the consolidated financial statements and significant judgment and estimation involved in the impairment assessment.</p>	<p>Our procedures in relation to the impairment assessment of goodwill included:</p>
<p>As at 31st December, 2024, the carrying amounts of goodwill of HK\$449,613,000 as disclosed in note 18 to the consolidated financial statements were assessed for impairment.</p>	<ul style="list-style-type: none"> <li>• understanding management's process over impairment assessment of goodwill;</li> <li>• obtaining the cash flow forecasts prepared by the management that were used to calculate the value in use of the CGUs to which the Group's goodwill is allocated and understanding the key management assumptions adopted in these cash flow forecasts through enquiries with the management;</li> <li>• assessing of the models used including the macroeconomic assumptions used;</li> <li>• comparing key assumptions (including discount rates and growth rates) used in the model to external data; and</li> <li>• assessing the reasonableness of forecasted future cash flows by comparing to historical performance.</li> </ul>
<p>As disclosed in note 4 to the consolidated financial statements, the goodwill have been allocated to individual cash-generating units ("CGUs") relating to (i) sales of gas, (ii) pipeline construction, (iii) different subsidiaries of Harmony Gas Holdings Limited engaging in sales of gas and (iv) design and consulting of energy projects. The recoverable amounts of the respective CGUs have been determined with reference to the value in use of the relevant CGUs, which require adoption of key assumptions such as suitable discount rates and growth rates, in order to calculate the present value of the estimated future cash flows.</p>	





## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



## INDEPENDENT AUDITOR'S REPORT

### 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSAAs 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.

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with those charged with governance regarding, 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 those charged with governance 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 threats or safeguards applied.

From the matters communicated with those charged with governance, 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 Wong Kuen.

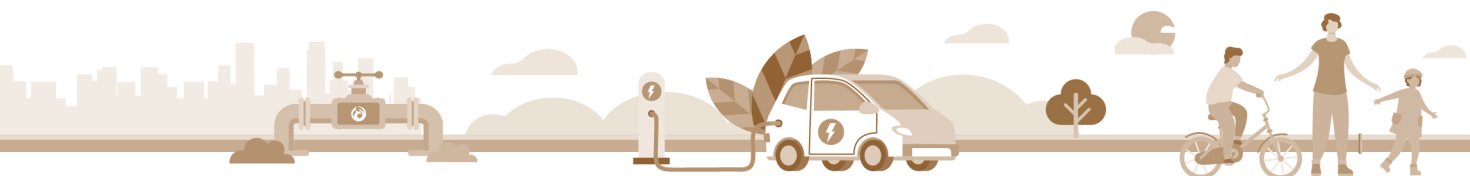
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
28th March, 2025



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Turnover	5	13,472,199	13,643,682
Cost of sales		(11,711,530)	(11,731,721)
Gross profit		1,760,669	1,911,961
Other gains and losses	7	(15,586)	(45,920)
Other income	8	206,515	208,999
Selling and distribution costs		(246,302)	(237,463)
Administrative expenses		(623,557)	(630,568)
(Impairment losses) reversal of impairment losses on financial assets and contract assets, net		(12,010)	3,822
Finance costs	9	(629,488)	(656,065)
Share of results of associates		10,240	31,577
Share of results of joint ventures		(1,784)	(1,043)
Profit before tax		448,697	585,300
Income tax expenses	10	(247,553)	(284,844)
Profit for the year	11	201,144	300,456
Other comprehensive (expense) income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(276,233)	(409,708)
Fair value loss on revaluation of pipelines included in property, plant and equipment	16	(176,753)	(117,481)
Deferred tax arising from revaluation of pipelines included in property, plant and equipment		44,188	29,370
Other comprehensive expense for the year		(408,798)	(497,819)
Total comprehensive expense for the year		(207,654)	(197,363)
Profit for the year attributable to:			
Owners of the Company		146,384	246,720
Non-controlling interests		54,760	53,736
		201,144	300,456



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

For the year ended 31st December, 2024

	NOTE	2024 HK\$'000	2023 HK\$'000
Total comprehensive (expense) income attributable to:			
Owners of the Company		<b>(243,417)</b>	(234,170)
Non-controlling interests		<b>35,763</b>	36,807
		<b>(207,654)</b>	(197,363)
Earnings per share	14		
Basic		<b>HK5.25 cents</b>	HK8.74 cents
Diluted		<b>HK5.25 cents</b>	HK8.74 cents

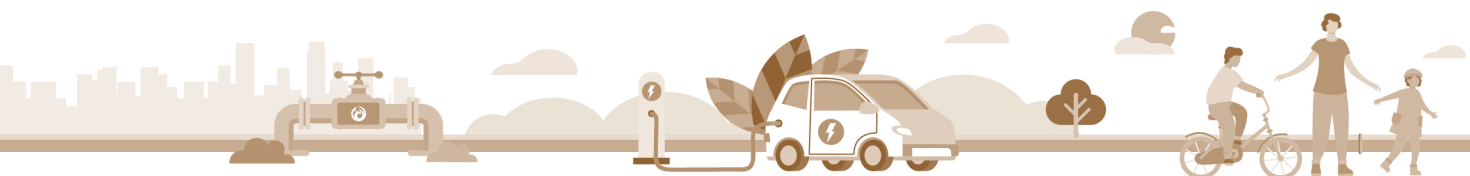


# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties	15	6,098	7,115
Property, plant and equipment	16	15,215,356	15,368,744
Right-of-use assets	17	658,096	668,265
Goodwill	18	449,613	459,052
Other intangible assets	19	1,296,517	1,407,561
Long-term deposits, prepayments and other receivables	20	1,131,281	1,139,828
Interests in associates	21	779,740	774,137
Interests in joint ventures	22	12,686	14,750
Financial assets at fair value through other comprehensive income	23	115,493	78,190
		<b>19,664,880</b>	19,917,642
Current assets			
Inventories	24	526,984	596,231
Properties under development for sale	25	318,647	289,675
Trade receivables	26	1,732,847	2,134,904
Deposits, prepayments and other receivables	26	1,692,060	1,561,408
Amount due from a non-controlling shareholder of a subsidiary	27	8,117	8,287
Contract assets	28	624,511	395,476
Tax recoverable		3,721	3,800
Bank balances and cash	29	1,650,857	1,522,684
		<b>6,557,744</b>	6,512,465
Current liabilities			
Trade payables	30	1,547,375	1,611,662
Other payables and accrued charges	30	734,588	815,757
Amount due to a non-controlling shareholder of a subsidiary	27	1,190	1,215
Amount due to an associate	31	968	988
Contract liabilities	28	1,322,008	1,621,314
Borrowings	32	5,977,459	7,621,571
Lease liabilities	33	6,558	3,284
Tax payables		85,548	110,551
		<b>9,675,694</b>	11,786,342
Net current liabilities		<b>(3,117,950)</b>	(5,273,877)
Total assets less current liabilities		<b>16,546,930</b>	14,643,765





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Capital and reserves			
Share capital	34	27,777	27,942
Reserves		7,357,751	7,673,371
Equity attributable to owners of the Company		7,385,528	7,701,313
Non-controlling interests		995,443	992,114
Total equity		8,380,971	8,693,427
Non-current liabilities			
Deferred income and advance received	30	3,876	4,523
Borrowings	32	6,922,213	4,582,122
Lease liabilities	33	18,046	17,449
Deferred taxation	35	1,221,824	1,346,244
		8,165,959	5,950,338
		16,546,930	14,643,765

The consolidated financial statements on pages 62 to 187 were approved and authorised for issue by the Board of Directors on 28th March, 2025 and are signed on its behalf by:

MR. WANG WENLIANG  
DIRECTOR

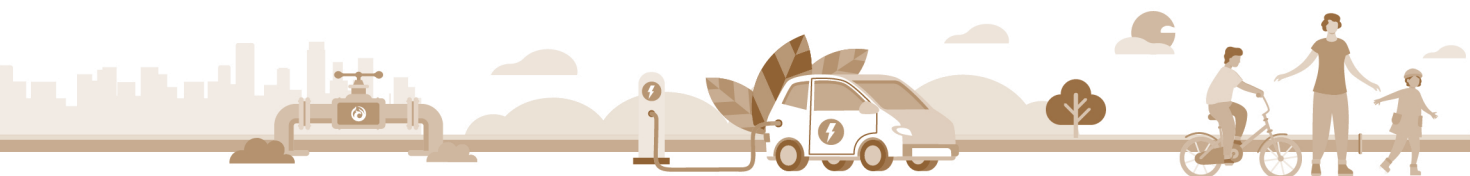
MR. LUI SIU KEUNG  
DIRECTOR



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2024

	Equity attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Property revaluation reserve	Other reserve	Statutory surplus reserve	Translation reserve	Accumulated profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000 (Note ii)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 45)	HK\$'000
At 1st January, 2023	28,297	2,707,098	13,027	2,077,378	(611,503)	246,499	(91,748)	3,759,175	8,128,223	1,007,019	9,135,242
Profit for the year	-	-	-	-	-	-	-	246,720	246,720	53,736	300,456
Other comprehensive expense for the year	-	-	-	(134,866)	-	-	(346,024)	-	(480,890)	(16,929)	(497,819)
Total comprehensive (expense) income for the year	-	-	-	(134,866)	-	-	(346,024)	246,720	(234,170)	36,807	(197,363)
Repurchase of shares (note 34)	(355)	(198,395)	-	-	-	-	-	-	(198,750)	-	(198,750)
Transfer to statutory surplus reserve	-	-	-	-	-	53,513	-	(53,513)	-	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	(68,931)	(68,931)
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	24,444	24,444
Acquisition of additional interest in a subsidiary	-	-	-	-	6,010	-	-	-	6,010	(7,225)	(1,215)
Lapse of share options (note 36)	-	-	(493)	-	-	-	-	493	-	-	-
At 31st December, 2023	27,942	2,508,703	12,534	1,942,512	(605,493)	300,012	(437,772)	3,952,875	7,701,313	992,114	8,693,427



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2024

	Equity attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Property revaluation reserve	Other reserve	Statutory surplus reserve	Translation reserve	Accumulated profits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000 (Note ii)	HK\$'000	HK\$'000	HK\$'000 (note 45)	HK\$'000
At 1st January, 2024	27,942	2,508,703	12,534	1,942,512	(605,493)	300,012	(437,772)	3,952,875	7,701,313	8,693,427
Profit for the year	-	-	-	-	-	-	-	146,384	146,384	201,144
Other comprehensive expense for the year	-	-	-	(162,012)	-	-	(227,789)	-	(389,801)	(408,798)
Total comprehensive (expense) income for the year	-	-	-	(162,012)	-	-	(227,789)	146,384	(243,417)	(207,654)
Repurchase of shares (note 34)	(165)	(79,251)	-	-	-	-	-	-	(79,416)	(79,416)
Transfer to statutory surplus reserve	-	-	-	-	-	27,256	-	(27,256)	-	-
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	(27,980)	(27,980)
Capital contribution from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	12,334	12,334
Acquisition of additional interest in a subsidiary	-	-	-	-	7,048	-	-	-	7,048	(9,740)
At 31st December, 2024	27,777	2,429,452	12,534	1,780,500	(598,445)	327,268	(665,561)	4,072,003	7,385,528	8,380,971

### Notes:

- (i) Other reserve mainly represents the difference between the fair values of the considerations paid and the carrying amounts of the non-controlling interests arising from acquisition of additional interest in subsidiaries.
- (ii) The articles of association of the Company's subsidiaries established in the People's Republic of China (the "PRC") state that they may make an appropriation of 10% of their profit for each year (prepared under generally accepted accounting principles in the PRC) to the statutory surplus reserve until the balance reaches 50% of the paid-in capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into paid-in capital and expansion of their production and operation.



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2024

	2024 HK\$'000	2023 HK\$'000
<b>Operating activities</b>		
Profit before tax	448,697	585,300
Adjustments for:		
Depreciation of property, plant and equipment	510,476	495,266
Depreciation of right-of-use assets	24,417	22,940
Amortisation of other intangible assets	83,702	84,855
Net losses on disposal of property, plant and equipment	2,358	13,731
Impairment losses (reversal of impairment losses)		
– trade receivables	6,433	(4,788)
– other receivables	4,071	(4)
– contract assets	1,506	970
Share of results of associates	(10,240)	(31,577)
Share of results of joint ventures	1,784	1,043
Interest income	(27,822)	(35,188)
Finance costs	629,488	656,065
Decrease in fair value of investment properties	423	434
Net foreign exchange loss	39,399	58,020
<b>Operating cash flows before movements in working capital</b>	<b>1,714,692</b>	<b>1,847,067</b>
Decrease in inventories	57,699	60,677
Decrease (increase) in trade receivables	355,858	(296,290)
(Increase) decrease in deposits, prepayments and other receivables	(153,995)	46,089
(Increase) decrease in contract assets	(241,028)	74,535
Increase in properties under development for sale	(35,388)	(61,046)
Decrease in deferred income and advance received	(561)	(574)
Decrease in trade payables	(31,808)	(29,915)
(Decrease) increase in other payables and accrued charges	(24,434)	122,843
(Decrease) increase in contract liabilities	(269,044)	11,808
<b>Cash generated from operations</b>	<b>1,371,991</b>	<b>1,775,194</b>
Interest received	4,503	11,869
Income taxes paid	(306,350)	(278,488)
Withholding tax paid	(17,493)	(4,833)
<b>Net cash from operating activities</b>	<b>1,052,651</b>	<b>1,503,742</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December, 2024

	2024 HK\$'000	2023 HK\$'000
<b>Investing activities</b>		
Purchases of property, plant and equipment	(615,599)	(840,294)
Deposits paid for acquisition of property, plant and equipment and right-of-use assets	(86,649)	(83,235)
Payments of unsettled consideration of acquisitions of subsidiaries	(23,960)	(63,018)
Proceeds from disposal of property, plant and equipment	31,015	27,865
Payments of right-of-use assets	(16,952)	(5,606)
Addition of other intangible assets	(96)	(155)
Addition of other long-term deposit	(15,899)	–
Additional investment in financial assets at fair value through other comprehensive income	(38,855)	–
Additional investment in an associate	(11,547)	–
<b>Net cash used in investing activities</b>	<b>(778,542)</b>	<b>(964,443)</b>
<b>Financing activities</b>		
Interest paid	(725,701)	(696,169)
Loan facilities fees paid	(18,686)	(81,506)
New borrowings raised	9,111,717	7,241,926
Dividends paid by subsidiaries to non-controlling interests	(27,980)	(72,247)
Repayments of lease liabilities	(6,698)	(6,037)
Repayments of borrowings	(8,258,213)	(6,449,336)
Capital contribution from non-controlling interests of subsidiaries	2,139	13,333
Payment on repurchase of ordinary shares	(79,132)	(198,013)
Acquisition of additional interest in a subsidiary	(9,868)	–
Transaction costs attributable to repurchase of ordinary shares	(284)	(737)
<b>Net cash used in financing activities</b>	<b>(12,706)</b>	<b>(248,786)</b>
<b>Net increase in cash and cash equivalents</b>	<b>261,403</b>	<b>290,513</b>
Cash and cash equivalents at 1st January	1,522,684	1,336,976
Effect of foreign exchange rate changes	(133,230)	(104,805)
<b>Cash and cash equivalents at 31st December, represented by bank balances and cash</b>	<b>1,650,857</b>	<b>1,522,684</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

## 1. GENERAL INFORMATION

Zhongyu Energy Holdings Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The Company’s subsidiaries are principally engaged in the development, construction and operation of natural gas projects and development of smart energy in the PRC.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$” or “HKD”), which is different from the Company’s functional currency of Renminbi (“RMB”). The directors of the Company (the “Directors”) adopt HK\$ as presentation currency for the convenience of the financial statements users as the Company’s shares are listed on the Stock Exchange.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as “the Group”) have applied the following 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, 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

##### 2.1 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The application of the 2020 and 2022 Amendments has no material impact on the classification of the Group’s liabilities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>3</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2025.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2026.

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2027.

Except for the new HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1st January, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31st December, 2024*

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

#### 3.1 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 and by the Hong Kong Companies Ordinance.

As at 31st December, 2024, the Group has net current liabilities of HK\$3,117,950,000.

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\$0.87 billion obtained in the first quarter of 2025, 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, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments, pipelines included in property, plant and equipment and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.1 Basis of preparation of consolidated financial statements *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

#### 3.2 Material accounting policy information

##### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Basis of consolidation (Continued)*

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

##### *Changes in the Group's interests in existing subsidiaries*

Changes in the Group's interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of the relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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 owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### *Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Goodwill (Continued)*

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

##### *Investments in associates and joint ventures*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associates and joint ventures used for equity accounting purpose are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate and a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Investments in associates and joint ventures (Continued)*

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the investments in associates and a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

##### *Revenue from contracts with customers*

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Revenue from contracts with customers (Continued)*

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

##### *Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation*

###### *Input method*

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.

##### *Property, plant and equipment*

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than assets under construction as described below) and are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Pipelines are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from the estimated fair values at the end of the reporting period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Property, plant and equipment (Continued)*

Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, in the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Assets including building in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attribute to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

For a transfer from investment property carried at fair value to owner-occupied property, the property deemed cost for subsequent accounting shall be its fair value at the date of change in use.

Depreciation is recognised so as to write off the cost or revalued amount of assets other than assets under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### *Property, plant and equipment (Continued)*

##### *Leasehold land and building for own use*

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

##### *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, or fair value at the date of transfer 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. Gains or losses arising from changes in the fair value of investment properties are included 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 included in profit or loss in the period in which the property is derecognised.

##### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Leases*

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### *The Group as a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Except for investment properties that are measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### *Right-of-use assets (Continued)*

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.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property plant and equipment.

The Group presents right-of-use assets that do not meet the definition of investment property and inventories as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventories are presented within “investment properties” and “properties under development for sale” respectively.

The Group transfers a leasehold land from right-of-use assets to properties under development for sale when there is a change in use to hold the leasehold land for sale rather than in the production or supply of goods or services, or for administrative purposes. The cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property under development for sale.

##### *Refundable rental deposits*

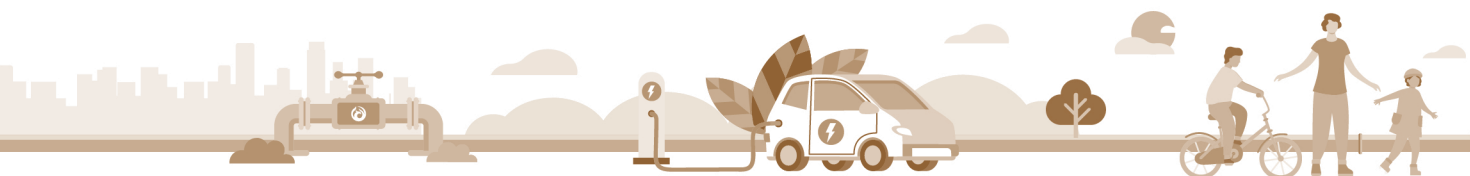
Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, if any.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Leases (Continued)*

##### *The Group as a lessee (Continued)*

##### *Lease liabilities (Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

##### *Retirement benefits costs*

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

##### *Short-term employee benefits*

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

##### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income are 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. Such grants are presented under “other income”.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Intangible assets*

##### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see accounting policy in respect of impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill below).

##### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

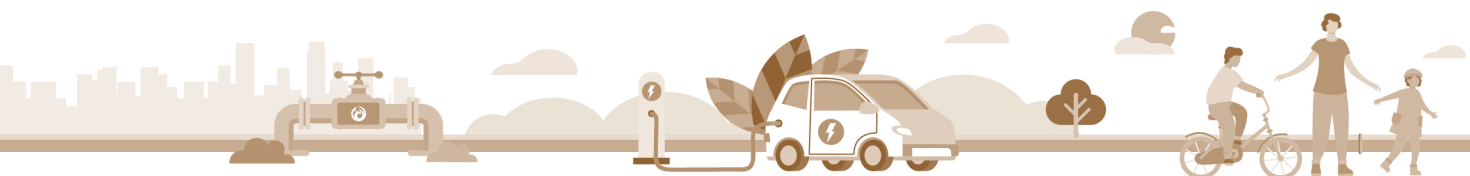
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

##### *Taxation*

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because 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.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Taxation (Continued)*

Deferred tax is recognised on temporary 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets 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 entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Taxation (Continued)*

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 first 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 HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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 to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

##### *Financial instruments*

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contract with Customers” (“HKFRS 15”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) 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 FVTPL are recognised immediately in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### *Financial assets*

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

##### (i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

##### (ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from the investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

##### *Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9*

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, refundable deposits, other receivables, amount due from a non-controlling shareholder of a subsidiary and bank balances) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m 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. Assessments are done 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 conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

##### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as 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.

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

- 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, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- 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;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

##### (i) Significant increase in credit risk *(Continued)*

- an actual or expected significant deterioration in the operating results of the debtor; and
- 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.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk 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.

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.

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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, 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.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

##### (iii) Credit-impaired financial assets *(Continued)*

- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

##### (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

##### (v) 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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

##### *Financial assets (Continued)*

Impairment of financial assets and contract assets subject to impairment assessment under HKFRS 9 *(Continued)*

##### (v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

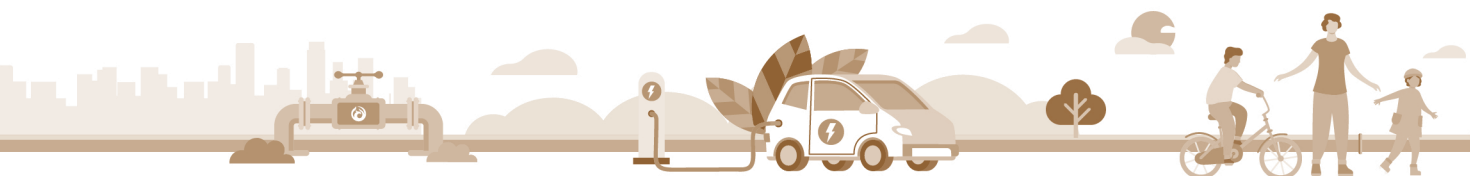
The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

##### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 7) as part of the net foreign exchange gains/(losses).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

###### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. 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.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

###### *Financial liabilities and equity*

###### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

###### *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 recognised at the proceeds received, net of direct issue costs.

Repurchase of Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase of the Company's own equity instruments.

###### *Financial liabilities at amortised cost*

Financial liabilities including trade payables, other payables, amount due to a non-controlling shareholder of a subsidiary, amount due to an associate and borrowings are subsequently measured at amortised cost, using the effective interest method.

###### *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses" line item in profit or loss (note 7) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Financial instruments (Continued)*

###### *Derecognition of financial liabilities*

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 is recognised in profit or loss.

##### *Equity-settled share-based payment transactions*

###### *Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

##### *Inventories*

Inventories, including construction materials, gas appliances, consumables and spare parts, are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Properties under development for sale*

Properties under development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development is carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

##### *Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising from the translation of the Company's functional currency, RMB, to the presentation currency of the consolidated financial statements, HK\$, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate) and will not be reclassified subsequently to profit or loss.

##### *Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)*

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

***Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)***

In testing a cash-generating unit, corporate assets are allocated to individual cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or a group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or a group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

#### 3.2 Material accounting policy information *(Continued)*

##### *Cash and cash equivalents*

Bank balances and cash presented on the consolidated statement of financial position and the consolidated statements of cash flows include:

- (a) cash, which comprises of cash on hand, demand deposits; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Impairment assessment of goodwill**

Determining whether goodwill is impaired requires an estimation of the recoverable amount of relevant assets or the cash-generating unit to which the goodwill belongs. The recoverable amount is determined based on the value in use calculation which requires the Group to estimate the future cash flows expected to arise from relevant assets or the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or due to changes in estimates, a material impairment loss may arise. Details of the recoverable amount calculation for the cash-generating units in respect of (i) sales of gas, (ii) pipeline construction, (iii) different subsidiaries of Harmony Gas Holdings Limited ("Harmony Gas") engaging in sales of gas and (iv) design and consulting of energy projects are set out in note 18. As at 31st December, 2024, the carrying amounts of goodwill of HK\$449,613,000 (2023: HK\$459,052,000) was assessed for impairment.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### Valuation of pipelines included in property, plant and equipment

As described in note 16, pipelines included in property, plant and equipment were revalued as at 31st December, 2024 based on depreciated replacement cost method ("DRC") determined by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and may differ from the actual results. In making the estimation for depreciated replacement cost for pipelines, the independent professional valuer considers information from the aggregate amount of the new replacement cost of the pipelines and deductions for obsolescence at the end of the reporting period. As at 31st December, 2024, the carrying amount of pipelines included in property, plant and equipment were HK\$9,642,219,000 (2023: HK\$9,791,484,000).

### 5. TURNOVER

#### (i) Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
<b>Types of goods or services</b>		
Sales of gas	10,734,109	10,997,172
Gas pipeline construction	1,003,736	1,056,548
Smart energy	1,154,291	944,669
Value-added services	368,462	410,574
Sales of compressed natural gas or liquefied natural gas ("CNG/LNG") in vehicle filling stations	211,601	234,719
<b>Total</b>	<b>13,472,199</b>	13,643,682
<b>Timing of revenue recognition</b>		
A point in time	12,468,463	12,587,134
Over time	1,003,736	1,056,548
<b>Total</b>	<b>13,472,199</b>	13,643,682

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





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 5. TURNOVER (Continued)

#### (ii) Performance obligations for contracts with customers

The Group recognises revenue from the following major sources:

##### (a) Sales of goods

For the sales of gas, the Group would require advance payment before the usage of the natural gas for certain customers, any shortage against the periodically actual charge for the actual usage of natural gas will be billed by the Group accordingly. The Group allows an average credit period of 30 to 180 days to its customers for the invoices issued. These customers are required to top up the advance payment for future usage of natural gas to be supplied by the Group.

The Group requires advance payment before the usage of the natural gas through prepaid card for certain household users. The charge of the actual usage of natural gas will be deducted directly to the balance of the prepaid card. These customers can only consume the natural gas up to the balance of the prepaid card.

For the sales of CNG/LNG, stoves and liquefied petroleum gas and smart energy including supply of natural gas-fired distributed energy, photovoltaic power generation and charging station, a receivable is recognised by the Group when the goods are delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group allows an average credit period of 30 to 180 days to its customers for the invoices issued.

##### (b) Construction

The Group provides gas pipeline construction services under construction contracts with its customers. Such contracts are entered into before construction of the gas pipeline begins. The Group's performance creates or enhances an asset that the customer controls as the Group performs. Revenue from construction of gas pipeline is recognised over time on an input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under HKFRS 15.

The Group requires certain customers to provide upfront deposits before the commencement of the construction which will give rise to contract liabilities until the revenue recognised on the relevant contracts exceed the amount of the deposits. The Group is entitled to invoice customers for gas pipeline construction services upon completion of construction works. The Group recognises contract asset for any work performed in excess of payment from customer for the same contract. Any amount previously recognised as a contract asset is reclassified to trade receivables upon completion of construction works. The Group allows an average credit period of 30 to 180 days to its customers.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 5. TURNOVER (Continued)

#### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All the contracts for sales of gas and other goods, and gas pipeline construction are for original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### 6. 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 therefore 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.

A subsidiary of the Company also engages in the property development in the PRC and revenue generate from this business will be included as the consolidated revenue of the Group. There was no property sold for the year ended 31st December, 2024. The operating results 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 6. SEGMENT INFORMATION (Continued)

#### 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, 2024

	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	10,734,109	1,003,736	1,154,291	368,462	211,601	13,472,199
Segment profit	520,452	511,845	74,140	144,835	1,739	1,253,011
Unallocated other income						24,950
Unallocated other gains and losses						(13,228)
Unallocated central corporate expenses						(182,477)
Impairment loss on other receivables						(4,071)
Finance costs						(629,488)
Profit before tax						448,697



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 6. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

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	10,997,172	1,056,548	944,669	410,574	234,719	13,643,682
Segment profit	643,571	562,497	55,025	151,026	21,124	1,433,243
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						(656,065)
Profit before tax						585,300

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 6. SEGMENT INFORMATION (Continued)

#### 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

2024

	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	2,284	-	88	8	(22)	2,358	-	2,358
Depreciation of right-of-use assets	13,487	-	212	-	7,141	20,840	3,577	24,417
Depreciation of property, plant and equipment	481,664	1,537	1,297	3,665	9,863	498,026	12,450	510,476
Amortisation of other intangible assets	81,609	-	2,093	-	-	83,702	-	83,702
Impairment losses recognised on								
- trade receivables	-	6,433	-	-	-	6,433	-	6,433
- contract assets	-	1,506	-	-	-	1,506	-	1,506
- other receivables	-	-	-	-	-	-	4,071	4,071



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 6. SEGMENT INFORMATION (Continued)

#### Other segment information (Continued)

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
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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
(Reversal of) impairment losses on								
- trade receivables	-	(6,605)	-	1,817	-	(4,788)	-	(4,788)
- contract assets	-	970	-	-	-	970	-	970
- other receivables	-	-	-	-	-	-	(4)	(4)

#### 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, 2024, all the non-current assets of the Group (excluding financial assets) amounting to HK\$18,834,291,000 (2023: HK\$19,174,391,000) are located in the PRC.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 7. OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Net foreign exchange losses (Note)	(12,805)	(44,647)
Decrease in fair value of investment properties (note 15)	(423)	(434)
Net losses on disposal of property, plant and equipment	(2,358)	(13,731)
Others	–	12,892
	<b>(15,586)</b>	<b>(45,920)</b>

*Note: The foreign exchange mainly related to the borrowings denominated in foreign currencies in translation to the functional currency of the relevant group entities.*

### 8. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income from financial assets at amortised cost		
– Bank interest income	4,503	11,869
– Interest income from loans to employees	23,319	23,319
	<b>27,822</b>	<b>35,188</b>
Government subsidies (Note)	124,517	141,205
Sundry income	54,176	32,606
	<b>206,515</b>	<b>208,999</b>

*Note:*

*During the year ended 31st December, 2024, the Group has received subsidies of HK\$124,517,000 (2023: HK\$140,842,000) from the relevant PRC governments for promoting the use of natural gas. There are no conditions attached to the subsidies granted to the Group.*

*During the year ended 31st December, 2023, the Group recognised government grants of HK\$363,000 in respect of Covid-19-related subsidies. No such subsidies were received by the Group during the year.*





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on borrowings	706,042	712,690
Interest on lease liabilities	1,419	1,006
	707,461	713,696
Amortisation on loan facilities fees relating to bank borrowings	65,517	68,158
Total borrowing costs	772,978	781,854
Less: Amounts capitalised in construction in progress included in property, plant and equipment	(143,490)	(125,789)
	629,488	656,065

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.00% (2023: 3.39%) per annum to expenditure on qualifying assets.

### 10. INCOME TAX EXPENSES

	2024 HK\$'000	2023 HK\$'000
PRC Enterprise Income Tax:		
Current tax	269,358	292,060
Under provision in prior years	14,008	8,501
Withholding tax levied on dividend paid previously not recognised	17,493	4,833
	300,859	305,394
Deferred taxation (note 35)	(53,306)	(20,550)
	247,553	284,844

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 10. INCOME TAX EXPENSES (Continued)

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.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before tax	448,697	585,300
Tax at the domestic income tax rate of 25% (2023: 25%) (Note)	112,174	146,325
Tax effect of expenses not deductible for tax purpose	178,084	194,236
Tax effect of income not taxable for tax purpose	(75,328)	(46,231)
Under provision in respect of prior years	14,008	8,501
Tax effect of share of results of associates	(2,560)	(7,894)
Tax effect of share of results of joint ventures	446	261
Tax effect of estimated tax losses not recognised	22,444	7,046
Utilisation of estimated tax losses previously not recognised	(19,208)	(22,233)
Withholding tax levied on dividend paid previously not recognised	17,493	4,833
Tax charge for the year	247,553	284,844

*Note: The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used.*



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 11. PROFIT FOR THE YEAR

	2024 HK\$'000	2023 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	4,100	4,800
Amortisation of other intangible assets (included in cost of sales)	83,702	84,855
Depreciation of right-of-use assets	24,417	22,940
Depreciation of property, plant and equipment	510,476	495,266
Employee benefits expenses, other than directors' emoluments		
– Salaries and other benefits	471,578	463,578
– Contributions to retirement benefits schemes	106,946	101,429
	578,524	565,007
Cost of inventories recognised as expenses in respect of contract cost for gas pipeline construction	170,970	213,242
Cost of inventories recognised as expenses in respect of sales of gas, CNG/LNG, liquefied petroleum gas, stoves and smart energy	10,861,621	10,678,722
	11,032,591	10,891,964
Impairment losses (reversal of impairment losses), net		
– Trade receivables	6,433	(4,788)
– Other receivables	4,071	(4)
– Contract assets	1,506	970
	12,010	(3,822)
Gross rental income from investment properties with minimal outgoings	(476)	(1,173)
Gross rental income from equipment with minimal outgoings	(10,892)	(8,281)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

#### Directors' and chief executive's emoluments

The emoluments paid or payable to the Directors and the chief executive are as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	750	750
Other emoluments:		
– Salaries and other benefits	23,640	20,520
– Contributions to retirement benefits schemes	327	324
Total emoluments	24,717	21,594

The emoluments of Directors and the chief executive of the Company are analysed as follows:

	2024				2023			
	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000	Fees HK\$'000	Salaries and other benefits HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
<b>Executive directors</b>								
Mr. Wang Wenliang	–	7,140	–	7,140	–	7,140	–	7,140
Mr. Yiu Chi Shing	–	2,400	–	2,400	–	2,400	–	2,400
Mr. Lui Siu Keung (note i)	–	5,600	18	5,618	–	5,600	18	5,618
Mr. Jia Kun	–	4,660	123	4,783	–	1,540	107	1,647
Mr. Lu Zhaoheng	–	2,300	94	2,394	–	2,300	100	2,400
Mr. Li Yan	–	1,540	92	1,632	–	1,540	99	1,639
<b>Independent non-executive directors</b>								
Mr. Li Chunyan	250	–	–	250	250	–	–	250
Dr. Luo Yongtai (note ii)	–	–	–	–	167	–	–	167
Dr. Key Ke Liu (note iii)	250	–	–	250	83	–	–	83
Ms. Liu Yu Jie	250	–	–	250	250	–	–	250
	750	23,640	327	24,717	750	20,520	324	21,594



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

#### Directors' and chief executive's emoluments (Continued)

Notes:

- (i) Mr. Lui Siu Keung is also the chief executive officer ("CEO") of the Company and his emoluments disclosed above include those for services rendered by him as the CEO.
- (ii) Dr. Luo Yongtai resigned as an independent non-executive director of the Company with effect from 21st August, 2023.
- (iii) Dr. Key Ke Liu was appointed as an independent non-executive director of the Company with effect from 21st August, 2023.

No emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as a compensation for loss of office for both years.

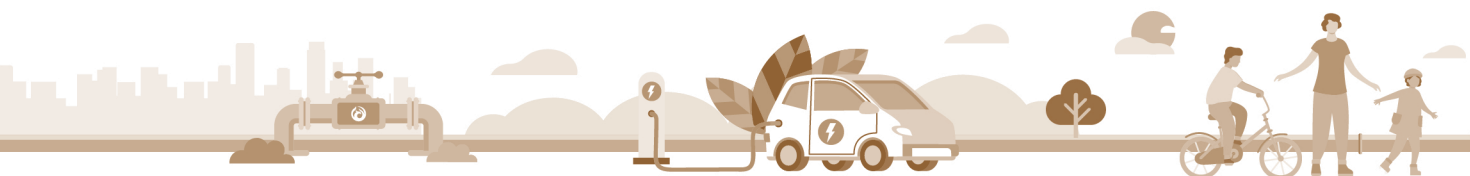
The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as Directors.

#### Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2023: four) were Directors whose emoluments are disclosed above. The emolument of the remaining individuals for the year ended 31st December, 2024 is as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	8,017	3,500
Contributions to retirement benefits schemes	210	100
	8,227	3,600



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

#### Employees' emoluments (Continued)

The emoluments are within the following band:

	2024 Number of employee	2023 Number of employee
HK\$3,500,001 to HK\$4,000,000	1	1
HK\$4,500,001 to HK\$5,000,000	1	–
	2	1

### 13. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Final dividend, proposed, of HK2 cents (2023: nil) per ordinary share	55,436	–

Subsequent to the end of reporting period, a final dividend of HK2 cents per ordinary share in respect of the year ended 31st December, 2024 (2023: nil) in an aggregate amount of HK\$55,436,000 (2023: nil), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

### 14. 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:

	2024 HK\$'000	2023 HK\$'000
<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	146,384	246,720



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 14. EARNINGS PER SHARE (Continued)

	2024 '000	2023 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>2,787,817</b>	2,822,610
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	—	265
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>2,787,817</b>	2,822,875

### 15. INVESTMENT PROPERTIES

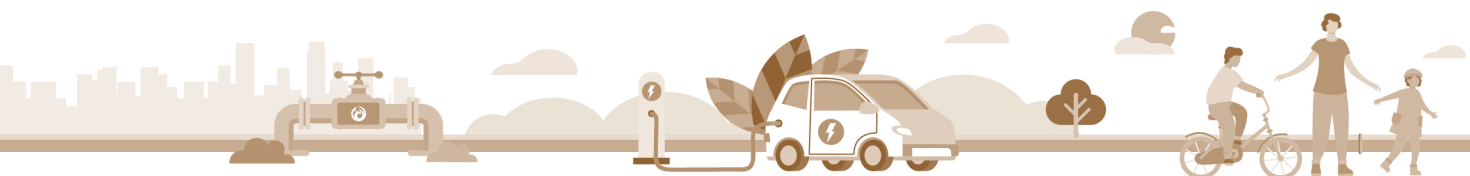
	HK\$'000
<b>FAIR VALUE</b>	
At 1st January, 2023	7,743
Exchange adjustments	(194)
Decrease in fair value recognised in profit or loss (Note)	(434)
At 31st December, 2023	7,115
Exchange adjustments	(135)
Decrease in fair value recognised in profit or loss (Note)	(423)
Transfer to property, plant and equipment (Note 16)	(459)
At 31st December, 2024	6,098

**Note:**

The fair value of the Group's investment properties at 31st December, 2024 and 2023 has been arrived at on the basis of a valuation carried out on the respective dates by 華夏九鼎房地產土地資產評估（河南）有限公司 (formally know as 河南九鼎資產評估有限公司) ("華夏九鼎"), an independent qualified professional valuer not connected to the Group.

The fair value determined by 華夏九鼎 was based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar commercial properties in the PRC and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties. There has been no change from the valuation technique used in the prior year.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 15. INVESTMENT PROPERTIES (Continued)

The Group leases out various offices under operating leases with rentals payable monthly. The leases mainly run for an initial period of one to ten years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. At the end of each reporting periods, the CEO of the Group works closely with the independent qualified professional valuers to establish and determine the appropriate valuation techniques and inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the management of the Group.

#### Information about fair value measurements using significant unobservable inputs

The following table gives information about how the fair value of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Description	Fair value		Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Relationship of inputs to fair value
	2024	2023				
	HK\$'000	HK\$'000				
Commercial property units located in the PRC	6,098	7,115	Level 3	Income approach	Discount rate (2024: 4.71%; 2023: 5.56%)	The higher the discount rate, the lower the fair value

There were no transfers into or out of Level 3 during the year.

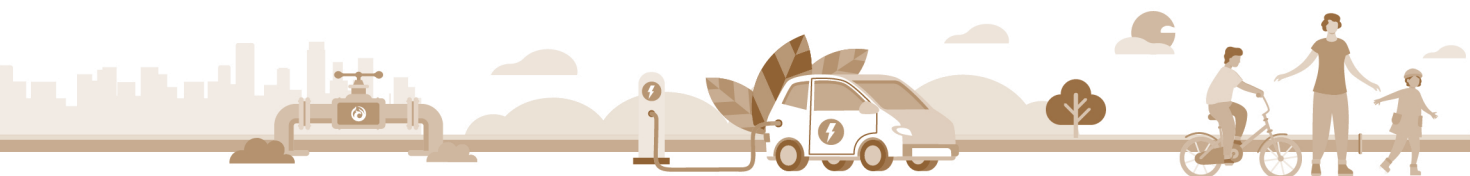


## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Construction in progress HK\$'000	Leasehold improvements HK\$'000	Pipelines HK\$'000	Machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>COST OR VALUATION</b>								
At 1st January, 2023	1,203,063	3,763,207	59,585	9,767,249	1,137,560	58,305	160,273	16,149,242
Exchange adjustments	(31,244)	(92,599)	(1,509)	(297,171)	(31,006)	(1,575)	(4,007)	(459,111)
Additions	4,620	942,603	4,320	18,928	60,019	5,995	24,577	1,061,062
Disposals	(5,893)	(14,222)	–	(14,470)	(32,519)	(917)	(6,979)	(75,000)
Transfer	22,735	(942,850)	–	749,915	170,031	169	–	–
Revaluation	–	–	–	(432,967)	–	–	–	(432,967)
At 31st December, 2023	1,193,281	3,656,139	62,396	9,791,484	1,304,085	61,977	173,864	16,243,226
Exchange adjustments	(26,239)	(71,743)	(1,732)	(251,417)	(29,553)	(1,382)	(3,300)	(385,366)
Transfer from investment property (note 15)	459	–	–	–	–	–	–	459
Additions	5,309	738,374	42,509	26,102	53,379	5,426	12,534	883,633
Disposals	(4,653)	(21,362)	(1,645)	–	(13,026)	(1,155)	(9,076)	(50,917)
Transfer	95,675	(784,902)	–	581,907	107,238	82	–	–
Revaluation	–	–	–	(505,857)	–	–	–	(505,857)
At 31st December, 2024	1,263,832	3,516,506	101,528	9,642,219	1,422,123	64,948	174,022	16,185,178
<b>DEPRECIATION</b>								
At 1st January, 2023	186,428	–	24,030	–	471,765	34,520	80,932	797,675
Exchange adjustments	(5,390)	–	(601)	(46,940)	(13,351)	(980)	(2,307)	(69,569)
Provided for the year	27,202	–	3,501	363,862	79,867	7,911	12,923	495,266
Eliminated on disposals	(1,004)	–	–	(1,436)	(24,700)	(777)	(5,487)	(33,404)
Eliminated on revaluation	–	–	–	(315,486)	–	–	–	(315,486)
At 31st December, 2023	207,236	–	26,930	–	513,581	40,674	86,061	874,482
Exchange adjustments	(5,014)	–	(595)	(47,555)	(12,361)	(995)	(1,968)	(68,488)
Provided for the year	26,602	–	5,724	376,659	79,018	9,242	13,231	510,476
Eliminated on disposals	(233)	–	(1,645)	–	(6,937)	(951)	(7,778)	(17,544)
Eliminated on revaluation	–	–	–	(329,104)	–	–	–	(329,104)
At 31st December, 2024	228,591	–	30,414	–	573,301	47,970	89,546	969,822
<b>CARRYING VALUES</b>								
At 31st December, 2024	1,035,241	3,516,506	71,114	9,642,219	848,822	16,978	84,476	15,215,356
At 31st December, 2023	986,045	3,656,139	35,466	9,791,484	790,504	21,303	87,803	15,368,744



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis after taking into account the residual values at the following rates per annum:

Buildings	Over the remaining terms of leases
Leasehold improvements	Over the remaining terms of leases
Pipelines	Over the shorter of 30 years or operation period of the relevant company
Machinery and equipment	6% – 30%
Furniture and fixtures	20%
Motor vehicles	10% – 18%

As at 31st December, 2024, the Group is in the process of obtaining title deeds from relevant government authority for its buildings in the PRC amounting to HK\$144,770,000 (2023: HK\$152,010,000). In the opinion of the Directors, the Group is not required to incur additional cost in obtaining the title deeds for its buildings in the PRC.

#### **Fair value measurement of the Group's pipelines included in property, plant and equipment**

At 31st December, 2024 and 2023, the fair value of the Group's pipelines was valued by the independent qualified professional valuer, GW Financial Advisory Services Limited, using DRC approach.

In determining the fair value of the pipelines, at the end of each reporting period, the CEO works closely with the independent qualified professional valuer to establish and determine the appropriate valuation techniques and inputs to be used in determining the fair value of the assets. Discussion of valuation processes and results were held between CEO and the Directors at least once a year.

The fair value of the pipelines has been determined using the DRC approach that reflects the cost to a market participant to construct assets of comparable utility and the age of the pipelines, adjusted for obsolescence. The Group has determined that the highest and best use of the pipelines at the measurement date would be their existing use.

The Group's pipelines at revalued amount are categorised into level 3 of the fair value hierarchy.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

#### Fair value measurement of the Group's pipelines included in property, plant and equipment *(Continued)*

The following table shows the valuation technique used in the determination of fair value and unobservable inputs used in the valuation model.

Description	Fair value		Valuation techniques	Significant unobservable inputs	Significant inputs
	2024	2023			
	HK\$'000	HK\$'000			
Pipelines included in property, plant and equipment	<b>9,642,219</b>	9,791,484	DRC approach	(a) historical labour cost (RMB/year)  (b) historical raw chemical materials purchasing price indices for industrial producers	(a) RMB78,295 (2023: RMB78,295)  (b) 96.4 (2023: 91.7)

A significant positive adjustment to any of the above significant unobservable inputs would result in a significant increase in fair value of the pipelines, and vice versa.

Had the pipelines included in property, plant and equipment at 31st December, 2024 been carried at cost less accumulated depreciation, its carrying value would have been approximately HK\$7,521,589,000 (2023: HK\$7,350,786,000).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 17. RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Leased properties HK\$'000	Total HK\$'000
<b>COST OR VALUATION</b>			
At 1st January, 2023	661,010	44,806	705,816
Additions	77,240	7,914	85,154
Eliminated upon leases expired	–	(16,514)	(16,514)
Exchange adjustments	(17,226)	(847)	(18,073)
At 31st December, 2023	721,024	35,359	756,383
Additions	16,952	10,971	27,923
Eliminated upon leases expired	–	(5,268)	(5,268)
Exchange adjustments	(15,046)	(505)	(15,551)
At 31st December, 2024	722,930	40,557	763,487
<b>DEPRECIATION</b>			
At 1st January, 2023	55,620	28,052	83,672
Charge for the year	16,301	6,639	22,940
Eliminated upon leases expired	–	(16,514)	(16,514)
Exchange adjustments	(1,554)	(426)	(1,980)
At 31st December, 2023	70,367	17,751	88,118
Charge for the year	16,145	8,272	24,417
Eliminated upon leases expired	–	(5,268)	(5,268)
Exchange adjustments	(1,697)	(179)	(1,876)
At 31st December, 2024	84,815	20,576	105,391
<b>CARRYING VALUES</b>			
At 31st December, 2024	638,115	19,981	658,096
At 31st December, 2023	650,657	17,608	668,265



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 17. RIGHT-OF-USE ASSETS (Continued)

The above items of right-of-use assets are depreciated on a straight-line basis at the following rates per annum:

Leasehold lands	Over the remaining terms of leases
Leasehold properties	Over the remaining terms of leases

Expense relating to short-term leases and low value lease is HK\$5,856,000 (2023: HK\$4,806,000) during the year ended 31st December, 2024.

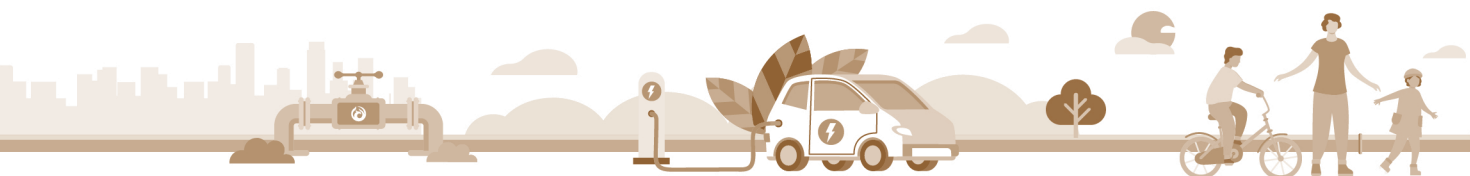
The Group regularly entered into short-term lease for offices, staff quarters and gas containers.

Total cash outflow for lease was HK\$30,925,000 (2023: HK\$17,455,000) for the year ended 31st December, 2024.

For both years, the Group leases various pipelines, offices, staff quarters and gas containers for its operations. Lease contracts are entered into for fixed term of one year to twenty-five years with no options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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. In addition, the Group owns several properties. The Group is the registered owner of these properties, including leasehold lands which are for fixed term of eighteen years to fifty-three years.

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of HK\$83,292,000 (2023: HK\$94,702,000) in which the Group is in the process of obtaining.

In addition, lease liabilities of HK\$24,604,000 are recognised with related right-of-use assets of HK\$19,981,000 as at 31st December, 2024 (2023: lease liabilities of HK\$20,733,000 and related right-of-use assets of HK\$17,608,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 18. GOODWILL

	2024 HK\$'000	2023 HK\$'000
Cost and carrying amount		
At 1st January	459,052	471,022
Exchange adjustments	(9,439)	(11,970)
At 31st December	449,613	459,052

For the purposes of impairment testing, the carrying amount of goodwill is attributable to certain cash-generating units ("CGUs") relating to sales of gas ("Unit A") amounting to HK\$279,287,000 in aggregate (2023: HK\$285,150,000), pipeline construction ("Unit B") amounting to HK\$69,257,000 in aggregate (2023: HK\$70,711,000), different subsidiaries of Harmony Gas engaging in sales of gas ("Unit C") amounting to HK\$87,629,000 in aggregate (2023: HK\$89,469,000) and design and consulting of energy projects ("Unit D") amounting to HK\$13,440,000 in aggregate (2023: HK\$13,722,000).

#### Impairment testing on Unit A

Unit A consists of all CGUs which represent the operations of different subsidiaries engaging in sales of gas, of which goodwill of HK\$279,287,000 (2023: HK\$285,150,000) is attributable to certain CGUs within Unit A. For impairment test purpose, management reviews each CGU's recoverable amount and compares with the carrying amount of the respective CGU. The aggregate carrying amounts of the CGUs of Unit A comprise goodwill of HK\$279,287,000 (2023: HK\$285,150,000), other intangible assets of HK\$998,315,000 (2023: HK\$1,076,213,000), property, plant and equipment of HK\$5,923,867,000 (2023: HK\$5,884,913,000) and right-of-use assets of HK\$227,369,000 (2023: HK\$238,085,000). The recoverable amount of each CGU has been determined based on the fair value less cost of disposal and value in use calculation of each CGU using the following assumptions for 2024 and 2023:

Period of cash flow projections	5 years (2023: 5 years)
Growth rates beyond 5-year period extrapolated in the financial budgets approved by management	2% to 3% (2023: 2% to 3%)
Discount rate	14.00% (2023: 14.51%)

This growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. No impairment loss is considered necessary for CGUs with attributed goodwill for the years ended 31st December, 2024 and 2023.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

## 18. GOODWILL (Continued)

### Impairment testing on Unit B

Unit B consists of several CGUs which represent operations of different subsidiaries engaging in the pipeline constructions. For impairment test purpose, management reviews each CGU's recoverable amount and compares with the carrying amount of respective CGU. The aggregate carrying amounts of the CGUs of Unit B comprise goodwill of HK\$69,257,000 (2023: HK\$70,711,000), other intangible assets of HK\$56,808,000 (2023: HK\$61,597,000) and right-of-use assets of HK\$267,000 (2023: HK\$297,000). The recoverable amount of each CGU has been determined based on the fair value less cost of disposal and value in use calculation of each CGU using the following assumptions for 2024 and 2023:

Period of cash flow projections	5 years (2023: 5 years)
Growth rates beyond 5-year period extrapolated in the financial budgets approved by management	2% (2023: 2%)
Discount rate	14.00% (2023: 14.51%)

This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the individual carrying amount of each CGU within Unit B to exceed the individual recoverable amount of each CGU within Unit B. At the end of each reporting period, the recoverable amounts of each CGU of Unit B exceeds its carrying amount, therefore, no impairment loss is considered necessary for the years ended 31st December, 2024 and 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 18. GOODWILL (Continued)

#### Impairment testing on Unit C

Unit C consists of several CGUs which represent the operations of different subsidiaries of Harmony Gas engaging in sales of gas. For impairment test purpose, management reviews each CGU's recoverable amount and compares with the carrying amount of the respective CGU. The aggregate carrying amounts of the CGUs of Unit C comprise goodwill of HK\$87,629,000 (2023: HK\$89,469,000), other intangible assets of HK\$233,129,000 (2023: HK\$259,203,000), property, plant and equipment of HK\$2,954,972,000 (2023: HK\$2,893,409,000) and right-of-use assets of HK\$63,084,000 (2023: HK\$66,168,000). The recoverable amount of each CGU has been determined based on the value in use calculation of each CGU using the following assumptions for 2024 and 2023:

Period of cash flow projections	5 years (2023: 5 years)
Growth rate beyond 5-year period extrapolated in the financial budgets approved by management	2% (2023: 2%)
Discount rate	14.00% (2023: 14.51%)

The growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the individual carrying amount of each CGU within Unit C to exceed the individual recoverable amount of each CGU within Unit C. At the end of each reporting period, the recoverable amount of each CGU of Unit C exceeds its carrying amount and no impairment loss is considered necessary for the years ended 31st December, 2024 and 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 18. GOODWILL (Continued)

#### Impairment testing on Unit D

Unit D consists of several CGUs which represent the operations of different subsidiaries engaging in design and consulting of energy projects. For impairment test purpose, management reviews each CGU's recoverable amount and compares with the carrying amount of the respective CGU. The aggregate carrying amounts of the CGUs of Unit D comprise goodwill of HK\$13,440,000 (2023: HK\$13,722,000), other intangible assets of HK\$8,265,000 (2023: HK\$10,548,000), and property, plant and equipment of HK\$3,285,000 (2023: HK\$3,316,000). The recoverable amount of each CGU has been determined based on the value in use calculation of each CGU using the following assumptions for 2024 and 2023:

Period of cash flow projections	5 years (2023: 5 years)
Growth rate beyond 5-year period extrapolated in the financial budgets approved by management	2% (2023: 2%)
Discount rate	18.10% (2023: 18.76%)

The growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the respective CGU's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the individual carrying amount of each CGU within Unit D to exceed the individual recoverable amount of each CGU within Unit D. At the end of each reporting period, the recoverable amount of each CGU of Unit D exceeds its carrying amount and no impairment loss is considered necessary for the years ended 31st December, 2024 and 2023.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 19. OTHER INTANGIBLE ASSETS

	Exclusive rights of operation HK\$'000	Other operating rights HK\$'000	Technology know-how HK\$'000	Total HK\$'000
<b>COST</b>				
At 1st January, 2023	2,200,183	100,591	21,647	2,322,421
Exchange adjustments	(54,281)	(2,557)	(550)	(57,388)
Addition	155	—	—	155
At 31st December, 2023	2,146,057	98,034	21,097	2,265,188
Exchange adjustments	(42,805)	(2,016)	(434)	(45,255)
Addition	96	—	—	96
Eliminated on deregistration of a subsidiary	(138,580)	—	—	(138,580)
At 31st December, 2024	1,964,768	96,018	20,663	2,081,449
<b>AMORTISATION AND IMPAIRMENT</b>				
At 1st January, 2023	683,113	100,591	8,659	792,363
Exchange adjustments	(16,803)	(2,557)	(231)	(19,591)
Charged for the year	82,734	—	2,121	84,855
At 31st December, 2023	749,044	98,034	10,549	857,627
Exchange adjustments	(15,557)	(2,016)	(244)	(17,817)
Charged for the year	81,609	—	2,093	83,702
Eliminated on deregistration of a subsidiary	(138,580)	—	—	(138,580)
At 31st December, 2024	676,516	96,018	12,398	784,932
<b>CARRYING VALUES</b>				
At 31st December, 2024	1,288,252	—	8,265	1,296,517
At 31st December, 2023	1,397,013	—	10,548	1,407,561



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 19. OTHER INTANGIBLE ASSETS (Continued)

The exclusive rights of operation which represent sales and distribution of piped gas in certain cities in Henan, Shandong, Fujian, Jiangsu, Heilongjiang, Hebei, Zhejiang, Jilin, Anhui, Inner Mongolia and Jiangxi provinces are amortised on a straight-line method over the period of a range of 7 to 34 years (2023: 7 to 34 years), representing the remaining finite useful life period being granted for exclusive operations in the relevant cities.

Due to the redevelopment in Jingqiao Town, Nanjing City in Jiangsu, such town is no longer an industrial zone. Expected future cash flow generated by industrial customers could not be realised. A subsidiary, 南京晶橋中裕燃氣有限公司 (“南京晶橋”) located in Jingqiao Town suffered loss for year ended 31st December, 2020. Management considers there is an impairment indicator to the exclusive right of operation possessed by 南京晶橋, in which the Group previously acquired such asset through acquisition of 南京晶橋. During the year ended 31st December, 2020, the management performed an assessment of recoverable amount of 南京晶橋 based on the value in use calculation, and the exclusive right of operation had been fully impaired. During the year ended 31st December, 2024, 南京晶橋 had been deregistered. Accordingly, the management had written off the cost and impairment loss of HK\$138,580,000 regarding to the exclusive right of operation possessed by 南京晶橋.

Other operating rights represent the licences possessed by the Group's subsidiaries, 濟源中裕壓縮氣有限公司, 漯河中裕壓縮氣有限公司 and 三門峽中裕能源有限公司 to operate eight CNG vehicle filling stations in Jiyuan City, Luohe City and Sanmenxia City and are amortised on a straight-line method over a period of 30 years, which is the period of the licenses being granted for operating CNG vehicle filling stations. As at 31st December, 2024 and 31st December, 2023, certain other intangible assets are fully amortised but still in use.

Technology know-how represents the technology developed for design and consulting of energy projects which arose upon acquisition of 北京恩耐特分佈能源技術有限公司 and its subsidiaries during the year ended 31st December, 2018. Technology know-how is amortised on a straight-line method over a period of 10 years.

The Group tests intangible assets if there are indications that intangible assets might be impaired.

The carrying amounts of intangible assets related to the respective units are as follows:

	2024 HK\$'000	2023 HK\$'000
Unit A	998,315	1,076,213
Unit B	56,808	61,597
Unit C	233,129	259,203
Unit D	8,265	10,548
	<b>1,296,517</b>	1,407,561

Impairment assessments of CGUs within Unit A, B, C and D are set out in note 18.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 20. LONG-TERM DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Deposits paid for acquisition of property, plant and equipment	<b>383,383</b>	429,570
Deposits paid for leasehold lands	<b>53,439</b>	54,560
Loans to employees	<b>666,862</b>	643,543
Other long-term deposits	<b>27,597</b>	12,155
	<b>1,131,281</b>	1,139,828

#### Deposits paid for acquisition of property, plant and equipment

As at 31st December, 2024, deposits of RMB199,296,000 (equivalent to HK\$215,688,000) (2023: RMB297,569,000 (equivalent to HK\$328,806,000)) were paid to a supplier for acquisition of construction materials mainly for construction of the Group's pipelines.

#### Loans to employees

At 31st December, 2024, included in the Group's other receivables balances are loans to employees with aggregate carrying amount of HK\$666,862,000 (2023: HK\$643,543,000) which are for the purpose of enabling the PRC employees to exercise their share options granted by the Company. The loans are interest bearing at 4% per annum, repayable within two years and secured by the shares held as collateral by the Group.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 21. INTERESTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Cost of unlisted investments in associates	573,688	562,141
Share of post-acquisition results, net of dividends received	270,626	260,386
Exchange adjustments	(64,574)	(48,390)
	779,740	774,137

Details of the Group's associates as at 31st December, 2024 and 2023 are as follows:

Name of companies	Place of establishment	Form of business structure	Proportion of nominal value of registered capital held by the Group		Principal activities
			2024	2023	
Beijing Zhongran Xiangke Oil and Gas Technology Co., Ltd. ("Zhongran Xiangke")	PRC	Sino-foreign joint venture	40%	40%	Sales of natural gas and gas pipeline construction
Yunnan Yuntou Zhongyu Energy Co., Ltd. ("Yunnan Yuntou")	PRC	Limited liability company	39%	39%	Sales of natural gas and gas pipeline construction
Chongqing Zhongran New Energy Co., Ltd.	PRC	Limited liability company	20%	20%	Design and consulting of energy projects
Henan Xinao Zhongyu Gas Co., Ltd. ("Henan Xinao Zhongyu")	PRC	Limited liability company	35%	35%	Sales of natural gas and other energies
Luohe Petroleum Kunlun Fuel Co. Ltd.	PRC	Limited liability company	40% (Note)	–	Sales of natural gas

**Note:** On 1st August, 2024, the Group acquired 40% of the registered share capital of Luohe Petroleum Kunlun Fuel Co. Ltd for a consideration of RMB10,547,000 (equivalent to HK\$11,547,000) from an independent third party.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 21. INTERESTS IN ASSOCIATES (Continued)

#### Summarised financial information of major associates

Summarised financial information in respect of the Group's major associates is set out below. The summarised financial information below represents amounts shown in the associates' management accounts which are prepared in accordance with HKFRSs. All of these associates are accounted for using the equity method in the Group's consolidated financial statements.

#### Zhongran Xiangke

Zhongran Xiangke and its subsidiaries (collectively "Zhongran Xiangke Group")

	2024 HK\$'000	2023 HK\$'000
Current assets	1,338,237	1,144,774
Non-current assets	1,179,689	1,220,873
Current liabilities	(923,845)	(928,421)
Non-current liabilities	(85,011)	(22,100)
Net assets	1,509,070	1,415,126
Equity attributable to owners of Zhongran Xiangke Group	1,093,050	1,061,125
Non-controlling interests	416,020	354,001
	1,509,070	1,415,126
Revenue	1,648,628	1,772,123
Profit for the year	75,242	116,466
Profit for the year attributable to:		
Owners of Zhongran Xiangke Group	54,450	87,405
Non-controlling interests	20,792	29,061
	75,242	116,466
Exchange difference arising from translation to presentation currency	18,702	(85,826)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 21. INTERESTS IN ASSOCIATES (Continued)

#### Summarised financial information of major associates (Continued)

##### Zhongran Xiangke (Continued)

Zhongran Xiangke and its subsidiaries (collectively "Zhongran Xiangke Group") (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Zhongran Xiangke Group recognised in the consolidated financial statements:

	2024 HK\$'000	2023 HK\$'000
Equity attributable to owners of Zhongran Xiangke Group	1,093,050	1,061,125
Proportion of the Group's ownership interest in Zhongran Xiangke Group at 40%	437,220	424,450
Carrying amount of the Group's interest in Zhongran Xiangke Group	437,220	424,450



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 21. INTERESTS IN ASSOCIATES (Continued)

#### Summarised financial information of major associates (Continued)

##### Yunnan Yuntou

Yunnan Yuntou and its subsidiaries (collectively "Yunnan Yuntou Group")

	2024 HK\$'000	2023 HK\$'000
Current assets	473,886	563,763
Non-current assets	923,342	943,161
Current liabilities	(635,184)	(758,996)
Non-current liabilities	(458,064)	(400,168)
Net assets	303,980	347,760
Equity attributable to owners of Yunnan Yuntou Group	287,264	330,805
Non-controlling interests	16,716	16,955
	303,980	347,760
Revenue	421,559	1,000,095
(Loss) profit for the year	(42,053)	900
(Loss) profit for the year attributable to:		
Owners of Yunnan Yuntou Group	(37,223)	4,749
Non-controlling interests	(4,830)	(3,849)
	(42,053)	900
Exchange difference arising from translation to presentation currency	(1,727)	(3,524)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 21. INTERESTS IN ASSOCIATES (Continued)

#### Summarised financial information of major associates (Continued)

##### Yunnan Yuntou (Continued)

Yunnan Yuntou and its subsidiaries (collectively "Yunnan Yuntou Group") (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Yunnan Yuntou Group recognised in the consolidated financial statements:

	2024 HK\$'000	2023 HK\$'000
Equity attributable to owners of Yunnan Yuntou Group	287,264	330,805
Proportion of the Group's ownership interest in Yunnan Yuntou Group at 39%	112,033	129,014
Carrying amount of the Group's interest in Yunnan Yuntou Group	112,033	129,014



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 21. INTERESTS IN ASSOCIATES (Continued)

#### Summarised financial information of major associates (Continued)

##### Henan Xiniao Zhongyu

	2024 HK\$'000	2023 HK\$'000
Current assets	43,241	24,213
Non-current assets	399,707	419,338
Current liabilities	(8,292)	(8,147)
Non-current liabilities	(4,086)	(4,366)
Net assets	430,570	431,038
Equity attributable to owners of Henan Xiniao Zhongyu	430,570	431,038
Revenue	169,387	164,332
Profit (loss) for the year	8,506	(14,963)
Exchange difference arising from translation to presentation currency	(8,974)	(11,546)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 21. INTERESTS IN ASSOCIATES (Continued)

#### Summarised financial information of major associates (Continued)

##### Henan Xinao Zhongyu (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Henan Xinao Zhongyu recognised in the consolidated financial statements:

	2024 HK\$'000	2023 HK\$'000
Equity attributable to owners of Henan Xinao Zhongyu	430,570	431,038
Proportion of the Group's ownership interest in Henan Xinao Zhongyu at 35%	149,957	150,106
Goodwill	66,951	68,357
	216,908	218,463
Carrying amount of the Group's interest in Henan Xinao Zhongyu	216,908	218,463

### 22. INTERESTS IN JOINT VENTURES

	2024 HK\$'000	2023 HK\$'000
Cost of unlisted investments in joint ventures	20,244	20,244
Share of post-acquisition results	(7,150)	(5,366)
Exchange adjustments	(408)	(128)
	12,686	14,750



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 22. INTERESTS IN JOINT VENTURES (Continued)

Details of the Group's joint ventures as at 31st December, 2024 and 2023 are as follows:

Name of Companies	Place of establishment	Form of business structure	Proportion of nominal value of registered capital held by the Group		Principal activities
			2024	2023	
故城華洋管道設備安裝有限公司	PRC	Limited liability company	50%	50%	Not yet commenced business
河南中豫新創產業投資管理有限公司	PRC	Limited liability company	30%	30%	Not yet commenced business

As all the relevant activities of the above entities require unanimous consent from all joint venture parties, it is accounted for as joint ventures by the Group.

### 23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$'000	2023 HK\$'000
Unlisted equity investments (Note 1)	73,918	75,470
Unlisted fund investment (Note 2)	38,855	—
Other investments	2,720	2,720
	115,493	78,190

Notes:

- 1) The above unlisted equity investments represent the Group's equity interests in certain private entities established in the PRC. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that these investments are not held for trading and not expected to be sold in the foreseeable future.
- 2) The Directors have elected to designate this investment in an unlisted fund instrument as at FVTOCI as they believe that this investment is not held for trading and not expected to be sold in the foreseeable future.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 24. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Construction materials	452,749	498,066
Finished goods	74,235	98,165
	526,984	596,231

### 25. PROPERTIES UNDER DEVELOPMENT FOR SALE

	HK\$'000
<b>COST</b>	
At 1st January, 2023	234,937
Additions	61,046
Exchange adjustments	(6,308)
At 31st December, 2023	289,675
Additions	35,388
Exchange adjustments	(6,416)
At 31st December, 2024	318,647
Properties under development for sales of which:	
– expected to be realised within 12 months	–
– expected to be realised over 12 months	318,647
	318,647

The leasehold lands are measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at 31st December, 2024.

The properties under development for sale of the Group are situated in the PRC.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 26. TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Other than certain major customers with good repayment history which the Group allows a long credit period or settlement by instalment basis, the Group allows an average credit period of 30 to 180 days (2023: 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:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	549,951	981,148
31 – 90 days	88,705	68,852
91 – 180 days	128,889	134,012
181 – 360 days	271,130	182,093
Over 360 days	694,172	768,799
Trade receivables	1,732,847	2,134,904

As at 31st December, 2024, total bills received amounting to HK\$144,889,000 (2023: HK\$149,041,000) are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

The amounts due from certain PRC local governments for the “Coal-to-gas” projects under the “gas pipeline construction” segment is included in the carrying amount of trade receivables.

As at 31st December, 2024, included in the Group’s trade receivables balance are debtors with aggregate carrying amount of HK\$964,446,000 (2023: HK\$950,892,000) which are past due as at the reporting date and is not considered as in default as these are represented by the debtors without bad debt history or the PRC local governments with low credit risks. The Group does not hold any collateral over these balances.

As at 31st December, 2024, deposits, prepayments and other receivables are advances to suppliers of natural gas and construction materials for customers’ gas pipeline construction amounting to HK\$1,048,301,000 (2023: HK\$1,007,788,000).

Details of impairment assessment of trade receivables, deposits and other receivables are set out in note 42.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 27. AMOUNTS DUE FROM/(TO) A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

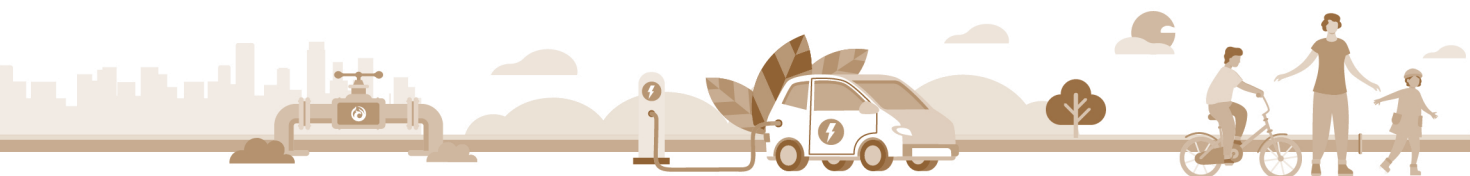
As at 31st December, 2024, the amount due from a non-controlling shareholder of a subsidiary of the Group of RMB7,500,000 (equivalent to HK\$8,117,000) (2023: RMB7,500,000 (equivalent to HK\$8,287,000)) is secured by its equity interest of that subsidiary, interest bearing at 7.8% (2023: 7.8%) per annum and repayable within one year (2023: one year).

As at 31st December, 2024, the amount due to a non-controlling shareholder of a subsidiary represented consideration payable to a non-controlling shareholder of a subsidiary of the Group for acquisition of additional interest in a subsidiary amounting to RMB1,100,000 (equivalent to HK\$1,190,000) (2023: RMB1,100,000 (equivalent to HK\$1,215,000)) is unsecured, non-interest bearing and repayable on demand.

### 28. CONTRACT ASSETS/LIABILITIES

	2024 HK\$'000	2023 HK\$'000
<b>Contract assets – current</b>		
Construction contracts in gas pipeline construction	624,511	395,476
<b>Contract liabilities – current</b>		
Construction contracts in gas pipeline construction	467,127	649,704
Purchase of natural gas	854,881	971,610
	1,322,008	1,621,314

At as 1st January, 2023, contract assets and contract liabilities amounting to HK\$482,133,000 and HK\$1,651,089,000, respectively.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 28. CONTRACT ASSETS/LIABILITIES (Continued)

Typical payment terms which impact on the amount of contract assets and contract liabilities recognised are as follows:

#### Construction contracts in respect of gas pipeline construction

The contract assets primarily relate to the Group's right to consideration for work completed because the rights are conditioned on the Group's future performance in achieving specified milestones at the reporting date on contract work. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

The Group's revenue from construction contracts is measured by input method. The Group requires certain customers to provide upfront deposits before the commencement of the construction work as part of its credit risk management policies.

When the Group receives a deposit before the construction activity commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

#### Purchase of natural gas

The Group would require advance payment before the usage of the natural gas for certain customers, any shortage against the periodically actual charge for the actual usage of natural gas will be billed by the Group accordingly. These customers are required to top up the advance payment for future usage of natural gas to be supplied by the Group. The Group requires advance payment before the usage of the natural gas through the prepaid card for certain household users. The charge of the actual usage of natural gas will be deducted directly to the balance of the prepaid card. These customers can only consume the natural gas up to the balance of the prepaid card. This will give rise to contract liabilities until the revenue recognised on the relevant contract exceeds the amount of advance payment.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 28. CONTRACT ASSETS/LIABILITIES (Continued)

#### Purchase of natural gas (Continued)

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2024		2023	
	Construction contracts	Purchase of natural gas	Construction contracts	Purchase of natural gas
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	649,704	971,610	740,124	910,965

Details of the impairment assessment of contract assets are set out in note 42.

### 29. BANK BALANCES AND CASH

The bank balances and cash include cash held by the Group and short-term bank deposits with an original maturity of three months or less and bank balances carry interest at market rates which ranged from 0.01% to 3.94% (2023: 0.01% to 5.33%) per annum as at 31st December, 2024. At 31st December, 2024, the bank balances and cash consisted of HK\$1,495,088,000 (2023: HK\$1,438,981,000) are denominated in RMB.

As at 31st December, 2024, the bank balances and cash consisted of HK\$90,535,000 and HK\$65,234,000 (2023: HK\$23,743,000 and HK\$59,960,000) are denominated in US\$ and HK\$ respectively, which are foreign currencies of the respective group entities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 30. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES AND DEFERRED INCOME AND ADVANCE RECEIVED

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

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	594,477	773,507
31 – 90 days	151,923	177,676
91 – 180 days	108,586	144,564
Over 180 days	692,389	515,915
Trade payables	1,547,375	1,611,662

The average credit period on purchase of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

As at 31st December, 2024, deferred income and advance received classified as non-current liabilities are government grants of HK\$3,876,000 (2023: HK\$4,523,000) received by the Group, and will be released to profit or loss when the related costs (for which the grants are intended to compensate) are recognised in profit or loss. Due to redevelopment of Jiaozuo City, Jiaozuo government subsidised the Group for enhancement and relocation of certain pipelines in Jiaozuo City.

As at 31st December, 2024, included in other payables and accrued charges are (i) refundable security deposits received from customers in relation to gas supply of HK\$96,143,000 (2023: HK\$70,026,000); (ii) accrued expenses of HK\$59,973,000 (2023: HK\$77,717,000); (iii) consideration payable for the acquisition of subsidiaries of RMB27,988,000, equivalent to HK\$30,290,000 (2023: RMB52,301,000, equivalent to HK\$57,791,000); and (iv) consideration payable for the acquisition of assets and liabilities through acquisition of subsidiaries of RMB28,350,000, equivalent to HK\$30,682,000 (2023: RMB28,350,000, equivalent to HK\$31,326,000).

### 31. AMOUNT DUE TO AN ASSOCIATE

As at 31st December, 2024, the amount due to an associate amounting to RMB894,000 (equivalent to HK\$968,000) (2023: RMB894,000 (equivalent to HK\$988,000)) is unsecured, non-interest bearing and repayable on demand.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 32. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Secured bank borrowings	2,079,995	108,727
Unsecured bank borrowings	10,810,803	12,084,579
Unsecured other borrowings	8,874	10,387
	12,899,672	12,203,693
Carrying amounts of the above bank borrowings are repayable*:		
Within one year	5,874,949	7,550,877
More than one year, but not exceeding two years	3,779,623	1,682,707
More than two years but not exceeding five years	3,106,336	2,890,354
More than five years	28,679	—
	12,789,587	12,123,938
Carrying amounts of above bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	101,211	69,368
	101,211	69,368
Carrying amounts of the above other borrowings are repayable*:		
Within one year	1,299	1,326
More than one year, but not exceeding two years	1,299	1,326
More than two years but not exceeding five years	3,896	3,978
More than five years	2,380	3,757
	8,874	10,387
Less: Amounts due within one year shown under current liabilities	(5,977,459)	(7,621,571)
Amounts shown under non-current liabilities	6,922,213	4,582,122

\* the amounts due are based on scheduled repayment dates set out in the loan agreements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 32. BORROWINGS (Continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	<b>3.05% – 4.79%</b>	3.35% – 4.98%
Variable-rate borrowings	<b>3.10% – 7.66%</b>	3.20% – 7.46%

The Group's certain variable-rate borrowings bear interest at Loan Prime Rate ("LPR") plus a discount of 0.4% to premium of 1.1% (2023: a discount of 0.4% to premium of 1.4%) per annum, Hong Kong Interbank Offered Rate ("HIBOR") plus a premium of 1.3% to 2.1% (2023: 1.8% to 2.1%) per annum and Secured Overnight Financing Rate ("SOFR") plus a premium of 1.7% to 1.8% (2023: 1.7% to 1.8%) per annum is charged on remaining outstanding variable-rate loan balances.

As at 31st December, 2024, the Group's borrowings of HK\$5,404,356,000 (2023: HK\$8,160,770,000) are subject to compliance with certain financial and/or non-financial covenants within 12 months from the reporting date, of which HK\$3,759,123,000 (2023: HK\$3,567,904,000) were classified as non-current. The Group has complied with these covenants throughout the reporting period.

As at 31st December, 2024, the bank borrowing balances consisted of HK\$1,270,364,000 (2023: HK\$5,123,205,000) and HK\$2,889,932,000 (2023: HK\$2,861,322,000) are denominated in US\$ and HK\$ respectively, which are foreign currencies of the respective group entities.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 33. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities payable:		
Within one year	6,558	3,284
Within a period of more than one year but not more than two years	6,314	2,085
Within a period of more than two years but not more than five years	6,536	8,814
Within a period of more than five years	5,196	6,550
	24,604	20,733
Less: Amount due for settlement with 12 months shown under current liabilities	(6,558)	(3,284)
Amount due for settlement after 12 months shown under non-current liabilities	18,046	17,449

Lease obligations that are denominated in currency other than the functional currencies of the relevant group entities are set out below:

	HK\$'000
As at 31st December, 2024	5,913
As at 31st December, 2023	484





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 34. SHARE CAPITAL

	Notes	Number of shares		Amount	
		2024 '000	2023 '000	2024 HK\$'000	2023 HK\$'000
Authorised:					
Ordinary shares at HK\$0.01 each		10,000,000	10,000,000	100,000	100,000
Issued and fully paid:					
At the beginning of the year		2,794,200	2,829,754	27,942	28,297
Repurchase of shares	(i)	(16,504)	(35,554)	(165)	(355)
At the end of the year	(ii)	2,777,696	2,794,200	27,777	27,942

Notes:

- (i) During the year ended 31st December, 2024 and 2023, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid
		Highest HK\$	Lowest HK\$	HK\$'000
Year ended 31st December, 2024				
April 2024	9,300,000	5.00	4.85	45,945
December 2024	7,204,000	4.75	4.48	33,187
	16,504,000			



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 34. SHARE CAPITAL (Continued)

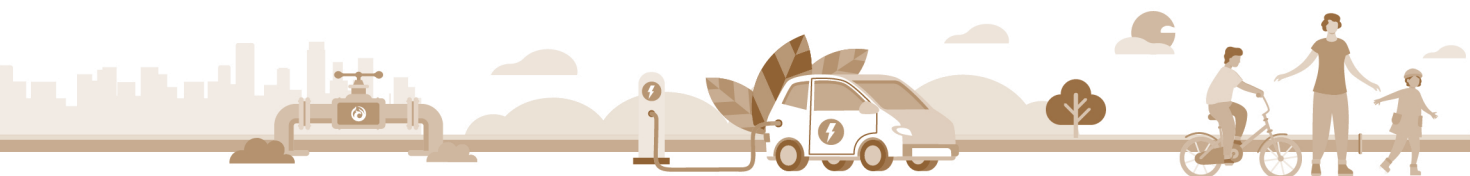
Notes: (Continued)

(i) (Continued)

Month of repurchase	Number of ordinary shares of HK\$0.01 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
Year ended 31st December, 2023				
January 2023	300,000	5.90	5.84	1,763
March 2023	500,000	5.49	5.37	2,724
April 2023	4,061,000	6.15	5.30	22,731
May 2023	2,400,000	6.13	6.00	14,600
October 2023	3,000,000	5.56	5.38	16,427
November 2023	4,100,000	5.56	5.43	22,550
December 2023	21,193,000	5.84	5.18	117,217
	35,554,000			

(ii) As at 31st December, 2024, the Company had 7,204,000 shares (2023: 11,000,000 shares) that were repurchased but not yet been cancelled. The total number of issued shares of the Company was 2,784,899,157 (2023: 2,805,199,157).

During the year ended 31st December, 2024, the Company repurchased a total of 16,504,000 ordinary shares and total of 9,300,000 ordinary shares were cancelled. The respective issued share capital of the Company was reduced by the nominal value of the repurchased shares. The premium payable on repurchase of the shares of HK\$79,251,000 (2023: HK\$198,395,000) was charged to the share premium account.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 35. DEFERRED TAXATION

The following is the deferred tax liabilities recognised and movements thereon during the current and prior years.

	Revaluation of investment properties and pipelines HK\$'000	Other intangible assets HK\$'000	Undistributed profits of subsidiaries HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1st January, 2023	681,876	290,119	1,351	459,001	1,432,347
Exchange adjustments	(17,030)	(7,260)	(34)	(11,859)	(36,183)
(Credit) charge to profit or loss (note 10)	(24,887)	(20,567)	–	24,904	(20,550)
Credit to property revaluation reserve	(29,370)	–	–	–	(29,370)
At 31st December, 2023	610,589	262,292	1,317	472,046	1,346,244
Exchange adjustments	(12,221)	(5,137)	(27)	(9,541)	(26,926)
Credit to profit or loss (note 10)	(25,781)	(19,720)	–	(7,805)	(53,306)
Credit to property revaluation reserve	(44,188)	–	–	–	(44,188)
At 31st December, 2024	528,399	237,435	1,290	454,700	1,221,824

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits amounting to HK\$4,535,614,000 (2023: HK\$4,422,640,000) of certain PRC subsidiaries in relation to owners of the Company. 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.

At 31st December, 2024, the Group had unused estimated tax losses of HK\$42,957,000 (2023: HK\$30,013,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to unpredictability of future profit stream. Included in unrecognised tax losses are losses of PRC subsidiaries of HK\$31,935,000 (2023: HK\$22,947,000) that will expire in various dates up to 2029 (2023: 2028), other losses may be carried forward indefinitely.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS

#### Share option schemes

Pursuant to an ordinary resolution passed on 24th October, 2003, the Company adopted a share option scheme ("First Share Option Scheme") pursuant to which the Directors were authorised to grant share option to its employees (including executive directors and employees of any of its subsidiaries) or any person who has contributed or will contribute to the Group. The First Share Option Scheme was terminated and replaced by a new share option scheme ("Second Share Option Scheme") on 3rd May, 2013 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 3rd May, 2013.

Outstanding options under the First Share Option Scheme shall continue to be valid and exercisable in accordance with the First Share Option Scheme after its termination.

Under the Second Share Option Scheme, the Directors may offer share options to any directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the board of directors of the Company considers, in its sole discretion, have contributed or will contribute to the Group, to subscribe for shares in the Company in accordance with the terms of the Second Share Option Scheme. Such scheme was terminated and replaced by another new share option scheme ("Third Share Option Scheme") on 2nd June, 2023 by an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 2nd June, 2023.

The maximum number of shares which may be issued upon exercise of all share options to be granted under the Second Share Option Scheme shall not, in the absence of shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of shares in issue on the adoption date (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Second Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders' approval but in any event, the total number of shares which may be issued upon exercise of all share options to be granted under the Third Share Option Scheme under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Third Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

Further, no options will be granted which would result in the maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the Third Share Option Scheme, the existing options granted under the First and Second Share Option Scheme, in aggregate, 30% of the issued share capital of the Company from time to time.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 36. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### Share option schemes (Continued)

The following table discloses movements of the Company's share options granted under the Second Share Option Scheme and movements in such holdings:

Category of grantee	Exercise price per share HK\$	Date of grant	Exercisable period	Number of share options				At 31st December, 2023 and 2024
				At 1st January, 2023	Exercised during the year ended 31st December, 2023	Forfeited during the year ended 31st December, 2023	Expired during the year ended 31st December, 2023	
Directors	5.468	5th January, 2018	5th January, 2018 to 4th January, 2028	12,069,600	–	(502,900)	–	11,566,700
				12,069,600	–	(502,900)	–	11,566,700
Employees	5.468	5th January, 2018	5th January, 2018 to 4th January, 2028	2,514,500	–	–	–	2,514,500
	5.468	5th January, 2018	17th December, 2019 to 4th January, 2028	1,508,700	–	–	–	1,508,700
				4,023,200	–	–	–	4,023,200
				16,092,800	–	(502,900)	–	15,589,900
Exercisable at the end of the year				16,092,800				15,589,900
Weighted average exercise price				HK\$5.468	–	HK\$5.468	–	HK\$5.468



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 37. OPERATING LEASING ARRANGEMENTS

#### The Group as lessor

Undiscounted lease payments receivables on leases over non-cancellable period in respect of rented premises and equipment are as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	2,150	1,287
In the second year	1,721	985
In the third year	821	908
In the fourth year	24	434
In the fifth year	–	25
	4,716	3,639

The Group's investment properties with a carrying amount of HK\$6,098,000 (2023: HK\$7,115,000) are held for rental purposes. All of the properties held have committed tenants for the next one to four years (2023: one to five years).

### 38. RETIREMENT BENEFITS PLANS

The Group had joined the Mandatory Provident Fund Scheme under the rules and regulations of the Hong Kong Mandatory Provident Fund Schemes Authority. The Group's employees in Hong Kong are required to join the scheme. The Group and each employee employed in Hong Kong are required to make a contribution of 5% on the employees' monthly relevant income with a maximum monthly contribution of HK\$1,500 per person.

The Company's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in various central pension schemes operated by the relevant municipal and provincial governments. These subsidiaries are required to make defined contributions to these schemes at rates ranging from 15% to 30% of their covered payroll. The Group has no other material obligation for the payment of its staff's retirement and other post-retirement benefits other than the contributions described above.

### 39. RELATED PARTY TRANSACTIONS

(a) Other than set out in notes 27 and 31, there were no other significant related party transactions during the years ended 31st December, 2024 and 2023.

#### (b) Compensation of key management personnel

The Directors considered that they are the only key management personnel of the Group. Their emoluments are set out in note 12.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 40. CAPITAL AND OTHER COMMITMENTS

As at 31st December, 2024, the capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements is HK\$98,076,000 (2023: HK\$138,112,000).

### 41. MAJOR NON-CASH TRANSACTION

During the year ended 31st December, 2024, the Group entered into new lease agreements for the use of leased properties for one year to two years. On the lease commencement, the Group recognised HK\$10,971,000 of right-of-use assets and HK\$10,971,000 of lease liabilities (2023: HK\$7,914,000 of right-of-use assets and HK\$7,914,000 of lease liabilities).

Part of capital injection from a non-controlling shareholder of a subsidiary amounting to RMB9,100,000 (equivalent to HK\$9,978,000) had agreed between the subsidiary and non-controlling shareholder of a subsidiary to off-set with other payables for the year ended 31st December, 2024.

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings and lease liabilities disclosed in notes 32 and 33, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

The management of the Group reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with the capital. The Group will balance its overall capital structure through new share issues, payment of dividends, repurchase of shares and the issue of new debt or the redemption of the existing debt.

#### Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Financial assets at FVTOCI	115,493	78,190
Financial assets at amortised cost (including bank balances and cash)	4,634,178	4,742,866
Financial liabilities		
Amortised cost	15,123,819	14,555,597



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, refundable deposits, other receivables, amount due from a non-controlling shareholder of a subsidiary, bank balances and cash, trade payables, other payables, amounts due to a non-controlling shareholder of a subsidiary and an associate, borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk

##### Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate amounts due from an associate and a related company, fixed-rate loans to employees, fixed-rate bank borrowings and fixed-rate lease liabilities. Currently, the Group has not used any derivative contracts to hedge this exposure to interest rate risk. However, management monitors interest rate exposure and will consider hedging significant fixed rate borrowings should the need arise.

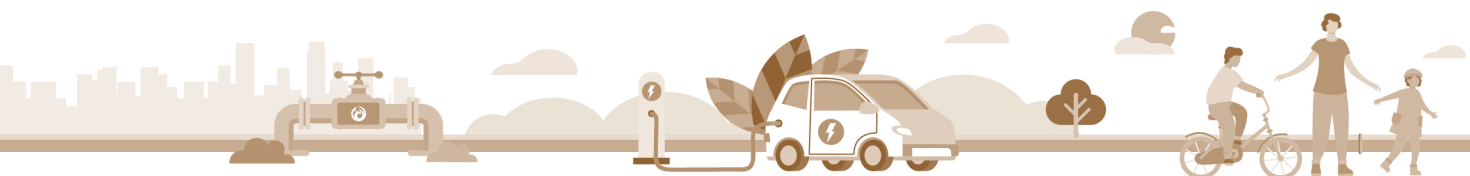
The Group's cash flow interest rate risk primarily relates to variable-rate bank balances and variable-rate bank borrowings. The Group has not used any interest rate swaps to mitigate its exposure to cash flow interest rate risk. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. The interest rates of variable bank borrowings are based on (1) interest rate at LPR plus a discount or premium; or (2) interest rate at HIBOR plus a premium; or (3) interest rate at SOFR plus a premium.

##### Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to the variable-rate bank borrowings at the end of the reporting period and management's assessment of the reasonably possible change interest rates. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. If interest rates on bank borrowings had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by HK\$38,036,000 (2023: HK\$37,916,000).

The Directors considered the Group's exposure of the variable-rate bank balances to interest rate risk is not significant and therefore no sensitivity analysis is presented.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objectives and policies (Continued)

##### Market risk (Continued)

##### Foreign currency risk

The Group collects most of its revenue in RMB and incurs most of the expenditures as well as capital expenditures in RMB. The Directors consider that the Group's exposure to foreign currency exchange risk is insignificant, except for certain bank balances and bank borrowings which are denominated in US\$ or HK\$, as the majority of the Group's transactions are denominated in the functional currency of the respective group entities. The equivalent amount of HK\$ are set out below:

	Assets		Liabilities	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
US\$	90,535	23,743	1,270,364	5,123,205
HK\$	65,234	59,960	2,889,932	2,861,322
	155,769	83,703	4,160,296	7,984,527

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

##### Sensitivity analysis

The Group is mainly exposed to the foreign currency risk in HK\$ and US\$.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against US\$ or HK\$. 5% (2023: 5%) represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes respective US\$ and HK\$ bank balances and bank borrowings, and adjusts their translation at the year end for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates increase in post-tax profit where RMB strengthen 5% (2023: 5%) against the relevant currencies. For a 5% (2023: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit.

	2024	2023
	HK\$'000	HK\$'000
US\$	44,244	191,230
HK\$	105,926	105,051

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### **Financial risk management objectives and policies** *(Continued)*

##### ***Credit risk and impairment assessment***

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, refundable deposits, other receivables, amount due from a non-controlling shareholder of a subsidiary and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and contract assets, except that the credit risks associated with loans to employees included in long term other receivables is mitigated because they are secured by the shares held by the employees.

The Group performed impairment assessment for financial assets and contract assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

##### ***Trade receivables and contract assets arising from contracts with customers***

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model according to HKFRS 9 on trade receivables and contract assets based on collective assessment except for the debtors with credit-impaired balances which are assessed individually.

##### ***Deposits and other receivables and amount due from a non-controlling shareholder of a subsidiary***

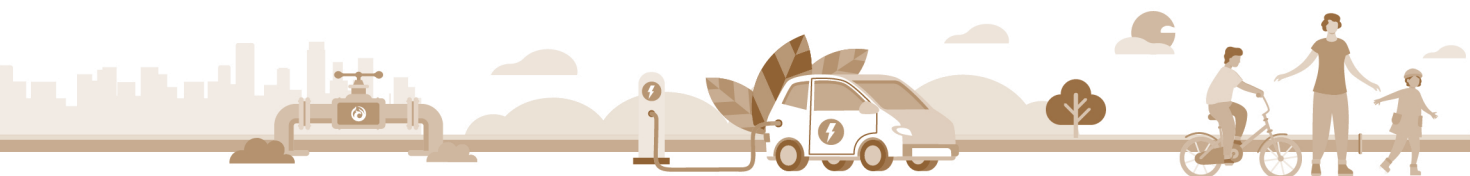
The Group has taken into account the economic outlook of the industries in which the debtors operate, and concluded that there has been no significant increase in credit risk since initial recognition. The ECL on deposits and other receivables and amount due from a non-controlling shareholder of a subsidiary are considered to be insignificant except for other receivables of HK\$22,844,000 (2023: HK\$18,773,000) which are considered as credit-impaired and fully provided.

The credit risk on loans to employees included in long term other receivables is insignificant as the loans are secured by the shares held as collateral by the Group.

##### ***Bank balances***

The credit risk on liquid funds is limited because the counterparties are reputable banks in the PRC or banks with high credit-ratings assigned by international credit-rating agencies and the Group has limited exposure to any single financial institution.

As at 31st December, 2024, the Group performed impairment assessment on bank balances by reference to the average loss rates for respective credit rating grades published by international credit-rating agencies and concluded that the ECL is insignificant.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies *(Continued)*

##### *Credit risk and impairment assessment (Continued)*

As at 31st December, 2024, other than the concentration of credit risk on the amount due from a non-controlling shareholder of a subsidiary and loans to employees (2023: the amount due from a non-controlling shareholder of a subsidiary and loans to employees), the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

		External credit rating	Internal credit rating		Gross carrying amount	
	Notes			12-month or lifetime ECL	2024 HK\$'000	2023 HK\$'000
Financial assets at amortised cost						
Other long-term deposits and other receivables	20	N/A	Low risk	12m ECL (not credit-impaired and assessed individually)	694,459	655,698
Trade receivables – contracts with customers	26	N/A	(Note)	Lifetime ECL (not credit-impaired and collective assessment)	1,732,847	2,134,904
				Lifetime ECL (credit-impaired)	42,772	36,339
					1,775,619	2,171,243
Deposits and other receivables	26	N/A	Low risk	12m ECL (not credit-impaired and assessed individually)	547,898	421,293
			Loss	Lifetime ECL (credit-impaired)	22,844	18,773
					570,742	440,066
Amount due from a non-controlling shareholder of a subsidiary	27	N/A	Low risk	12m ECL (not credit-impaired and assessed individually)	8,117	8,287
Bank balances	29	Aa2 to Baa3	Low risk	12m ECL (not credit-impaired and assessed individually)	1,649,235	1,521,352
Other item						
Contract assets	28	N/A	(Note)	Lifetime ECL (not credit-impaired and collective assessment)	624,511	395,476
				Lifetime ECL (credit-impaired)	59,000	57,494
					683,511	452,970



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies *(Continued)*

##### Credit risk and impairment assessment *(Continued)*

*Note: For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired balances which are assessed individually, the Group determines the ECL on these items grouped by past due status for trade receivables and the status of the relevant projects of the contract assets. When there are indicators that the relevant trade receivables and contract assets may be credit-impaired, the relevant amounts will be assessed for ECL individually.*

*The Group uses aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Based on the Group's assessment of historical credit loss experience of the existing debtors and all available forward looking information, including but not limited to the expected economic conditions in the PRC and expected subsequent settlements, the Group does not consider that default occurs for those contractual payments that are more than 90 days past due.*

*The Group used estimated loss rates based on aging for classes with different credit risk characteristics and exposures, and the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.*

*During the year ended 31st December, 2024, the Group recognised impairment loss of HK\$6,433,000 (2023: reversal of impairment loss of HK\$4,788,000) on trade receivables, impairment loss of HK\$1,506,000 (2023: HK\$970,000) on contract assets and impairment loss of HK\$4,071,000 (2023: reversal of impairment loss of HK\$4,000) on other receivables, based on the individual assessment.*



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies *(Continued)*

##### *Credit risk and impairment assessment (Continued)*

The following table shows the movement in lifetime ECL that has been recognised for both trade receivables and contract assets under the simplified approach and other receivables.

	Trade receivables Lifetime ECL (credit-impaired) HK\$'000	Contract assets Lifetime ECL (credit-impaired) HK\$'000	Other receivables Lifetime ECL (credit-impaired) HK\$'000
As at 1st January, 2023	41,127	56,524	18,777
Net remeasurement of impairment losses allowance	(4,788)	970	(4)
As at 31st December, 2023	36,339	57,494	18,773
Net remeasurement of impairment losses allowance	6,433	1,506	4,071
As at 31st December, 2024	42,772	59,000	22,844

##### *Liquidity risk*

As at 31st December, 2024, the Group has net current liabilities of HK\$3,117,950,000. As explained in note 3.1, 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 appropriately HK\$0.87 billion obtained in the first quarter of 2025, cash flows from the profitable operations and expected new banking facilities.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank borrowings as significant sources of liquidity. The management monitors the utilisation of bank borrowings and ensures compliance with the relevant covenants.

The following table details the Group's remaining contractual maturity based on the agreed repayment terms for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest (estimated based on interest rate at the end of the reporting period) and principal cash flows.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies *(Continued)*

#### Liquidity risk *(Continued)*

##### Liquidity tables

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 - 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount at 31.12.2024 HK\$'000
<b>2024</b>							
Trade payables	-	1,547,375	-	-	-	1,547,375	1,547,375
Other payables and accrued charges	-	674,614	-	-	-	674,614	674,614
Amount due to an associate	-	968	-	-	-	968	968
Amount due to a non-controlling shareholder of a subsidiary	-	1,190	-	-	-	1,190	1,190
Borrowings							
– fixed rate	3.91	883,612	1,079,651	925,444	37,467	2,926,174	2,756,748
– variable rate	4.92	819,217	3,404,478	6,645,019	2,954	10,871,668	10,142,924
Lease liabilities	5.04	2,013	5,583	15,659	5,815	29,070	24,604
		3,928,989	4,489,712	7,586,122	46,236	16,051,059	15,148,423



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

#### Financial risk management objectives and policies (Continued)

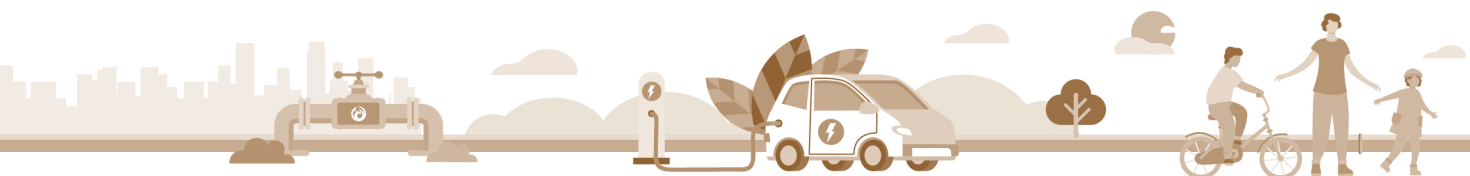
##### Liquidity risk (Continued)

##### Liquidity tables (Continued)

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount at 31.12.2023 HK\$'000
<b>2023</b>							
Trade payables	–	1,611,662	–	–	–	1,611,662	1,611,662
Other payables and accrued charges	–	738,039	–	–	–	738,039	738,039
Amount due to an associate	–	988	–	–	–	988	988
Amount due to a non-controlling shareholder of a subsidiary	–	1,215	–	–	–	1,215	1,215
Borrowings							
– fixed rate	4.24	841,412	1,119,777	188,341	5,006	2,154,536	2,092,680
– variable rate	6.09	609,019	5,422,131	5,007,295	–	11,038,445	10,111,013
Lease liabilities	4.38	1,550	2,574	13,015	7,646	24,785	20,733
		3,803,885	6,544,482	5,208,651	12,652	15,569,670	14,576,330

**Note:** The amounts included above for variable interest rate instruments for financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### Financial risk management objectives and policies *(Continued)*

##### Liquidity risk *(Continued)*

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 3 months” time band in the above maturity analysis. As at 31st December, 2024 the aggregate carrying amounts of these bank loans amounted to HK\$101,211,000 (2023: HK\$69,368,000). Taking into account the Group’s financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

*Maturity Analysis – Bank borrowings with a repayment on demand clause based on scheduled repayments*

	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
31st December, 2024	101,579	–	–	101,579	101,211
31st December, 2023	–	70,800	–	70,800	69,368

##### Fair value

The fair value of financial assets and financial liabilities carried at amortised cost are determined by in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 42. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS *(Continued)*

#### **Fair value** *(Continued)*

#### **Fair value measurement recognised in the consolidated statement of financial position**

*Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/financial liabilities in the consolidated statement of financial position	Fair value as at 31.12.2024	Fair value as at 31.12.2023	Fair value hierarchy	Valuation techniques and key inputs
Investment in an unlisted fund investment classified as financial assets at FVTOCI	<b>Assets – HK\$38,855,000</b>	Assets – nil	Level 2	Market approach – reference to quoted price provided by a financial institution.
Investments in unlisted equity investments classified as financial assets at FVTOCI	<b>Assets – HK\$73,918,000</b>	Assets – HK\$75,470,000	Level 3	Asset-Based approach – reference to fair values of the underlying assets and liabilities held by the investee.

The Directors consider such exposures for fair value changes in financial assets are not significant. Accordingly, no sensitivity analysis is presented.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 43. 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.

	Amount due to an associate HK\$'000 (Note 31)	Lease liabilities HK\$'000 (Note 33)	Dividend payables HK\$'000	Amount due to non-controlling interests HK\$'000 (Note 27)	Interest payables HK\$'000	Borrowings HK\$'000 (Note 32)	Total HK\$'000
At 1st January, 2023	1,014	19,346	175	3,384	27,248	11,522,460	11,573,627
Financing cash flows	–	(7,043)	–	(72,247)	(695,163)	792,590	18,137
Loan facilities fees paid	–	–	–	–	–	(81,506)	(81,506)
Acquisition of additional interests of a subsidiary	–	–	–	1,215	–	–	1,215
Dividend declared	–	–	–	68,931	–	–	68,931
Recognition of lease liabilities	–	7,914	–	–	–	–	7,914
Exchange adjustments – profit or loss	–	–	–	–	(904)	–	(904)
Exchange adjustments – other comprehensive income	(26)	(490)	–	(68)	–	(98,009)	(98,593)
Finance costs	–	1,006	–	–	712,690	68,158	781,854
At 31st December, 2023	988	20,733	175	1,215	43,871	12,203,693	12,270,675
Financing cash flows	–	(8,117)	–	(35,709)	(724,282)	853,504	85,396
Loan facilities fees paid	–	–	–	–	–	(18,686)	(18,686)
Non-cash movement (note 41)	–	–	–	9,978	–	–	9,978
Acquisition of additional interests of a subsidiary	–	–	–	9,740	–	–	9,740
Dividend declared	–	–	–	27,980	–	–	27,980
Capital contribution from non- controlling interest of subsidiaries	–	–	–	(12,117)	–	–	(12,117)
Recognition of lease liabilities	–	10,971	–	–	–	–	10,971
Exchange adjustments – profit or loss	–	–	–	–	(707)	–	(707)
Exchange adjustments – other comprehensive income	(20)	(402)	–	103	–	(204,356)	(204,675)
Finance costs	–	1,419	–	–	706,042	65,517	772,978
At 31st December, 2024	968	24,604	175	1,190	24,924	12,899,672	12,951,533



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at 31st December, 2024 and 2023

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital		Principal activities
				held by the Company		
				2024	2023	
				%	%	
Zhongyu Gas Investment Limited	Hong Kong	Limited liability company	1 ordinary share of HK\$1 each	100 <sup>#</sup>	100 <sup>#</sup>	Investment holding
Zhongyu Gas Investment Limited <sup>###</sup>	British Virgin Islands	Incorporated	1 ordinary share of US\$1 each	100 <sup>#</sup>	100 <sup>#</sup>	Investment holding
Zhongyu Gas Investment (Beijing) Limited <sup>###</sup>	British Virgin Islands	Incorporated	1 ordinary share of US\$1 each	100 <sup>#</sup>	100 <sup>#</sup>	Investment holding
China City Gas Construction Holdings Co., Ltd. <sup>###</sup>	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
China City Gas Construction Explore Co., Ltd. <sup>###</sup>	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
China Gas Construction Expansion Co., Ltd. <sup>###</sup>	British Virgin Islands	Incorporated	1,330,000 ordinary shares of US\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
China City Gas Construction Development Co., Ltd. <sup>###</sup>	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
China City Gas Construction Investment Co., Ltd. <sup>###</sup>	British Virgin Islands	Incorporated	100 ordinary shares of US\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
Zhongyu Gas Energy Investment Limited <sup>###</sup>	British Virgin Islands	Incorporated	50,000 ordinary shares of US\$1 each	100 <sup>#</sup>	100 <sup>#</sup>	Investment holding
Zhongyu (Hong Kong) Property Services Investment Limited	Hong Kong	Incorporated	1 ordinary share of HK\$1 each	100 <sup>#</sup>	100 <sup>#</sup>	Investment holding
Heli Investment Holding Co., Ltd. <sup>###</sup>	British Virgin Islands	Incorporated	1 ordinary share of US\$1 each	100 <sup>#</sup>	100 <sup>#</sup>	Investment holding



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital		Principal activities
				held by the Company		
				2024	2023	
				%	%	
Zhongyu Energy Trading Limited	HK	Limited liability company	1 ordinary share of HK\$1 each	100 <sup>#</sup>		– Not yet commenced business
浙江中裕燃氣有限公司	PRC	Wholly-foreign owned enterprise	Registered capital US\$20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas, gas pipeline construction and operation of CNG/LNG vehicle filling stations
中裕城市能源投資控股（深圳）有限公司	PRC	Wholly-foreign owned enterprise	Registered capital US\$100,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
三門峽中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital HK\$50,000,000	90 <sup>##</sup>	90 <sup>##</sup>	Trading of natural gas and liquefied petroleum gas and gas pipeline construction
新密中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital HK\$15,000,000	97 <sup>##</sup>	97 <sup>##</sup>	Trading of natural gas and gas pipeline construction
新密中裕壓縮氣有限公司	PRC	Limited liability company	Registered capital RMB63,000,000	99.8 <sup>##</sup>	99.8 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
偃師中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital HK\$25,000,000	95 <sup>##</sup>	95 <sup>##</sup>	Trading of natural gas and liquefied petroleum gas and gas pipeline construction
永城中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital HK\$110,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
永城中裕運輸有限公司	PRC	Limited liability company	Registered capital RMB600,000	100 <sup>##</sup>	100 <sup>##</sup>	Dangerous goods transportation
臨沂中裕能源有限公司	PRC	Wholly-foreign owned enterprise	Registered capital HK\$511,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/registration/operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
臨沂中裕能源智慧科技有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
臨沭中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB15,160,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
東海縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
濟源中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital RMB120,000,000	92.9 <sup>##</sup>	92.9 <sup>##</sup>	Trading of natural gas and gas pipeline construction
漯河中裕燃氣有限公司 ("Luhe Zhongyu")	PRC	Sino-foreign joint venture	Registered capital RMB185,468,511	77.3 <sup>##</sup>	77.3 <sup>##</sup>	Trading of natural gas and gas pipeline construction
漯河中裕燃氣工程安裝有限公司	PRC	Sino-foreign joint venture	Registered capital RMB5,000,000	73.4 <sup>##</sup>	73.4 <sup>##</sup>	Gas pipeline construction
焦作中裕燃氣有限公司	PRC	Sino-foreign joint venture	Registered capital RMB249,800,000	93.2 <sup>##</sup>	93.2 <sup>##</sup>	Trading of natural gas, coal gas and liquefied petroleum gas and gas pipeline construction
河南中裕燃氣建設工程有限公司	PRC	Limited liability company	Registered capital RMB100,000,000	93.2 <sup>##</sup>	93.2 <sup>##</sup>	Gas pipeline construction
修武中裕燃氣發展有限公司	PRC	Limited liability company	Registered capital RMB40,000,000	99.2 <sup>##</sup>	99.2 <sup>##</sup>	Trading of natural gas and gas pipeline construction
臨沂中裕燃氣有限公司 ("Linyi Zhongyu")	PRC	Sino-foreign joint venture	Registered capital RMB50,000,000	51 <sup>#</sup>	51 <sup>#</sup>	Trading of natural gas and gas pipeline construction
中裕(河南)能源控股有限公司	PRC	Wholly-foreign owned enterprise	Registered capital HK\$1,225,000,000	100 <sup>#</sup>	100 <sup>#</sup>	Investment holding



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/registration/operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
邵武中裕智慧能源投資有限公司 (Formerly known as 邵武中裕壓縮氣投資有限公司)	PRC	Limited liability company	Registered capital RMB6,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
濟源中裕壓縮氣有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
三門峽中裕能源有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
南京晶橋中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	—	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
西平中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
河南中裕新能源有限公司 (Formerly known as 鄭州中裕燃氣有限公司)	PRC	Limited liability company	Registered capital RMB200,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision for renewable energy
靈寶中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB35,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
德州中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB25,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas, gas pipeline construction and operation of CNG/LNG vehicle filling stations
溫縣中裕壓縮氣有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
深圳市騰凱吉星貿易有限公司	PRC	Limited liability company	Registered capital RMB100,000	100 <sup>##</sup>	100 <sup>##</sup>	Not yet commenced business



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital		Principal activities
				held by the Company		
				2024	2023	
				%	%	
沁陽中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
武夷山中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB16,300,000	99.8 <sup>##</sup>	99.8 <sup>##</sup>	Trading of natural gas and gas pipeline construction
武陟中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB26,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas, gas pipeline construction and operation of CNG/LNG vehicle filling stations
鐵力中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
焦作中裕壓縮氣有限公司	PRC	Limited liability company	Registered capital RMB15,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
修武縣寧城能源利用有限公司	PRC	Limited liability company	Registered capital RMB5,500,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of stoves and equipment
漯河中裕壓縮氣有限公司	PRC	Sino-foreign joint venture	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
邵武中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
河南怡誠大有燃氣有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	80 <sup>##</sup>	80 <sup>##</sup>	Trading of natural gas and gas pipeline construction
泗洪沃金燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
樂清中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	85 <sup>##</sup>	85 <sup>##</sup>	Trading of natural gas and gas pipeline construction





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
故城明華燃氣有限公司	PRC	Limited liability company	Registered capital RMB47,600,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
臨江中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Not yet commenced business
河南中裕燃氣工程設計有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Design of gas pipeline construction project
中裕（河南）能源貿易有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas
偃師中裕能源有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of stoves and equipment
原陽縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB55,000,000	93.2 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
輝縣市中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
灌南中裕燃氣有限公司	PRC	Limited liability company	Registered capital HK\$114,556,085	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
中裕聯合（深圳）供應鏈有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of management services to group companies
中裕（深圳）智慧能源有限公司	PRC	Limited liability company	Registered capital RMB200,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
中裕智慧科技（深圳）有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of management services to group companies



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
恩耐特（沈丘）分布式能源有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	80 <sup>##</sup>	80 <sup>##</sup>	Not yet commenced business
邢台南宮裕聯天然氣管道有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
北京恩耐特分布能源技術有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	70 <sup>##</sup>	70 <sup>##</sup>	Design and consulting of energy projects
北京恩耐特藍天能源技術服務有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	70 <sup>##</sup>	70 <sup>##</sup>	Design and consulting of energy projects
恩耐特（蘇州）新能源有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	—	70 <sup>##</sup>	Design and consulting of energy projects
漯河中裕政融智慧能源科技有限公司	PRC	Limited liability company	Registered capital RMB142,968,700	75 <sup>##</sup>	75 <sup>##</sup>	Design and consulting of energy projects
鄭州派誠新能源發展有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Design and consulting of energy projects
山東中裕智慧能源有限公司	PRC	Limited liability company	Registered capital RMB200,100,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
焦作中裕智慧能源有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Design and consulting of energy projects
臨沂恒安化學危險貨物運輸有限公司	PRC	Limited liability company	Registered capital RMB500,000	51 <sup>##</sup>	51 <sup>##</sup>	Dangerous goods transportation
溫縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB48,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital		Principal activities
				held by the Company		
				2024	2023	
				%	%	
孟州中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB56,000,000	100**	100**	Trading of natural gas and gas pipeline construction
玉田縣盛和燃氣有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100**	100**	Trading of natural gas and gas pipeline construction
新河縣綠源天然氣有限公司	PRC	Limited liability company	Registered capital RMB15,000,000	100**	100**	Trading of natural gas and gas pipeline construction
鄭州益之泉新能源有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	94**	94**	Investment holding
濮陽中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	96**	96**	Trading of natural gas and gas pipeline construction
濮陽中裕能源有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100**	100**	Trading of natural gas and gas pipeline construction
深圳和眾信息科技有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100**	100**	Digital and information technology development and provision of related consultancy services
靈寶中裕能源有限公司	PRC	Limited liability company	Registered capital RMB100,000,000	70**	70**	Trading of natural gas and gas pipeline construction
宿遷中裕鴻城燃氣有限公司	PRC	Limited Liability company	Registered capital HK\$66,670,000	70**	70**	Trading of natural gas and gas pipeline construction
連雲港裕城能源有限公司	PRC	Limited liability company	Registered capital US\$30,000,000	65**	65**	Trading of natural gas, gas pipeline construction
蚌埠虹裕能源有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	65**	65**	Trading of natural gas, gas pipeline construction



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
永城中裕能源發展有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Design and development for new energy technology
巴林右旗中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
漯河中裕商貿有限公司	PRC	Limited liability company	Registered capital RMB11,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Sales of gas equipment and materials
鄭州中裕愛嘉物業服務有限公司	PRC	Limited liability company	Registered capital RMB1,000,000	—	100 <sup>##</sup>	Not yet commenced business
白山裕聯愛佳物業服務有限公司	PRC	Limited liability company	Registered capital RMB1,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Property management
永城裕聯商貿有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of stoves and equipment
浙江中裕能源銷售有限公司	PRC	Limited liability company	Registered capital USD20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas
張家口下花園區裕德能源有限責任公司	PRC	Limited liability company	Registered capital RMB1,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Not yet commenced business
白山政合商貿有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	—	95 <sup>##</sup>	Trading of stoves and equipment
濟源太行電力有限公司	PRC	Limited liability company	Registered capital RMB100,000,000	60 <sup>##</sup>	60 <sup>##</sup>	Provision of renewable energy
山東中裕慧新能源有限公司	PRC	Limited liability company	Registered capital USD20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of smart energy product



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
濮陽中裕智慧能源有限公司	PRC	Limited liability company	Registered capital USD40,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of smart energy product
浙江岱山安通天然氣管道有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Sales of gas
武陟縣中裕貿易有限公司	PRC	Limited liability company	Registered capital RMB500,000	100 <sup>##</sup>	100 <sup>##</sup>	Sales of gas equipment and materials
北京中裕智慧能源有限公司	PRC	Limited liability company	Registered capital RMB558,870,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of smart energy product
泗洪中裕智慧能源有限公司	PRC	Limited Liability Company	Registered capital HKD21,476,500	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
漯河中裕智慧能源有限公司	PRC	Limited Liability Company	Registered capital RMB15,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
濮陽中裕愛家物業服務有限公司	PRC	Limited Liability Company	Registered capital RMB300,000	100 <sup>##</sup>	100 <sup>##</sup>	Property management
漯河中裕愛家物業服務有限公司	PRC	Limited Liability Company	Registered capital RMB100,000	100 <sup>##</sup>	100 <sup>##</sup>	Property management
寧晉縣裕智慧能源發展有限公司	PRC	Limited Liability Company	Registered capital RMB500,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
修武中裕智慧能源有限公司	PRC	Limited Liability Company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
唐山市中裕智慧能源有限公司	PRC	Limited Liability Company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
高安市浩燃能源發展有限公司	PRC	Limited Liability Company	Registered capital RMB40,000,000	85 <sup>##</sup>	70 <sup>##</sup>	Trading of natural gas
孟州市裕璋能源科技有限公司	PRC	Limited Liability Company	Registered capital RMB8,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
靈壽縣晶達科技有限公司	PRC	Limited Liability Company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
溫縣裕璋能源科技有限公司	PRC	Limited Liability Company	Registered capital RMB9,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
濰博齊威通新能源科技有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
邯鄲中裕智慧能源有限公司	PRC	Limited Liability Company	Registered capital USD10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Not yet commenced business
合肥市陽剛新能源有限公司	PRC	Limited Liability Company	Registered capital RMB2,700,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
南通中裕能源有限公司	PRC	Limited Liability Company	Registered capital RMB30,000,000	62 <sup>##</sup>	62 <sup>##</sup>	Trading of natural gas and gas pipeline construction
四海綠能(宿遷)新源能源科技有限公司	PRC	Limited Liability Company	Registered capital RMB1,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
揚州瀾盛光伏科技有限公司	PRC	Limited Liability Company	Registered capital RMB15,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
南通中裕能源銷售有限公司	PRC	Wholly foreign owned enterprise	Registered capital USD20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
白山中裕智慧能源有限公司	PRC	Limited Liability Company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
焦作中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB3,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
濮陽裕慧新能源有限公司	PRC	Limited Liability Company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
清豐縣中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
新河縣裕慧能源有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
濮陽中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
鞏義市中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
漯河中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB3,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
濟源中裕智慧能源有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
舟山中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB3,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
洛陽市中裕新能源發展有限公司	PRC	Limited Liability Company	Registered capital RMB3,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital		Principal activities
				held by the Company		
				2024	2023	
				%	%	
漢陽中裕熱力能源有限公司	PRC	Limited Liability Company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
沁陽市裕慧新能源科技有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
吳橋裕慧新能源有限責任公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
三門峽中裕能源發展有限公司	PRC	Limited Liability Company	Registered capital RMB3,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
武陟縣中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
玉田縣中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
河南和財利造價諮詢有限公司	PRC	Wholly-foreign owned enterprise	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of engineering projects budgeting consultancy services
北京慧裕能源有限公司	PRC	Limited Liability Company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
臨洮裕慧智慧能源科技有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
東海縣裕慧智慧能源科技有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
德州裕慧新能源有限公司	PRC	Limited Liability Company	Registered capital RMB2,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
濟源中裕新能源有限公司	PRC	Limited Liability Company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Provision of renewable energy
衡水市裕發新能源發展有限公司	PRC	Limited liability company	Registered capital RMB2,500,000	100 <sup>##</sup>	–	Provision of renewable energy
邯鄲中裕城市智慧能源有限公司	PRC	Limited liability company	Registered capital US\$30,000,000	100 <sup>##</sup>	–	Provision of renewable energy
舞陽縣中裕鴻盛新能源有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	75 <sup>##</sup>	–	Provision of renewable energy
靈寶中裕能源發展有限公司	PRC	Limited liability company	Registered capital RMB3,000,000	100 <sup>##</sup>	–	Provision of renewable energy
宿遷裕慧能源有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	–	Provision of renewable energy
新密中裕貿易有限公司	PRC	Limited liability company	Registered capital RMB800,000	99.8 <sup>##</sup>	–	Trading of natural gas
濟源中裕智慧電力有限公司	PRC	Limited liability company	Registered capital RMB25,000,000	60 <sup>##</sup>	–	Provision of renewable energy
Harmony Gas Holdings Limited <sup>###</sup>	Cayman Islands	Limited liability company	78,287,805 ordinary shares of US\$0.0001 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
Prosperity Gas Holdings Ltd. <sup>###</sup>	Cayman Islands	Limited liability company	201 ordinary shares of US\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
Prosperity Gas 2 Co., Ltd.	Hong Kong	Limited liability company	1 ordinary share of HK\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital		Principal activities
				held by the Company		
				2024	2023	
				%	%	
Sino Gas International Holdings, Inc. <sup>###</sup>	United States of America	Incorporated	1,000 common stock without par value	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
Gas Investment China Co, Ltd. <sup>###</sup>	British Virgin Islands	Incorporated	21,500,001 ordinary shares of US\$1 each	100 <sup>##</sup>	100 <sup>##</sup>	Investment holding
Tong Yuan International Holding Limited	Hong Kong	Limited liability company	10,000 ordinary shares of HK\$1 each	51 <sup>##</sup>	51 <sup>##</sup>	Investment holding
Sino Gas Construction Limited <sup>###</sup>	British Virgin Islands	Incorporated	1,909,730 ordinary shares of US\$1 each	97.3 <sup>##</sup>	97.3 <sup>##</sup>	Investment holding
北京中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB426,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas
泗洪中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB40,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
五河中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
泗縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
北京晨光燃氣有限公司	PRC	Limited liability company	Registered capital RMB35,239,600	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
昌黎中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB20,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
玉田縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
蔚縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
張家口下花園中裕燃氣有限責任公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
成安中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
白山中裕城市燃氣有限公司	PRC	Limited liability company	Registered capital RMB80,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and liquefied petroleum gas and gas pipeline construction
白山中裕車用燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Operation of CNG/LNG vehicle filling stations
撫松中裕城鎮燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
河北中燃偉業燃氣集團有限公司	PRC	Limited liability company	Registered capital RMB14,621,063	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas
吳橋中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
寧晉縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
臨漳中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
衡水市裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
隆堯中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
行唐中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
故城中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB45,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
南宮中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
鷄澤中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
新河縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
廊坊開發區偉業危險貨物運輸有限公司	PRC	Limited liability company	Registered capital RMB1,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Dangerous goods transportation
徐州中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB30,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
邢臺中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
邢臺裕發天然氣管道有限公司	PRC	Limited liability company	Registered capital RMB50,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Transportation of piped natural gas
平山縣中裕燃氣有限公司	PRC	Limited liability company	Registered capital RMB5,000,000	100 <sup>##</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 44. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

As at 31st December, 2024 and 2023 (Continued)

Name of subsidiaries	Place/country of incorporation/ registration/ operation	Form of business structure	Paid up issued share capital/registered capital	Proportion of nominal value of issued capital/ registered capital		Principal activities
				held by the Company		
				2024 %	2023 %	
徐州中裕能源有限公司	PRC	Limited liability company	Registered capital RMB40,000,000	100 <sup>#</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
南宮市恒燃天然氣有限公司	PRC	Limited liability company	Registered capital RMB25,090,000	100 <sup>#</sup>	100 <sup>##</sup>	Trading of natural gas and gas pipeline construction
吳橋中裕智慧能源有限公司	PRC	Limited liability company	Registered capital RMB10,000,000	95 <sup>#</sup>	95 <sup>##</sup>	Trading of natural gas and gas pipeline construction

<sup>#</sup> The nominal value of issued share capital/registered capital directly held by the Company.

<sup>##</sup> The nominal value of issued share capital/registered capital indirectly held by the Company.

<sup>###</sup> The place of operation of the company is Hong Kong.

None of the subsidiaries had issued any debt securities at the end of both years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

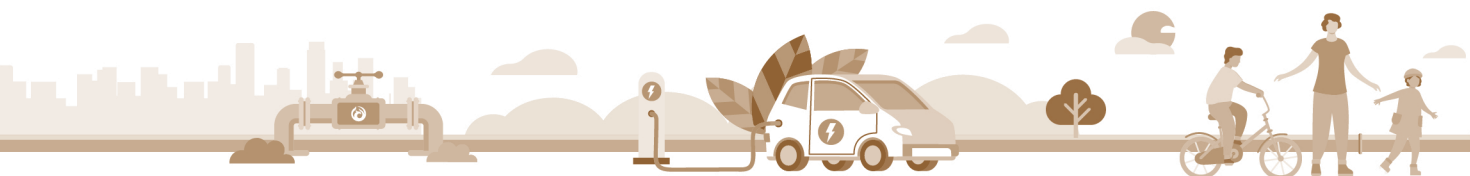
For the year ended 31st December, 2024

### 45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit for the year attributable to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Linyi Zhongyu	PRC – Shandong province	49%	49%	16,543	21,410	303,724	296,581
Luhe Zhongyu	PRC – Henan province	22.71%	22.71%	8,301	5,954	126,923	138,522
Individually immaterial subsidiaries with non-controlling interests, including Harmony Gas' subsidiaries				29,916	26,372	564,796	557,011
				54,760	53,736	995,443	992,114

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

#### (i) Linyi Zhongyu

	2024 HK\$'000	2023 HK\$'000
Current assets	343,508	248,027
Non-current assets	711,838	745,036
Current liabilities	(361,252)	(310,406)
Non-current liabilities	(74,247)	(77,389)
Equity attributable to owners of the Company	316,123	308,687
Non-controlling interests	303,724	296,581



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

#### (i) Linyi Zhongyu (Continued)

	2024 HK\$'000	2023 HK\$'000
Revenue	560,579	565,608
Expenses	(526,817)	(521,913)
Profit for the year	33,762	43,695
Profit for the year attributable to:		
Owners of the Company	17,219	22,285
Non-controlling interests	16,543	21,410
	33,762	43,695
Other comprehensive expense attributable to:		
Owners of the Company	(9,783)	(1,688)
Non-controlling interests	(9,400)	(1,622)
Other comprehensive expense for the year	(19,183)	(3,310)
Exchange difference arising from translation to presentation currency	(12,802)	(16,685)
Dividends paid to non-controlling interests	–	54,444
Net cash (used in) generated from operating activities	(47,408)	13,854
Net cash used in investing activities	(28,950)	(7,336)
Net cash generated from financing activities	31,750	7,166
Net cash (outflow) inflow	(44,608)	13,684





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

#### (ii) Luohe Zhongyu

	2024 HK\$'000	2023 HK\$'000
Current assets	68,595	24,577
Non-current assets	1,298,692	1,358,222
Current liabilities	(575,083)	(533,069)
Non-current liabilities	(233,316)	(224,783)
Equity attributable to owners of the Company	431,965	486,425
Non-controlling interests	126,923	138,522



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 45. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (Continued)

#### (ii) Luohe Zhongyu (Continued)

	2024 HK\$'000	2023 HK\$'000
Revenue	591,834	605,074
Expenses	(555,281)	(578,856)
Profit for the year	36,553	26,218
Profit for the year attributable to:		
Owners of the Company	28,252	20,264
Non-controlling interests	8,301	5,954
	36,553	26,218
Other comprehensive expense attributable to:		
Owners of the Company	(18,116)	(11,780)
Non-controlling interests	(5,323)	(3,461)
Other comprehensive expense for the year	(23,439)	(15,241)
Exchange difference arising from translation to presentation currency	(8,857)	(16,319)
Dividends paid to non-controlling interests	17,649	–
Net cash generated from operating activities	45,095	35,535
Net cash used in investing activities	(28,352)	(46,273)
Net cash generated from financing activities	6,580	13,018
Net cash inflow	23,323	2,280



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Unlisted investments in subsidiaries	1,340,259	1,356,374
Financial asset at FVTOCI	41,575	2,720
Amounts due from group companies	5,512,162	6,703,526
Long term other receivables	666,862	643,543
Right-of-use assets	5,227	477
	<b>7,566,085</b>	8,706,640
Current assets		
Other receivables	20,712	10,330
Bank balances and cash	362,355	157,063
	<b>383,067</b>	167,393
Current liabilities		
Other payables and accrued charges	22,847	42,291
Amounts due to group companies	171,647	18,743
Borrowings	2,214,870	4,416,624
Lease liabilities	2,854	484
	<b>2,412,218</b>	4,478,142
Net current liabilities	<b>(2,029,151)</b>	(4,310,749)
Total assets less current liabilities	<b>5,536,934</b>	4,395,891



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2024 HK\$'000	2023 HK\$'000
Capital and reserves		
Share capital (note 34)	27,777	27,942
Reserves (Note)	(26,565)	800,045
Total equity	1,212	827,987
Non-current liabilities		
Borrowings	5,532,662	3,567,904
Lease liabilities	3,060	—
	5,535,722	3,567,904
	5,536,934	4,395,891



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December, 2024

### 46. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves of the Company

	Share premium HK\$'000	Share option reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2023	2,707,098	13,027	236,104	(1,891,692)	1,064,537
Profit for the year	–	–	–	139,017	139,017
Other comprehensive expense for the year	–	–	(205,114)	–	(205,114)
Total comprehensive (expense) income for the year	–	–	(205,114)	139,017	(66,097)
Repurchase of shares (note 34)	(198,395)	–	–	–	(198,395)
Share option lapsed (note 36)	–	(493)	–	493	–
At 31st December, 2023	2,508,703	12,534	30,990	(1,752,182)	800,045
Loss for the year	–	–	–	(624,806)	(624,806)
Other comprehensive expense for the year	–	–	(122,553)	–	(122,553)
Total comprehensive expense for the year	–	–	(122,553)	(624,806)	(747,359)
Repurchase of shares (note 34)	(79,251)	–	–	–	(79,251)
At 31st December, 2024	2,429,452	12,534	(91,563)	(2,376,988)	(26,565)



## FINANCIAL SUMMARY

	For the year ended 31st December,				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Turnover	<b>13,472,199</b>	13,643,682	12,997,322	11,344,500	8,543,710
Profit for the year attributable to					
Owners of the Company	<b>146,384</b>	246,720	174,077	1,188,997	1,056,617
Non-controlling interests	<b>54,760</b>	53,736	68,840	73,646	56,620
	<b>201,144</b>	300,456	242,917	1,262,643	1,113,237
	As at 31st December,				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Assets and liabilities					
Total assets	<b>26,222,624</b>	26,430,107	26,310,882	26,672,864	23,634,423
Total liabilities	<b>(17,841,653)</b>	(17,736,680)	(17,175,640)	(17,155,866)	(16,903,073)
	<b>8,380,971</b>	8,693,427	9,135,242	9,516,998	6,731,350
Equity attributable to					
Owners of the Company	<b>7,385,528</b>	7,701,313	8,128,223	8,658,997	6,016,039
Non-controlling interests	<b>995,443</b>	992,114	1,007,019	858,001	715,311
	<b>8,380,971</b>	8,693,427	9,135,242	9,516,998	6,731,350

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