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**天伦燃气**  
**TIANLUN GAS**

**Tian Lun Gas Holdings Limited**

**天倫燃氣控股有限公司**

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

**(Stock code: 1600)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

Highlights of results for the year ended 31 December 2022:

- Operating revenue was RMB7,543 million, which was basically the same as compared with RMB 7,650 million for the corresponding period of last year. Among which, revenue from gas sales increased by 12.0% to RMB5,731 million, and revenue from value-added services increased 24.1% to RMB333 million.
- Gas sales volume in retail business amounted to 1,666 million m<sup>3</sup>, representing an increase of 4.8% as compared with 1,590 million m<sup>3</sup> for the corresponding period of last year.
- Increased over 350,000 households of the residential management users, and the total number of the residential management users exceeded 5.25 million households.
- It is recommended to pay final dividends per share of RMB11.00 cents for the year of 2022. In 2022, a cumulative dividend of RMB18.56 cents per share was paid.

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2022 together with the audited comparative figures for the corresponding period of last year as follows.

## CHAIRMAN’S STATEMENT

Dear Shareholders,

2022 was the year of deepening the “14th Five-Year Plan”, which was also a challenging year. China’s macro economy has withstood the pressure of various unexpected domestic and international factors, realized the improvements of economic strength, comprehensive national power, and people’s living standards. China has achieved the annual gross domestic product (GDP) exceeding RMB121 trillion throughout the year, reaching a new level of development, and demonstrating the strong resilience of the China’s economy. At the same time, in terms of energy construction, the country, under the guidance of the “14th Five-Year Plan on Modern Energy System Plan” (《十四五「現代能源體系規劃」》), issued a series of documents to clarify the principal goals and implementation paths of China’s construction of a modern energy system during the “14th Five-Year Plan” period. Regarding the economic development, China has consistently and efficiently coordinated the pandemic prevention and control works, as well as economic and social development, creating a miracle of successfully getting out of the pandemic for a populous country.

In 2022, the international energy supply and demand situation was complex and severe. Facing the impacts of the international market and extreme weather, and the overall supply and demand situation of natural gas which presented a trend of high prices and tight supply, we always bear in mind the fundamental attribute of public utility, actively assume the social responsibility of ensuring supply for people’s livelihood, and strive to enhance the comprehensive strength of gas source guarantee. On the one hand, by integrating internal and external resources, we raised natural gas resources in multiple ways to ensure the supply of natural gas, and arranged peak gas consumption support in advance with a more flexible gas source mix and more precise demands prediction. On the other hand, aiming at optimizing the planning of the gas pipelines in the operating areas, we actively carried out pipeline interconnection between the operating areas of Tian Lun Gas and nearby gas companies, and strived to improve the gas supply guarantee capability. Meanwhile, we closely followed the direction of the national efforts to the market reform of natural gas price, promoted the establishment and improvement of the price-following mechanism within our operating areas. The price-following mechanism work has made periodic progress, and the gas industry is developing towards higher quality.

While the natural gas business is booming, we have combined our business strengths to promote the sustainable development of clean energy in villages in Central China by relying on state-owned capital and insisting on light asset operation under the guidance of two major national policies: rural revitalization and the “dual carbon” targets. With the results of the rural gasification business, we gave full play to our advantages in operating capabilities in rural Henan and actively developed and operated projects. Our goal is to become a top-tier rural green energy operator and service provider in the PRC.

While realizing the Group’s economic benefits, we regard the establishment of an effective ESG governance system as the key to actualizing the concept of sustainable development. In 2022, we established the ESG Committee to improve the governance structure, clarify the direction of ESG planning, and integrate ESG concepts into our operating strategies, so as to provide clear guidelines for the sound development of the Company.

## **OUTLOOK**

As the first year for the full implementation of the spirit of the 20th National Congress of the Chinese Communist Party, 2023 will play a connecting role in the realization of the goals of the “14th Five-Year Plan”. With the relaxation of the pandemic prevention and control measures and the synergy between the national stock policies and the incremental policies, the local governments will focus on restoring economic development, significantly enhancing the economic activity.

In the face of macro fundamentals of economic recovery and growth, we will continue to adhere to the bottom line of the Group’s development and risk control, and get prepared for new opportunities and uncertainties ahead. As a leading urban gas operator in the PRC, we, under the guidance of the two national policies of rural revitalization and the “dual carbon” targets, will continue to strength the foundation of our own gas business, while developing the value-added business and actively expanding the green energy business, so as to accelerate the Group’s development with quality.

For the natural gas business, we will continue to supply natural gas to various users in a safe, stable and reliable manner. Tian Lun Gas always gives top priority to safe operation and gas sources. On the one hand, we will firmly implement the requirements of the state and governments at all levels, comprehensively enhance gas safety foresight, effectively prevent relevant safety incidents, and effectively enhance the accuracy of the hidden danger rectification, so as to save against a rainy day and keep everyone safe. On the other hand, we will broaden the channels for obtaining gas in various ways and purchase gas at different times, from different sources and among different suppliers. We will take multiple measures to maximize the efficiency of resource utilization and comprehensively enhance the ability to protect the supply of natural gas.

For the value-added business, we will strive to further highlight the role of value-added business in maintaining stability. Through the coordinated planning and development of the natural gas business and the value-added business as well as the innovative business and the value-added business, we will construct the brand ecosystem of “sales + service + brand” of Tian Lun Gas, and will continue to promote the in-depth development of value-added business strategies through the whole process and refined management of service projects.

For the new energy business, under the guidance of the national dual carbon policy, we will continue to rely on the state-owned capital to develop our operational strengths and further expand the rural green energy business. Our goal is to become a top-tier rural green energy operator and service provider in the PRC. In 2023, we will focus on accelerating the development of the new energy business. Through the strategic partnership network that can leverage resource allocation more effectively, and the reliance on our own pipeline resources, we will develop and operate the distributed rooftop photovoltaic projects and renewable energy plants.

At the same time, we will help Tian Lun Gas release its potential and embark on a new path to sustainable development in the new era by promoting up-to-date business thinking, comprehensively enhancing the team’s ability, and constructing a diversified incentive system. First, in order to further focus on the three-year strategic development plan, we will prioritize our business needs, optimize the organizational structure based on the principle of efficiency, promote refined management, and improve the leadership of the cadre. Secondly, we will do our best to introduce, train and protect talents, construct a talent service system with Tian Lun’s characteristics, and continue to maintain career passion and responsibility with constant innovative thinking by creating a compound talent team. Finally, we will attach importance to the differences in staff needs in terms of incentive and business implementation. Through the establishment of an effective and standardized incentive mechanism, we will continue to enhance the sense of belonging and identity of the employees, and make full use of their own values so as to continuously contribute to the Group’s development.

## **ACKNOWLEDGEMENT**

Tian Lun Gas is standing firm even in the trying times, fulfilling our own duties and responsibilities. We consistently insist on providing users with efficient, uninterrupted and high-quality services, which are inseparable from the hard work and dedication of all employees as well as the strong support and solidarity of all member companies. I would like to take the opportunity to sincerely thank all employees for their contributions to the development of the Group over the past year. At the same time, I would also like to express my sincere gratitude to all of our shareholders and investors for their trust and support. We will always maintain our original aspirations, persevere in innovating and fighting, facilitate the high-quality development of Tian Lun Gas, and actively reward our shareholders and society with more outstanding results.

**Zhang Yingcen**

*Chairman*

## CEO MESSAGE

Dear Shareholders,

On behalf of the board of directors and fellow staff, I am pleased to present our annual results for the year ended 31 December 2022 (the “**Year**”).

In 2022, the domestic pandemic was still recurrent, with the continuous normalization of pandemic prevention and control. The Russia-Ukraine conflict caused major adjustments in the global natural gas supply; the domestic natural gas market demonstrated weak supply and demand. In the second half of the year, the government optimized the pandemic prevention and control measures and accelerated the resumption of work and production. As the pandemic subsided with a recovering economy, China’s economy showed a clearer upward trend with a steady increase in the demand of natural gas. At the same time, under the long-term goals of national carbon peak emissions and carbon neutrality, the Chinese government and relevant departments have successively promulgated a series of policies, such as the “14th Five-Year Plan for Modern Energy Systems”, the “National Climate Change Adaptation Strategy 2035” and the “Implementation Plan for Technologically Supporting Carbon Peak Emissions and Carbon Neutrality (2022-2030)”, with the aim of promoting the construction of a nationwide unified energy market and deepening the reform of market-oriented allocation of natural gas resources. All of those will be conducive to maintaining the steady growth of the natural gas production and the industry’s prosperity in the PRC, bringing business opportunities to the Group. In the face of the complex international situation and the normalization of the domestic pandemic, the Group continued to adhere to the principle of “developing clean energy and improving the living environment” and further expanded and innovated the low-carbon energy business while developing the natural gas business in a high-quality manner. As of 31 December 2022, the Group had 69 urban gas projects across the PRC providing gas services to over 5,250,000 households of urban and rural residents and over 40,000 industrial and commercial users.

## RESULTS

For the year ended 31 December 2022, the Group recorded operating revenue of RMB7,543 million, basically equal to the same period of last year.

## BUSINESS REVIEW

2022 was the third year of the global COVID-19 pandemic. In spite of the multiple unfavorable factors such as geopolitical complications, soaring global inflation, and the impact of the domestic pandemic, China's economy has still achieved positive growth. According to the latest data released by the National Bureau of Statistics of China, China's economy grew by 3.0% in 2022. According to the data released by the National Development and Reform Commission of China, the apparent natural gas consumption in the PRC was 366.3 billion m<sup>3</sup> in 2022, representing a decrease of 1.7% year-on-year. The slowdown in domestic economic growth and high international natural gas prices have resulted in negative growth in natural gas consumption, but the global effort of energy transition to a more low-carbon direction has not wavered. The market potential for natural gas remains positive in the medium term. As the pandemic subsides with a recovering economy, China's natural gas consumption is expected to return to positive growth in 2023.

In 2022, the retail business of natural gas continued to be the largest contributor to the Group's revenue. The Group's retail sales volume of natural gas reached 1,666 million m<sup>3</sup>, representing an increase of 4.8% compared to the corresponding period of last year. The main reasons are that the Group prioritized gas source optimization, made timely adjustments in accordance with the supply and demand, and secured gas supply through multiple pipelines. At the same time, the Group stepped up its efforts to develop industrial and commercial users and aligned prices for industrial and commercial users.

Due to the impact of the pandemic and the sluggish new real estate market, the Group formulated a flexible development strategy based on the market and user demand, adding 350,737 residential users for the year ended 31 December 2022. The cumulative number of residential users to gas pipelines increased to 5,252,003 households. In the future, the Group will strive to maintain a stable trend, and will secure special funds for urban renewal and increase the added value of connections and single user quotas as new growth points.

The Group has always adhered to the concept of “being customer-centric and service-oriented” to develop value-added businesses. Through innovative business models and enriching service content, it continued to expand brand influence, to deeply explore the customer values and to develop diversified marketing strategies, so as to meet the diversified and differentiated demands of customers and achieve a rapid growth in the overall revenue of the value-added business. As at 31 December 2022, revenue from the value-added business reached RMB333 million, representing an increase of 24.1% compared to RMB268 million for the corresponding period of last year.

Facing the policy fundamentals of economic adjustment and recovery, the Group accelerated the development of new energy business while taking root in the gas industry, and strived to become an operator and service provider for rural green energy. On the basis of the planning of nearly 2 million township users in gasified villages, projects such as EPC construction, operation and maintenance business of household photovoltaics have been launched.

The Group’s current operating area has covered 16 provinces across the PRC and has accumulated over 5 million users. Among which, the scale of user managed within Henan Province has reached 3 million households, and nearly 2 million users are township households.

## **OUTLOOK**

In 2023, as the Asia-Pacific region becomes an important engine of global economic growth, the eastward shift of energy consumption will accelerate, and energy producers such as Russia will further strengthen cooperation with emerging economies such as China. In this regard, the supply and demand of the global energy will be structurally reshaped. We will actively grasp the changes in the global energy landscape and respond to the national trend of energy transformation and the national low-carbon development strategy. Under the background of dual-carbon energy, we will capture the development opportunities of China’s energy upgrade and continue to make low-carbon energy business as an important strategic direction. Meanwhile, the Group will continue to strengthen cooperation with government platforms and large state-owned enterprises while developing its natural gas business in a high-quality manner. Based on our abundant township customer resources and market operation experience, the Group will dig deep into the clean energy operation business, further expand and innovate the low-carbon energy business, and support rural revitalization, all of which will also be conducive to the sustainable development of Tian Lun Gas.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Year ended 31 December</b>	
		<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>		
Revenue	3	7,542,859	7,650,345
Cost of sales	4	<u>(6,149,950)</u>	<u>(5,871,226)</u>
<b>Gross profit</b>		<b>1,392,909</b>	<b>1,779,119</b>
Distribution expenses	4	(77,187)	(75,304)
Administrative expenses	4	(233,639)	(199,569)
Net impairment losses on financial assets and contract assets		(64,293)	(18,030)
Other income	5	23,413	15,485
Other (losses)/gains — net	6	<u>(104,395)</u>	<u>99,409</u>
<b>Operating profit</b>		<b>936,808</b>	<b>1,601,110</b>
Finance income		11,541	7,729
Finance expenses		<u>(324,955)</u>	<u>(235,782)</u>
Finance expenses — net	7	<u>(313,414)</u>	<u>(228,053)</u>
Share of results of associates and a joint venture		<u>46,730</u>	<u>(10,253)</u>
<b>Profit before income tax</b>		<b>670,124</b>	<b>1,362,804</b>
Income tax expense	8	<u>(200,852)</u>	<u>(334,690)</u>
<b>Profit for the year</b>		<u><b>469,272</b></u>	<u><b>1,028,114</b></u>
<b>Profit attributable to:</b>			
— Owners of the Company		444,598	1,000,672
— Non-controlling interests		<u>24,674</u>	<u>27,442</u>
		<u><b>469,272</b></u>	<u><b>1,028,114</b></u>
<b>Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB per share)</b>			
— Basic and diluted earnings per share	9	<u><u>0.45</u></u>	<u><u>1.00</u></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>469,272</b>	1,028,114
<b>Other comprehensive income:</b>		
<i>Item that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	<b>(9,600)</b>	8,325
<b>Other comprehensive income for the year, net of tax</b>	<b>(9,600)</b>	8,325
<b>Total comprehensive income for the year</b>	<b>459,672</b>	1,036,439
<b>Attributable to:</b>		
— Owners of the Company	<b>434,998</b>	1,008,997
— Non-controlling interests	<b>24,674</b>	27,442
	<b>459,672</b>	1,036,439

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		268,115	272,206
Financial assets at fair value through profit or loss		80,687	—
Property, plant and equipment		3,646,105	3,518,709
Investment properties		41,576	45,008
Intangible assets		4,980,409	5,097,000
Investments accounted for using the equity method		801,015	773,671
Deferred income tax assets		18,044	27,040
Financial assets at fair value through other comprehensive income		59,800	72,600
Trade and other receivables	10	13,221	24,996
Other non-current assets		67,670	58,389
		9,976,642	9,889,619
<b>Current assets</b>			
Inventories		129,260	154,642
Contract assets		2,667,764	2,414,722
Trade and other receivables	10	1,644,577	1,407,831
Financial assets at fair value through other comprehensive income		10,899	6,747
Financial assets at fair value through profit or loss		54,712	39,018
Cash and cash equivalents		1,340,135	1,014,978
Restricted cash		134,745	177,279
		5,982,092	5,215,217
<b>Total assets</b>		<b>15,958,734</b>	<b>15,104,836</b>

## CONSOLIDATED BALANCE SHEET (Continued)

		As at 31 December	
		2022	2021
	Notes	RMB'000	RMB'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	11	8,511	8,466
Treasury shares	11	(158,925)	(200,697)
Share premium	11	341,096	528,133
Reserves	12	877,666	736,819
Retained earnings		4,439,597	4,145,458
		<u>5,507,945</u>	<u>5,218,179</u>
<b>Non-controlling interests</b>		<u>314,725</u>	<u>310,195</u>
<b>Total equity</b>		<u>5,822,670</u>	<u>5,528,374</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		4,287,778	4,247,647
Lease liabilities		6,886	7,060
Deferred income tax liabilities		745,495	753,669
Deferred income		11,387	12,627
		<u>5,051,546</u>	<u>5,021,003</u>
<b>Current liabilities</b>			
Trade and other payables	13	1,161,991	1,418,781
Contract liabilities		575,851	592,003
Dividend payables		6,837	6,533
Current income tax liabilities		414,422	437,566
Borrowings		2,915,286	2,058,375
Lease liabilities		1,569	2,914
Financial liabilities at fair value through profit or loss		8,562	39,287
		<u>5,084,518</u>	<u>4,555,459</u>
<b>Total liabilities</b>		<u>10,136,064</u>	<u>9,576,462</u>
<b>Total equity and liabilities</b>		<u>15,958,734</u>	<u>15,104,836</u>

## 1. GENERAL INFORMATION OF THE GROUP

Tian Lun Gas Holdings Limited (the “**Company**”) was incorporated on 20 May 2010 in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands as an exempted company with limited liability. The Company is an investment holding company and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 November 2010.

The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the engineering construction service by providing residential, commercial and industrial users with construction and installation of gas pipeline, and infrastructure laying and installation as well as transportation, distribution and sales of gases including natural gas and compressed natural gas (“**CNG**”) and production and sales of liquefied natural gas (“**LNG**”) in bulk and in cylinders in certain cities of the People’s Republic of China (the “**PRC**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2023.

These consolidated financial statements are presented in RMB, unless otherwise stated.

## 2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss (including derivative instruments), which are carried at fair value.

## 2. BASIS OF PREPARATION *(Continued)*

### **New and amended standards adopted by the Group**

The following new and amended accounting standards and interpretations become applicable for annual reporting periods commencing on or after 1 January 2022, and have been adopted by the Group in current period:

Annual Improvements to HKFRS Standards 2018-2020	The improvements of HKFRS 9, HKFRS 16, HKFRS 1 and HKAS 41
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use
Amendments to HKAS 37	Onerous Contract — Cost of fulfilling a contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations

### **New standards and interpretations not yet adopted**

Certain new or amended standards have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on its foreseeable future transactions.

## 3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the senior executive management team on monthly basis that are used to make strategic decisions.

The senior executive management team considers the business from a “product” perspective only, as geographically all the products are provided within the PRC, which is considered as one geographic location with similar risks and returns.

The reportable segments derive their revenue and profit primarily from sales of natural gas in cylinders, sales of natural gas in bulk and engineering construction services.

In 2022, the senior executive management reassessed the business model and the types of end-users who use its products, and reclassified part of natural gas wholesale businesses into retail businesses, enabling better review of business performance. For sales made to residential customers, industrial and commercial customers, and transportation customers is classified as sales of natural gas in cylinders; sales to distribution users of city gas enterprises and gas source trading users are classified as sales of natural gas in bulk. The revenue from sales of gas appliance, value-added business and other miscellaneous income, have been reviewed by the senior executive management, and its results are included in the section “all other segments”. The segment information in 2021 has been adjusted retrospectively.

The senior executive management team assesses performance of the operating segments based on segment results which represent the profit before taxation earned by each segment without allocation of net impairment losses on financial assets and contractual assets, other income, other (losses)/gains - net, finance expense - net, share of results of associates and a joint venture, unallocated corporate expenses such as central administration costs and directors’ salaries.

### 3. SEGMENT INFORMATION (Continued)

The Group does not allocate assets and liabilities to its segments, as the senior executive management team do not use these information to allocate resources to or evaluate the performance of operating segment. Therefore, the Group does not report a measure of segment assets and liabilities for each reportable segment.

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2022 is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	4,905,179	825,907	1,408,858	834,517	(431,602)	—	7,542,859
Inter-segment revenue	—	—	—	431,602	(431,602)	—	—
External revenue	4,905,179	825,907	1,408,858	402,915	—	—	7,542,859
Timing of revenue recognition							
At a point in time	4,905,179	825,907	—	399,968	—	—	6,131,054
Over time	—	—	1,408,858	2,947	—	—	1,411,805
Segment profit	314,584	61,946	599,772	137,479	—	—	1,113,781
Unallocated expenses						(31,698)	(31,698)
Net impairment losses on financial assets and contract assets						(64,293)	(64,293)
Other income						23,413	23,413
Other losses - net						(104,395)	(104,395)
<b>Operating profit</b>							<b>936,808</b>
Finance expenses — net						(313,414)	(313,414)
Share of results of associates and a joint venture						46,730	46,730
<b>Profit before income tax</b>							<b>670,124</b>
Income tax expense						(200,852)	(200,852)
<b>Profit for the year</b>							<b>469,272</b>

### 3. SEGMENT INFORMATION (Continued)

The segment information provided to the senior executive management team for the reportable segments for the year ended 31 December 2021, as restated, is as follows:

	Sales of natural gas in cylinders <i>RMB'000</i>	Sales of natural gas in bulk <i>RMB'000</i>	Engineering construction services <i>RMB'000</i>	All other segments <i>RMB'000</i>	Inter-segment elimination <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Total revenue	4,146,336	970,602	2,221,512	580,330	(268,435)	—	7,650,345
Inter-segment revenue	—	—	—	268,435	(268,435)	—	—
External revenue	4,146,336	970,602	2,221,512	311,895	—	—	7,650,345
Timing of revenue recognition							
At a point in time	4,146,336	970,602	—	309,212	—	—	5,426,150
Over time	—	—	2,221,512	2,683	—	—	2,224,195
Segment profit	438,238	64,472	891,798	132,960	—	—	1,527,468
Unallocated expenses						(23,222)	(23,222)
Net impairment losses on financial assets and contract assets						(18,030)	(18,030)
Other income						15,485	15,485
Other gains — net						99,409	99,409
<b>Operating profit</b>							1,601,110
Finance expenses - net						(228,053)	(228,053)
Share of results of associates and a joint venture						(10,253)	(10,253)
<b>Profit before income tax</b>							1,362,804
Income tax expense						(334,690)	(334,690)
<b>Profit for the year</b>							<u>1,028,114</u>

The principal subsidiaries of the Company are domiciled in the PRC. All the revenue from external customers are derived from the PRC, and all the non-current assets are located in the PRC.



#### 4. EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	5,278,145	4,668,463
Depreciation on property, plant and equipment	202,174	190,704
Depreciation on investment properties	2,685	2,670
Amortisation of intangible assets	122,796	123,706
Employee benefit expenses	307,911	281,923
Depreciation of right-of-use assets	11,401	10,893
Engagement of construction and design services	357,880	720,643
Maintenance costs	37,339	25,917
Energy consumption	35,363	31,969
Taxes	24,057	25,393
Office expenses	18,855	15,369
Professional expenses	14,350	10,081
Entertainment expenses	12,137	12,471
Travelling expenses	11,652	7,016
Transportation costs	9,576	6,019
Auditors' remuneration		
— Audit services	3,500	3,500
— Non-audit services	50	50
Licensing fee for the exclusive operating rights for city pipeline network	1,100	1,100
Advertising expenses	2,105	2,821
Miscellaneous	7,700	5,391
	<hr/>	<hr/>
Total cost of sales, distribution expenses and administrative expenses	<b>6,460,776</b>	<b>6,146,099</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 5. OTHER INCOME

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants in relation to		
— Tax refund	2,977	2,914
— Subsidies for local investment rewards and other incentives	20,436	12,571
	<hr/>	<hr/>
	<b>23,413</b>	<b>15,485</b>
	<hr/> <hr/>	<hr/> <hr/>

## 6. OTHER (LOSSES)/GAINS - NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Gains on disposal of property, plant and equipment	2,555	425
Penalty and overdue fines	(1,031)	(3,419)
Changes in fair value of contingent consideration	49,449	54,303
Net foreign exchange (losses)/gains	(245,598)	71,115
Gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	82,475	(16,813)
Disposal losses of notes receivable measured at fair value through other comprehensive income	(566)	(1,993)
Others	8,321	(4,209)
	<u>(104,395)</u>	<u>99,409</u>

## 7. FINANCE EXPENSES — NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income		
— bank deposits	(11,541)	(7,729)
Interest expenses		
— bank borrowings	331,375	242,916
— leasing liabilities	560	677
— others	9,105	7,335
Less: amounts capitalised on qualifying assets	(16,085)	(15,146)
	<u>324,955</u>	<u>235,782</u>
	<u>313,414</u>	<u>228,053</u>

## 8. INCOME TAX EXPENSE

- (a) The Company is not subject to profits tax in its country of incorporation.
- (b) Hong Kong profits tax

For the years ended 31 December 2022 and 31 December 2021, there are no Hong Kong profits tax applicable (tax rate 16.5%) to any Group entities.

- (c) PRC corporate income tax (the “**PRC CIT**”)

All the Company’s subsidiaries incorporated in the PRC are subject to the PRC CIT, which has been provided based on the statutory income tax rate of the assessable income of each of such companies during the years ended 31 December 2022 and 31 December 2021, as determined in accordance with the relevant PRC income tax rules and regulations. The CIT rate of the relevant subsidiaries operating in the PRC is 25% (2021: 25%), except for certain group entities which are entitled to various tax rates or tax exemptions and reliefs.

The amount of income tax expense charged to profit or loss represents:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current tax on profits for the year	<b>196,830</b>	292,537
Deferred income tax	<b>4,022</b>	42,153
	<hr/>	<hr/>
	<b>200,852</b>	334,690
	<hr/> <hr/>	<hr/> <hr/>

## 9. EARNINGS PER SHARE

- (a) Basic earnings per share (“EPS”) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2022	2021
Profit attributable to owners of the Company (RMB'000)	<u>444,598</u>	<u>1,000,672</u>
Weighted average number of shares in issue (thousands)	<u>982,830</u>	<u>999,645</u>
Basic earnings per share (RMB per share)	<u>0.45</u>	<u>1.00</u>

- (b) The diluted earnings per share was the same as the basic earnings per share as there was no potential dilutive share issued during the years ended 31 December 2021 and 2022.

## 10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables - gross (a)	515,629	390,109
Receivables due from related parties (a)	463,631	324,428
Less: provision for impairment	(45,330)	(31,883)
Notes receivable	15,614	45,676
Prepayments	571,331	542,211
Other receivables	107,624	111,946
Less: provision for impairment	(302)	(310)
Value-added-tax to be offset and prepaid income tax	29,601	50,650
	<u>1,657,798</u>	<u>1,432,827</u>
Less: long-term prepayments	<u>(13,221)</u>	<u>(24,996)</u>
Current portion	<u><u>1,644,577</u></u>	<u><u>1,407,831</u></u>

- (a) The credit period generally granted to customers in relation to sales of gas is up to two months. As for the customers in relation to engineering construction service, the Group generally requests advance payments, and in circumstances of credit sales, management closely monitors the credit quality of the customers, and credit period was granted case by case with maximum of two years. The following is an ageing analysis of trade receivables and receivables due from related parties in trade nature amounting to RMB450,034,000 (2021: RMB310,821,000), presented based on billing date at the end of the reporting period:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Less than one year	821,521	569,333
1 year to 2 years	113,773	101,352
Over 2 years	30,369	30,245
	<u>965,663</u>	<u>700,930</u>

## 11. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

### (a) Share capital and share premium

	Number of shares <i>(thousands)</i>	Ordinary shares <i>RMB'000</i>	Share premium <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Issued and fully paid:</b>				
<b>At 1 January 2021</b>	<b>1,003,615</b>	<b>8,466</b>	<b>817,455</b>	<b>825,921</b>
Dividends relating to 2021 dividend	—	—	(289,322)	(289,322)
<b>At 31 December 2021</b>	<b>1,003,615</b>	<b>8,466</b>	<b>528,133</b>	<b>536,599</b>
Cancellation of shares	(43,588)	(358)	(297,325)	(297,683)
Issuance of shares upon placement	<b>50,000</b>	403	333,369	333,772
Dividends relating to 2022 dividend <i>(Note 14)</i>	—	—	(223,081)	(223,081)
<b>At 31 December 2022</b>	<b>1,010,027</b>	<b>8,511</b>	<b>341,096</b>	<b>349,607</b>

The total authorised number of ordinary shares is 2,000,000,000 shares (2021: 2,000,000,000 shares) with a par value of HKD 0.01 per share (2021: HKD0.01 per share).

### (b) Treasury shares

	Number of shares <i>(thousands)</i>	Amounts <i>RMB'000</i>
<b>At 31 December 2020</b>	—	—
Repurchase of shares	<b>31,490</b>	200,697
<b>At 31 December 2021</b>	<b>31,490</b>	200,697
<b>At 31 December 2021</b>	<b>31,490</b>	200,697
Repurchase of shares	<b>52,178</b>	255,911
Cancellation of shares	<b>(43,588)</b>	(297,683)
<b>At 31 December 2022</b>	<b>40,080</b>	158,925

## 12. RESERVES

	<b>Capital reserves</b>	<b>Statutory reserves</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Total</b>
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>At 1 January 2021</b>	(90,608)	632,288	14,497	556,177
Revaluation-gross	—	—	11,100	11,100
Revaluation-tax	—	—	(2,775)	(2,775)
Appropriation	—	172,317	—	172,317
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b>(90,608)</b>	<b>804,605</b>	<b>22,822</b>	<b>736,819</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>At 1 January 2022</b>	(90,608)	804,605	22,822	736,819
Revaluation-gross	—	—	(12,800)	(12,800)
Revaluation-tax	—	—	3,200	3,200
Acquisition of additional interests of a subsidiary	(12)	—	—	(12)
Appropriation	—	150,459	—	150,459
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	<b>(90,620)</b>	<b>955,064</b>	<b>13,222</b>	<b>877,666</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 13. TRADE AND OTHER PAYABLES

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<i>RMB '000</i>	<i>RMB '000</i>
Trade payables (a)	<b>358,256</b>	585,245
Notes payables	<b>427,700</b>	244,494
Amounts due to related parties	<b>16,244</b>	4,447
Accrued payroll and welfare	<b>6,069</b>	8,930
Interest payables	<b>13,243</b>	11,704
Other taxes payables	<b>229,419</b>	263,330
Contingent consideration payables	<b>14,516</b>	180,700
Other payables	<b>96,544</b>	119,931
	<hr/>	<hr/>
	<b>1,161,991</b>	1,418,781
	<hr/> <hr/>	<hr/> <hr/>

### 13. TRADE AND OTHER PAYABLES (Continued)

- (a) At 31 December 2022 and 31 December 2021, the ageing analysis of the trade payables, based on billing date was as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Less than 1 year	317,393	544,956
1 year to 2 years	18,437	24,758
2 years to 3 years	6,906	6,633
Over 3 years	15,520	8,898
	<u>358,256</u>	<u>585,245</u>

### 14. DIVIDENDS

	2022	2021
	RMB'000	RMB'000
Final dividend for the year ended 31 December 2021 of RMB 14.57 cents per share(2020: RMB15.30 cents per share) paid to ordinary shares	148,031	154,768
Interim dividend for the year ended 31 December 2022 of RMB 7.35 cents per share(2021: RMB13.43 cents per share) paid to ordinary shares	75,050	134,554
	<u>223,081</u>	<u>289,322</u>

On 30 March 2023, the Board of Directors resolved to propose a final dividend for the year ended 31 December 2022 of RMB11.00 cents per share, amounting to approximately RMB89,179,000(excluded RMB18,829,000 which controlling shareholder of the Company Mr. Zhang Yingcen agreed with not to attend the final dividend distribution for the time being) (2021: RMB14.57 cents per share, approximately RMB148,031,000). This proposed dividend is not reflected as a dividend payable in the consolidated financial statements.



## **15 EVENT AFTER THE BALANCE SHEET DATE**

During the period from 1 January 2023 to 31 January 2023, the Company has conducted an on-market buybacks of an aggregate of 880,500 shares under the Repurchase Mandate at an average price of approximately HKD4.15 per share. Up to the date of approval of these financial statements, such 880,500 ordinary shares have not been cancelled.

On March 2023, the Group entered into agreement with Henan Yutian New Energy Limited, the subsidiary of a joint venture of the Group, provided certain credit enhancement of the collectability of the trade receivable and contract assets due to the Group.

## BUSINESS REVIEW

The main businesses of the Group include provision of gas pipeline construction and infrastructure laying and installation for residential, commercial and industrial users, as well as transportation, distribution and sales of gases including natural gas and CNG and production and sales of LNG in bulk and in cylinders.

The key results and operating information of the Group for the year ended 31 December 2022 as compared to the corresponding period of the previous year are as follows:

	<b>For the year ended 31 December</b>		
	<b>2022</b>	<b>2021</b>	<b>Change by</b>
New pipeline gas users:	355,673	643,359	(44.7)%
— Urban gas residential users (households)	282,601	291,514	(3.1)%
— Township residential users (households)	68,136	347,199	(80.4)%
— Industrial and commercial users (households)	4,936	4,646	6.2%
Total pipeline gas users:	5,294,315	4,938,642	7.2%
— Urban gas residential users (households)	3,309,311	3,026,710	9.3%
— Township residential users (households)	1,942,692	1,874,556	3.6%
— Industrial and commercial users (households)	42,312	37,376	13.2%
Natural gas sales volume (in ten thousand m <sup>3</sup> ):	191,177	194,238	(1.6)%
— Sales volume of retail business of natural gas (in ten thousand m <sup>3</sup> )	166,634	158,951	4.8%
— Natural gas sales volume to residential users (in ten thousand m <sup>3</sup> )	52,411	44,776	17.1%
— Natural gas sales volume to industrial and commercial users (in ten thousand m <sup>3</sup> )	106,318	105,016	1.2%
— Natural gas sales volume to transportation users (in ten thousand m <sup>3</sup> )	7,905	9,159	(13.7)%
— Sales volume of wholesale business of natural gas (in ten thousand m <sup>3</sup> )	24,543	35,287	(30.4)%
Long-haul pipeline gas transmission volume (in ten thousand m <sup>3</sup> )	75,931	81,287	(6.6)%
Total length of medium and high-pressure pipelines (kilometre)	8,813	8,606	2.4%

## **New Business Development**

2022 is the first year of the second phase for the Group's township energy planning. According to the key points of the national "14th Five-Year Plan" and the latest two-carbon policy guidance, the Group took the initiative to upgrade the "rural coal gas project" in Henan Province to "rural energy project". Taking this huge user base as the starting point of township energy business, the Group will take the advantages of market resources to cooperate with more high-quality partners to fully explore the value of user resources, actively promote the construction of low-carbon energy in rural Henan province, and further develop the clean energy operation projects, such as residential rooftop distributed photovoltaic.

For the year ended 31 December 2022, the Group has participated in 6 bids of distributed photovoltaic projects including SPIC Henan Projects, with 4 won. Also, the Group has established 4 joint ventures with SPIC, which are located in Xuchang, Pingdingshan, Hebi and Shangcheng respectively.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2022, the Group's revenue amounted to RMB7,543 million, representing a slight decrease of 1.4% as compared with the corresponding period of last year. Among which, revenue from engineering construction services amounted to RMB1,409 million which represented a decrease of 36.6% as compared with the corresponding period of last year; revenue from gas retail business amounted to RMB4,905 million which represented an increase of 18.3% as compared with the corresponding period of last year; revenue from gas wholesale business amounted to RMB826 million which represented a decrease of 14.9% as compared with the corresponding period of last year. The Group's revenue was primarily derived from sales of natural gas in cylinders and in bulk business, engineering construction service business, accounting for 65.0%, 10.9% and 18.7% (the corresponding period of last year: 54.2%, 12.7%, 29.0%), respectively, of the total revenue for the year ended 31 December 2022.

### **Revenue from Gas Retail Business**

For the year ended 31 December 2022, revenue from gas retail business of the Group amounted to RMB4,905 million, representing a year-on-year increase of 18.3% as compared with RMB4,146 million for the corresponding period of last year. In 2022, residents spent more time to stay and study at home due to COVID-19 pandemic. During the year ended 31 December 2022, revenue from gas sales of the Group's residential users amounted to RMB 1,199 million, representing an year-on-year growth of 18.2%.

Meanwhile, the Group has developed flexible industrial and commercial development strategies by rearranging the large industrial users. For the year ended 31 December 2022, revenue from gas sales of the Group's industrial and commercial users amounted to RMB 3,323 million, representing an year-on-year growth of 18.7%.

### **Revenue from Gas Wholesale Business**

For the year ended 31 December 2022, revenue from gas wholesale business of the Group amounted to RMB826 million, representing a year-on-year decrease of 14.9% as compared with RMB971 million for the corresponding period of last year.

### **Revenue from Engineering Construction Services**

For the year ended 31 December 2022, revenue from engineering construction services amounted to RMB1,409 million, representing a decrease of 36.6% as compared with RMB2,222 million for the corresponding period of last year. The Group has adjusted its development strategy during the year with suspending the rural gasification business. If the revenue from the rural gasification business is deducted, the revenue from engineering construction services of urban gas business amounted to RMB838 million, representing a slight decrease of 3.4% as compared with RMB 868 million as compared with the corresponding period of last year.

### **Revenue from Other Businesses**

Most of the revenue from other businesses comes from value-added services. During the Reporting Period, the Group has developed customized packages according to the needs of users, strived to enrich product content, bringing in revenue from other businesses of RMB403 million, representing an increase of 29.2% as compared with RMB312 million for the corresponding period of last year. Among which, revenue from value-added services was RMB333 million, an increase of 24.1% compared to RMB268 million of last year.

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

For the year ended 31 December 2022, the Group realized gross profit of RMB1,393 million, representing a decrease of RMB386 million or 21.7% from the corresponding period of last year. Overall gross profit margin of the Group was 18.5%, representing a decrease of 4.8 percentage points as compared with the corresponding period of last year. The decline is mainly due to the company's adjustment of its business structure, which resulted in a decrease in the proportion of engineering construction services revenue with high gross profit margin to total revenue from 29.0% in 2021 to 18.7% in 2022, as well as the increase in the price of gas source and the delay of price adjustment in 2022.

## **Other gains — Net**

For the year ended 31 December 2022 due to exchange losses and other reasons, other losses — net of the Group amounted to RMB104 million, representing a decrease of RMB204 million as compared with the corresponding period of last year.

## **Finance Expenses — Net**

For the year ended 31 December 2022, finance expenses — net of the Group amounted to RMB313 million, representing an increase of RMB85 million as compared with the corresponding period of last year.

## **Net Profit and Core Profit\***

For the year ended 31 December 2022, net profit of the Group amounted to RMB469 million, representing a decrease of RMB559 million or 54.4% as compared with the corresponding period of last year. For the year ended 31 December 2022, core profit of the Group amounted to RMB607 million, representing a decrease of 35.0% as compared with RMB934 million for the corresponding period of last year.

## **Net Profit Attributable to Owners of the Company**

For the year ended 31 December 2022, net profit attributable to owners of the Company was RMB445 million, representing a decrease of RMB556 million or 55.5% as compared with the corresponding period of last year.

\* *Core Profit is net of other gains – net and net impairment losses on assets*

## **FINANCIAL POSITION**

The Group has been adopting prudent policies in respect of financial resources management, including maintaining an appropriate level of cash and cash equivalents as well as sufficient credit limits, in order to cope with the needs of daily operation and business development and control the borrowing at a healthy level.

For the year ended 31 December 2022, the Group incurred capital expenditure of RMB514 million, of which RMB117 million was used in project acquisitions and RMB397 million in continuously improving urban gas business. The above capital expenditure was financed by the Group's operating cash flows and bank borrowings.

As at 31 December 2022, the Group held cash and cash equivalents of RMB1,340 million in total, of which 96.1% was denominated in RMB, 1.6% was denominated in HK dollars and 2.3% was denominated in US dollars, safeguarding the needs of project expansion and acquisition of businesses of the Group.

As at 31 December 2022, the Group's total borrowings were RMB7,203 million (among which loans denominated in RMB were RMB3,764 million, loans denominated in US dollars were RMB2,855 million and loans denominated in HK dollars were RMB584 million). Among those borrowings, 59.5% of which were classified as non-current liabilities, and 40.5% of which were classified as current liabilities. As at 31 December 2022, the gearing ratio, calculated based on the percentage of total liabilities over total assets, was 63.5%.

## **FINANCE COST AND EXCHANGE RISK MANAGEMENT**

For the year ended 31 December 2022, the Group's finance cost was RMB331 million.

For the year ended 31 December 2022, the Group's overseas borrowings denominated in foreign currencies accounted for 47.7% of its total borrowings. The Group will continue to closely monitor the changes in exchange rates and strive to lower its finance costs through diversified arrangements, and will adopt necessary measures to lower its exchange risk as and when necessary.

## Repurchase, Sell or Redeem any Shares of the Company

During the year ended 31 December 2022, the Company purchased certain of its shares on the Stock Exchange. The details of such share repurchase for the year ended 31 December 2022 are summarised below:

Month	Number of shares repurchased	Repurchase price of shares		Price paid <i>In total</i> HK\$
		per share		
		<i>Highest</i> HK\$	<i>Lowest</i> HK\$	
January 2022	24,916,000	9.15	8.15	213,911,210.34
August 2022	2,730,000	3.58	3.44	9,633,735.39
September 2022	18,320,500	3.78	3.38	66,314,526.42
October 2022	3,134,000	3.54	2.77	9,749,204.12
November 2022	1,312,000	3.47	2.78	4,110,881.73
December 2022	1,765,000	3.89	3.33	6,534,269.15

The 24,916,000 shares repurchased in January 2022 were cancelled in February 2022.

Between August 2022 and December 2022, the Company repurchased 27,261,500 shares in aggregate which have not yet been cancelled.

The shares of the Company were repurchased by the Company in 2022 pursuant to the mandate granted by the shareholders at the annual general meeting held in May 2022, for the purpose of benefiting the Company and its shareholders as a whole by increasing the net asset value and earnings per share of the Company.

Save as disclosed above, neither the Company nor its subsidiaries had purchased, redeemed or sold any of listed securities of the Company during the Year.

## Contingent Liabilities

As at 31 December 2022, the Group had no material contingent liabilities.

## **Dividend**

Pursuant to the resolutions of the Board on 30 March 2023, the Board recommended the payment of a final dividend (the “**Final Dividend**”) for the year ended 31 December 2022 of RMB11.00 cents per share (2021: RMB14.57 cents per share). Together with an interim dividend of RMB7.35 cents per share which had been paid, total dividend paid for the year ended 31 December 2022 was RMB18.35 cents per share.

The Final Dividend will be paid in Hong Kong dollars on or about 21 June 2023 (Wednesday) to the Shareholders whose names appear on the register of members of the Company on 7 June 2023 (Wednesday), subject to the Shareholders’ approval at the forthcoming annual general meeting. Meanwhile, in order to support the Company’s development, Mr. Zhang Yingcen, being the controlling shareholder of the Company, agreed with the undistributed 2022 final dividend of RMB18,829 thousand for the time being. Such matter will be confirmed before the forthcoming annual general meeting. Further announcement will be made by the Company in relation to the exact amount of the Final Dividend in Hong Kong dollars when the conversion rate for Renminbi to Hong Kong dollars to be adopted has been determined by the Board.

## **Closure of Register of Members**

In order to determine the Shareholders’ entitlement to the proposed Final Dividend, the register of members of the Company will be closed from 2 June 2023 (Friday) to 7 June 2023 (Wednesday) (both days inclusive).

In order to be eligible to receive the proposed Final Dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Group’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 1 June 2023 (Thursday).

## **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries made to all the Directors, each of them confirmed that they strictly complied with the required standards set out in the Model Code for the year ended 31 December 2022.



## **Corporate Governance Code**

The Company has adopted and has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the period from 1 January 2022 to 31 December 2022.

## **Audit Committee**

The audit committee (the “**Audit Committee**”) of the Company consists of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Ms. Zhao Jun and Ms. Ou Yaqun. The Audit Committee had reviewed and discussed the annual consolidated results and consolidated financial statements of the Group for the year ended 31 December 2022.

## **Scope of work of PricewaterhouseCoopers**

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **Annual Report**

The Company’s annual report for the year ended 31 December 2022 will be published on the website of Hong Kong Exchange and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.tianlungas.com](http://www.tianlungas.com)), and copies of the annual report will be despatched to the shareholders of the Company in due course.

By order of the Board  
**Tian Lun Gas Holdings Limited**  
**Zhang Yingcen**  
*Chairman*

Zhengzhou, the PRC, 30 March 2023

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan (Chief Executive), Mr. Liu Min and Ms. Li Tao; the non-executive Director is Ms. Chen Hong; and the independent non-executive Directors are Mr. Liu Jin, Mr. Li Liuqing, Ms. Zhao Jun and Ms. Ou Yaqun.*