中油潔能

SINO GAS HOLDINGS GROUP LIMITED

中油潔能控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1759)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

BUSINESS HIGHLIGHTS

During the year, the sales volume of liquefied petroleum gas decreased by approximately 18.7% to approximately 250.9 thousand tonnes (2022: approximately 308.5 thousand tonnes), the sales volume of compressed natural gas decreased by approximately 0.8% to approximately 62.4 million cubic metres (2022: approximately 62.9 million cubic metres) and the sales volume of liquified natural gas decreased by approximately 47.1% to approximately 0.9 thousand tonnes (2022: approximately 1.7 thousand tonnes).

During the year, the revenue decreased by approximately 27.8% to approximately RMB1,406.1 million (2022: approximately RMB1,947.9 million).

During the year, the gross profit decreased by approximately 3.1% to approximately RMB84.6 million (2022: approximately RMB87.3 million).

During the year, the profit for the year increased by approximately 9.8% to approximately RMB6.7 million (2022: approximately RMB6.1 million).

During the year, the profit attributable to equity shareholders of the Company decreased by approximately 20.7% to approximately RMB8.8 million (2022: approximately RMB11.1 million).

THE FINANCIAL STATEMENTS

The board (the "**Board**") of directors (the "**Directors**") of Sino Gas Holdings Group Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**Our Group**", "**we**" or "**us**") for the year ended 31 December 2023, together with comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	*4*	**1,406,112**	1,947,946
Cost of sales		**(1,321,483)**	(1,860,651)
Gross profit		**84,629**	87,295
Other income	*5*	**23,789**	22,173
Staff costs		**(31,123)**	(33,095)
Depreciation on property, plant and equipment and right-of-use assets		**(12,333)**	(16,104)
Short-term lease charges		**(695)**	(1,853)
Other operating expenses		**(30,184)**	(33,070)
Finance costs	*6*	**(15,158)**	(14,393)
Provision for impairment loss on property, plant and equipment		**(6,023)**	–
Provision for impairment loss on trade and other receivables		**(564)**	–
Share of result of an associate		**(588)**	(6)
Share of result of a joint venture		**(1,707)**	(1,141)
Profit before taxation	*7*	**10,043**	9,806
Income tax expenses	*8*	**(3,333)**	(3,664)
Profit for the year		**6,710**	6,142

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the year ended 31 December 2023

	Notes	2023 *RMB'000*	2022 *RMB'000*
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Exchange difference on translation of the Company's financial statements		**2,414**	14,683
Items that are reclassified or may be reclassified subsequently to profit or loss			
Exchange difference on translation of functional currency to presentation currency		**(862)**	(6,493)
Other comprehensive income for the year		**1,552**	8,190
Total comprehensive income for the year		**8,262**	14,332
Profit (Loss) for the year attributable to:			
Equity holders of the Company		**8,793**	11,076
Non-controlling interests		**(2,083)**	(4,934)
Profit for the year		**6,710**	6,142
Total comprehensive income (loss) for the year attributable to:			
Equity holders of the Company		**10,345**	19,266
Non-controlling interests		**(2,083)**	(4,934)
Total comprehensive income for the year		**8,262**	14,332
		RMB cents	*RMB cents*
Earnings per share			
Basic and diluted	*9*	**4.07**	5.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment		**100,052**	117,962
Right-of-use assets		**22,578**	23,766
Interest in an associate		**17,246**	20,154
Interest in a joint venture		**10,640**	12,347
Financial assets measured at fair value through profit or loss		**25,366**	24,367
Deferred tax assets		**10,909**	11,676
		186,791	210,272
Current assets			
Inventories		**2,577**	2,097
Trade and other receivables	*11*	**219,897**	211,172
Income tax recoverable		**1,255**	5,044
Pledged and restricted deposits		**387,500**	427,500
Bank balances and cash		**157,872**	91,833
		769,101	737,646
Current liabilities			
Trade and other payables	*12*	**36,178**	35,749
Interest-bearing borrowings	*13*	**507,500**	507,500
Lease liabilities		**1,050**	1,175
		544,728	544,424
Net current assets		**224,373**	193,222
Total assets less current liabilities		**411,164**	403,494

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2023

	Notes	**2023** **RMB'000**	2022 *RMB'000*
Non-current liabilities			
Lease liabilities		**2,396**	2,886
Deferred tax liabilities		**1,736**	1,838
		4,132	4,724
NET ASSETS		**407,032**	398,770
Capital and reserves			
Share capital	*14*	**1,892**	1,892
Reserves		**384,316**	373,971
Equity attributable to equity holders of the Company		**386,208**	375,863
Non-controlling interests		**20,824**	22,907
TOTAL EQUITY		**407,032**	398,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. CORPORATE INFORMATION

Sino Gas Holdings Group Limited (the "**Company**") was incorporated in the Cayman Islands on 26 March 2018 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address and the principal place of business of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 3103, Block A1, Caifu Shiji Square, 13 Haian Road, Tianhe District, Guangzhou, the People's Republic of China (the "**PRC**"), respectively.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on 28 December 2018. The immediate parent of the Company is China Full Limited which is incorporated in Hong Kong. In the opinion of the directors, the ultimate controlling party of the Company is Mr. Ji Guang.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in retail and wholesale of liquefied petroleum gas ("**LPG**"), compressed natural gas ("**CNG**") and liquefied natural gas ("**LNG**") in the PRC.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable IFRS Accounting Standards, IAS Standards and IFRIC Interpretations issued by the International Accounting Standards Board (the "**IASB**"), the disclosure requirements of the Companies Ordinance (Cap. 622) (the "**CO**") and the applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised IFRS Accounting Standards that are relevant to the Group and effective from the current year.

Adoption of new/revised IFRS Accounting Standards

The Group has applied, for the first time, the following new/revised IFRS Accounting Standards that are relevant to the Group:

Amendments to IAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to IAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 12: International Tax Reform— Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for financial assets measured at fair value through profit or loss ("**FVPL**"), which are measured at fair value as explained in the accounting policies set out below.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Impairment of property, plant and equipment and right-of-use assets

If circumstances indicate that the carrying amount of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of non-financial assets as described in Note 2 to the consolidated financial statements. These assets are tested for impairment at least annually or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgements relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

Loss allowance for ECL

The Group's management estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. If the ECL rates on the trade receivables for the due date between 1 to 6 months had been 1% higher/lower at the end of the reporting period, with other assumptions held constant, the loss allowance would have been RMB650,000 (2022: RMB48,000) higher/lower.

Impairment of investments and receivables

The Group assesses annually if interests in subsidiaries, an associate and a joint venture has suffered any impairment in accordance with IAS 36 and follows the guidance of IFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Depreciation rate of the property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values, if any. The Group reviews the estimated useful lives and residual values, if any, of the property, plant and equipment regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of useful lives and residual values, if any, are based on the historical experience with similar assets and taking into account anticipated changes on how such assets are to be deployed. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Future changes in IFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, the IASB has issued the following new/revised IFRS Accounting Standards that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* [1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* [1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements* [1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to IAS 21	*Lack of Exchangeability* [2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] The effective date to be determined

The Directors are in the process of assessing the possible impact on the future adoption of the new/revised IFRS Accounting Standards, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

3. SEGMENT INFORMATION

The Group manages its reporting segments by different business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and the Board of directors for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Retail: This segment principally generates revenue from the sale of LPG, CNG and LNG to vehicular end-users by operating gas refuelling stations and industrial customers.

- Wholesale: This segment principally generates revenue from the sale of LPG, CNG and LNG to gas merchants.

For the purposes of assessing the performance of operating segments and allocating resources between segments, the Group's most senior executive management and the Board of directors monitor the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the cost of sales incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

Inter-segment sales are priced at cost plus profit margin. The Group's other expenses, such as staff costs, other operating expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

From 1 July 2023, the management has changed the presentation of the information reported to the Group's most senior executive management and the Board of directors and segment reporting is updated to confirm this change. In the view of the Group's most senior executive management and the Board of directors, the revised information provides a more appropriate presentation of the segment results. Prior year segment information is revised for comparative purpose.

Analysis of the Group's segmental information by business and geographical location during the year is set out below.

(a)

	Retail 2023 *RMB'000*	Wholesale 2023 *RMB'000*	Unallocated 2023 *RMB'000*	Inter-segment elimination 2023 *RMB'000*	Total 2023 *RMB'000*
Revenue recognised at a point in time before elimination	**222,674**	**2,343,026**	**–**	**(1,159,588)**	**1,406,112**
Inter-segment revenue	**(4,402)**	**(1,155,186)**	**–**	**1,159,588**	**–**
Revenue recognised at a point in time after elimination	**218,272**	**1,187,840**	**–**	**–**	**1,406,112**
Reportable segment gross profit after elimination	**71,164**	**13,465**	**–**	**–**	**84,629**
Other income	**3,675**	**19,300**	**814**	**–**	**23,789**
Depreciation on property, plant and equipment and right-of-use assets	**(6,760)**	**(5,314)**	**(259)**	**–**	**(12,333)**
Short-term lease charges	**(375)**	**(320)**	**–**	**–**	**(695)**
Finance costs	**(543)**	**(14,597)**	**(18)**	**–**	**(15,158)**
Provision for impairment loss on property, plant and equipment	**(6,023)**	**–**	**–**	**–**	**(6,023)**
Provision for impairment loss on trade and other receivables	**–**	**(564)**	**–**	**–**	**(564)**
Share of result of an associate	**–**	**–**	**(588)**	**–**	**(588)**
Share of result of a joint venture	**–**	**–**	**(1,707)**	**–**	**(1,707)**
Unallocated staff costs	**–**	**–**	**(31,123)**	**–**	**(31,123)**
Unallocated other operating expenses	**–**	**–**	**(30,184)**	**–**	**(30,184)**
Total consolidated profit before taxation					**10,043**

	Retail 2022 *RMB'000* (Re-presented)	Wholesale 2022 *RMB'000* (Re-presented)	Unallocated 2022 *RMB'000* (Re-presented)	Inter-segment elimination 2022 *RMB'000* (Re-presented)	Total 2022 *RMB'000* (Re-presented)
Revenue recognised at a point in time before elimination	257,648	2,892,226	–	(1,201,928)	1,947,946
Inter-segment revenue	(7,377)	(1,194,551)	–	1,201,928	–
Revenue recognised at a point in time after elimination	250,271	1,697,675	–	–	1,947,946
Reportable segment gross profit after elimination	72,829	14,466	–	–	87,295
Other income	5,307	11,657	5,209	–	22,173
Depreciation on property, plant and equipment and right-of-use assets	(10,683)	(5,106)	(315)	–	(16,104)
Short-term lease charges	(20)	(1,590)	(243)	–	(1,853)
Finance costs	(1,021)	(12,839)	(533)	–	(14,393)
Share of result of an associate	–	–	(6)	–	(6)
Share of result of a joint venture	–	–	(1,141)	–	(1,141)
Unallocated staff costs	–	–	(33,095)	–	(33,095)
Unallocated other operating expenses	–	–	(33,070)	–	(33,070)
Total consolidated profit before taxation					9,806

(b) Geographic information

The Group's revenue is substantially generated from the sales of LPG, CNG and LNG in the PRC. The Group's operating assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided for the years ended 31 December 2023 and 2022.

(c) Information about major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2023 and 2022.

4. REVENUE

	2023		
	Retail	**Wholesale**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue from contracts with customers within IFRS 15			
— LPG	**–**	**1,147,077**	**1,147,077**
— CNG	**214,316**	**29,686**	**244,002**
— LNG	**3,956**	**337**	**4,293**
— Others	**–**	**10,740**	**10,740**
	218,272	**1,187,840**	**1,406,112**

	2022		
	Retail	Wholesale	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within IFRS 15			
— LPG	6,805	1,652,837	1,659,642
— CNG	236,210	32,486	268,696
— LNG	7,256	3,334	10,590
— Others	–	9,018	9,018
	250,271	1,697,675	1,947,946

5. OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest revenue calculated using the effective interest method	**18,807**	12,197
Gain on lease modification	**–**	2,364
Lease income under operating leases	**3,475**	5,744
Net fair value gain of financial assets measured at FVPL	**999**	8,017
Government grants *(Note)*	**1,255**	290
Exchange loss, net	**(1,364)**	(6,680)
Sundry income	**617**	241
	23,789	22,173

Note: The government grants represented the incentive subsidies received from various PRC government authorities. There are no conditions or future obligations attached to these grants.

6. FINANCE COSTS

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans	**14,950**	13,423
Interest on lease liabilities	**208**	970
	15,158	14,393

7. PROFIT BEFORE TAXATION

This is stated after charging:

	2023	2022
	RMB'000	*RMB'000*
Other items		
Staff costs (including directors' emoluments)		
Salaries, wages and other benefits	**27,906**	29,463
Contribution to defined contribution retirement schemes	**3,173**	3,411
Termination benefits	**44**	221
	31,123	33,095
Cost of inventories	**1,304,747**	1,848,949
Auditor's remuneration	**1,155**	1,100
Depreciation		
— Property, plant and equipment	**9,927**	12,554
— Right-of-use assets	**2,406**	3,550
Loss on disposal of property, plant and equipment, net	**1,978**	5,985
Exchange loss, net	**1,364**	6,680

8. TAXATION

	2023	2022
	RMB'000	*RMB'000*
Current tax		
Current year	**1,912**	4,302
Under (Over) provision in prior year	**756**	(375)
	2,668	3,927
Deferred taxation		
Origination and reversal of temporary difference	**665**	(263)
Total income tax expense for the year	**3,333**	3,664

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Company and the Group's BVI subsidiaries are not subject to income tax in those jurisdictions for the years ended 31 December 2023 and 2022.

(b) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% (2022: 16.5%). Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the years ended 31 December 2023 and 2022.

(c) The statutory PRC Corporate Income Tax ("**CIT**") for the PRC subsidiaries are 25% (2022: 25%).

In addition, certain PRC subsidiaries of the Group meet the following three conditions and are classified as small low-profit enterprises. These conditions are: (i) annual taxable amount of not more than RMB3,000,000; (ii) number of employees of not more than 300; and (iii) total assets of not exceeding RMB50,000,000.

Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing Preferential Tax Policies for Small Low-profit Enterprises No.13, 2022 jointly issued by the Ministry of Finance and the State Taxation Administration, the portion of assessable profits which does not exceed RMB1,000,000 shall be subject to CIT at 20% tax rate after reduction of 87.5% of the assessable profits; and the portion of assessable profits exceeded RMB1,000,000 but not exceeding RMB3,000,000 shall be subject to CIT at 20% tax rate after reduction of 75% of assessable profits.

(d) Dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%. The Group's Hong Kong subsidiaries are subject to PRC dividend withholding tax on dividends receivable from their PRC subsidiaries, an associate and a joint venture.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit attributable to the ordinary equity shareholders of the Company of approximately RMB8,793,000 (2022: approximately RMB11,076,000) and the weighted average number of 216,000,000 (2022: 216,000,000) shares in issue during the year.

The Company has no dilutive potential ordinary shares in issue during the current and prior years and, therefore, the diluted earnings per share is the same as basic earnings per share for the years presented.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2023 (2022: Nil).

11. TRADE AND OTHER RECEIVABLES

	Note	**2023** *RMB'000*	2022 *RMB'000*
Trade receivables			
From third parties		**154,901**	111,862
From a joint venture		**24,174**	39,097
		179,075	150,959
Less: Loss allowance		**(2,410)**	(1,846)
	11(a)	**176,665**	149,113
Other receivables			
Prepayments for purchase of inventories		**31,810**	36,779
Loan to a third party		**4,962**	6,271
Deposits and other receivables		**14,543**	27,092
		51,315	70,142
Less: Loss allowance		**(8,083)**	(8,083)
		43,232	62,059
		219,897	211,172

11(a) The ageing analysis of trade receivables by invoice date and net of loss allowance is summarised as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**175,868**	144,264
1 to 3 months	**274**	3,717
3 to 6 months	**375**	1,132
Over 6 months	**148**	–
	176,665	149,113

12. TRADE AND OTHER PAYABLES

		2023	2022
	Note	***RMB'000***	*RMB'000*
Trade payables			
To third parties	*12(a)*	**242**	6,863
Contract liabilities		**14,340**	8,859
Other payables			
Accrued charges and other payables		**18,154**	14,198
Employee benefits payables		**2,281**	2,775
Other tax payables		**1,161**	3,054
		21,596	20,027
		36,178	35,749

12(a) The trade payables to third parties are unsecured, interest-free and with credit period of 30 to 90 days.

The ageing analysis of trade payables by invoice date is summarised as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**33**	4,620
1 to 3 months	**24**	204
3 to 6 months	**–**	512
Over 6 months	**185**	1,527
	242	6,863

13. INTEREST-BEARING BORROWINGS

	2023	2022
	RMB'000	*RMB'000*
Bank loans and other borrowings		
Secured	**507,500**	507,500

The maturity of the interest-bearing borrowings and analysis of the amount due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) are as follows:

	2023	2022
	RMB'000	*RMB'000*
Current portion	**507,500**	507,500

14. SHARE CAPITAL

	2023		2022	
	Number of shares	***HK$'000***	Number of shares	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**2,000,000,000**	**20,000**	2,000,000,000	20,000
	Number of shares	***RMB'000***	Number of shares	*RMB'000*
Issued and fully paid:				
At beginning of the year and **at the end of the reporting period**	**216,000,000**	**1,892**	216,000,000	1,892

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Although geopolitical events continue to impact the security of global trade and industrial chains, the domestic economy still maintains an overall upward and positive momentum amid the complex and severe international landscape. The domestic GDP exceeded RMB126 trillion in 2023 up by 2.2% in terms of growth rate as compared with 2022.

In terms of liquefied petroleum gas ("**LPG**"), the prices of international crude oil fluctuated substantially and the LPG prices in domestic market kept pace with that due to the continuous rising interest rates by Federal Reserve and the European Central Bank, further production cut of OPEC+ and renewed geopolitical tension during the year. On the whole, the supply and demand of domestic LPG increased during the year. In the aspect of supply, with the transformation of the energy mix becoming mainstream worldwide, the integration of refineries and chemical industries signified a trend in days to come and a jump in LPG production capacity in the following years. When it comes to demand, the extensive demand of gas released after the relaxation of pandemic prevention and control. The apparent consumption of LPG in 2023 is estimated to be 83,997,500 tonnes, representing a year-on-year increase of 12.41%. The demand for LPG in chemical sector has exceeded the demands in civil, industrial, commercial and vehicular sectors, which has become the main growth engine of domestic LPG consumption. During the year, on the one hand, the Group endeavored to further deepen and expand its market in Southern China, and proactively push forward with its business network programs by leveraging on its well-established business foundation and brand reputation. On the other hand, we were committed to expanding our pipelines for gas source procurement, stabilizing gas prices by building a scientific and rational procurement matrix and strengthening the infrastructure of our terminals. Increasing investment in storage and transportation facilities by means of the rational optimization of terminals, logistics vehicles and gas resources has laid a solid foundation for the Group to increase its market share and further ensure the stability of people's livelihood. The Group also actively researched and developed its own management platform so as to comprehensively realize standardized, internet-empowered and detail-oriented corporate management, meanwhile, improving the level of its safety management and strengthening its safety control.

In terms of natural gas, the supply and demand are generally stable throughout the domestic natural gas industry. On the supply side, in 2023, the domestic natural gas supply maintained stable and energy security continued to improve with the domestic natural gas output amounting to 235.3 billion cubic meters, up by over 10 billion cubic meters for seven consecutive years. On the demand side, the apparent consumption for domestic natural gas in 2023 reached 394.53 billion cubic meters, representing a year-on-year increase of 7.6%. The natural gas consumption began to rebound with its focus on recovery and continued to grow steadily, with the overall increase of demand for urban gas, industry, power generation and chemicals. The development of the natural gas industry is in line with the green development concept of carbon peaking and carbon neutrality. During the year, China effectively coordinated the development of security and green transformation, and actively promoted green and low-carbon development while continuously enhancing its capacity of independent security for energy. The second meeting of the Central Commission for Comprehensively Deepening Reform (CCCDR) deliberated and approved Guideline for Deepening Reform of the Oil and Natural Gas Market System and Strengthening the Capacity for National Oil and Gas Security, which clearly pointed out that, it is essential to focus on boosting the capacity to ensure oil and gas security, resolve prominent problems in the course of production and storage, promote the reform of the upstream, midstream and downstream systems and mechanisms in the oil and gas industry in a proactive and stable manner, in a bid to ensure a stable and safe oil and gas supply, which means the reform of the oil and gas system has entered a new stage. During the year, the Group prudently considered disruptive factors from macro level to micro level, relying on its advantage of its own mother station, terminal stations, logistics, and empowered by years of experience in the industry and formulated robust marketing strategies, strengthened gas price adjustment and management, and maintain our existing market share, as a way to promote the in-depth integration and the extensive cooperation of the industrial chain.

BUSINESS REVIEW

The Group is an integrated LPG and natural gas supplier in the PRC with a complete industry chain that engages in the sales of LPG and natural gas in Guangdong Province, Henan Province and Hebei Province and the operation of vehicular refuelling stations (車用加氣站) and domestic stations (民用站) in Guangdong Province and Henan Province with over 18 years of proven track records in the industry.

(1) LPG Business

LPG could be commonly used as fuel sources for cooking or heating appliances. As at 31 December 2023, the Group owned an LPG terminal with storage facilities and 3 LPG domestic stations through Jiangmen Xinjiang Gas Company Limited* (江門市新江煤氣有限公司) ("**Jiangmen Xinjiang Gas**", a jointly-controlled entity) in Jiangmen, Guangdong Province.

The Group possesses a comprehensive business model in our LPG business. Our upstream procurement of LPG consists of large scale LPG domestic gas suppliers with their own terminal and storage which mainly import LPG from overseas, and domestic petrochemical refineries. With the delivery of our intermediary logistics (including vehicles or gas carrier ships designated for LPG use), the Group is able to provide LPG to our customers including LPG domestic stations and wholesale customers, and our customers mainly consist of wholesale customers.

For the year ended 31 December 2023, the Group has recorded the LPG sales revenue of approximately RMB1,147.1 million, representing a decrease of approximately RMB512.5 million as compared to approximately RMB1,659.6 million in 2022. The decrease in revenue was mainly due to decreases in sales volume and unit selling price of LPG.

(2) CNG Business

Compressed natural gas ("**CNG**") is widely used in short-distance vehicles such as local buses and private vehicles. As at 31 December 2023, we had 12 CNG vehicular refuelling stations, 1 liquefied-to-compressed natural gas (the "**L-CNG**") vehicular refuelling station and 3 CNG mother stations in Henan Province. In 2023, we added and piloted a CNG vehicle refuelling station in Zhengzhou.

The CNG business model is well supported by our upstream suppliers primarily consisting of PetroChina Company Limited ("**PetroChina**"), which utilises the West to East Gas Transmission Tunnel (西氣東輸管道) to supply to our CNG mother stations, with our own logistics fleet being the major logistic system for distribution to the location of our CNG vehicular refuelling stations and the locations of our customers while some of our wholesale customers may also arrange for their own logistics arrangement. Our downstream portfolio consists of CNG vehicular refuelling stations and our customers consist of a variety of retail and wholesale customers.

For the year ended 31 December 2023, the Group has recorded the CNG sales revenue of approximately RMB244.0 million, representing a decrease of approximately RMB24.7 million as compared to approximately RMB268.7 million in 2022. The decrease in revenue was mainly due to decrease in sales volume and unit selling price of CNG during the year.

(3) LNG Business

The liquefied natural gas (the "**LNG**") refuelling market in China is still at an emerging stage due to its relatively high cost to process, liquefy and store compared with CNG. With the support of China government policies, the development and promotion of LNG has developed rapidly, especially with the rising demand for LNG in the industrial and power generation industries, which has laid a solid foundation for the growth of LNG. As at 31 December 2023, we had 1 L-CNG vehicular refuelling station in Henan Province.

For our LNG business model, the Group possesses strong upstream procurement suppliers formed by large-scale LNG terminal companies. As vehicles containing special cryogenic storage facilities and tanks for LNG use are required for transportation of LNG, the Group uses the third party logistics service providers to transport our LNG to our LNG vehicular refuelling stations and to our wholesale customers. Meanwhile, the downstream portfolio consists of the LNG vehicular refuelling stations and our customers consist of retail and wholesale customers.

For the year ended 31 December 2023, the Group has recorded the LNG sales revenue of approximately RMB4.3 million, representing a decrease of approximately RMB6.3 million as compared to approximately RMB10.6 million in 2022. The decrease in revenue was mainly due to the decrease in the sales volume of LNG during the year.

(4) Overall Business

For the year ended 31 December 2023, the Group has recorded revenue of approximately RMB1,406.1 million, representing a decrease of approximately RMB541.8 million as compared to approximately RMB1,947.9 million in 2022. The decrease in revenue was mainly due to the decrease in sales volume and unit selling price of LPG and CNG during the year.

As at 31 December 2023, we operated a total of 19 gas refuelling stations and 3 petroleum refuelling stations, three of which are jointly-controlled gas refuelling stations in Jiangmen, Guangdong Province.

As at 31 December 2023, the number of our gas refuelling stations and petroleum refuelling stations in operation are set out below:

	As at 31 December 2023	As at 31 December 2022
Gas refuelling stations		
LPG station	**3**	3
CNG station	**12**	11
L-CNG station	**1**	1
CNG mother station	**3**	3
Total number of gas refuelling stations	**19**	18
Petroleum refuelling stations		
Petroleum refuelling stations	**3**	3
Total	**22**	21

Meanwhile, as at 31 December 2023, the breakdown of our gas refuelling stations and petroleum refuelling stations in operation by cities and provinces are set out below:

City, Province	**LPG refuelling stations**	**CNG refuelling stations**	**L-CNG refuelling stations**	**Petroleum refuelling stations**	**Total number of stations**
Jiangmen, Guangdong Province	3[(1)]	0	0	0	3
Total number of stations in Guangdong Provinces	3	0	0	0	3
Zhengzhou, Henan Province	0	9[(2)]	0	1	10
Zhumadian, Henan Province	0	3[(3)]	0	2	5
Xinzheng, Henan Province	0	3[(4)]	1	0	4
Total number of stations in Henan Province	0	15	1	3[(5)]	19
Total	3	15	1	3	22

Notes:

1. These three civil refuelling stations are possessed by Jiangmen Xinjiang Gas, the jointly-controlled entity of the Company.

2. During the year, we added one CNG vehicle refueling station in Zhengzhou, Henan Province.

3. It comprises one CNG mother station in Zhumadian City, Henan Province.

4. It comprises two CNG mother stations in Xinzheng City, Henan Province.

5. One of the petroleum refuelling stations is operated by an independent third party.

The revenue by product mix for the years ended 31 December 2023 and 2022 are summarised below:

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Sales volume *(Note)*	**Revenue** *(RMB'000)*	**Percentage of revenue** *(%)*	Sales volume *(Note)*	Revenue *(RMB'000)*	Percentage of revenue *(%)*
Retail						
LPG	**–**	**–**	**0.0%**	800	6,805	0.3%
CNG	**53.1**	**214,316**	**15.2%**	53.9	236,210	12.1%
LNG	**749**	**3,956**	**0.3%**	1,041	7,256	0.3%
Sub-total		**218,272**	**15.5%**		250,271	12.7%
Wholesale						
LPG	**250,860**	**1,147,077**	**81.6%**	307,702	1,652,837	84.9%
CNG	**9.3**	**29,686**	**2.1%**	9.0	32,486	1.7%
LNG	**103**	**337**	**0.0%**	684	3,334	0.2%
Others		**10,740**	**0.8%**		9,018	0.5%
Sub-total		**1,187,840**	**84.5%**		1,697,675	87.3%
Total		**1,406,112**	**100.0%**		1,947,946	100.0%

Note: Sales volume for LPG and LNG are measured in tonnes and sales volume for CNG is measured in million cubic metres.

OUTLOOK AND PROSPECTS

At present, the global economy is recovering slowly after several years of the epidemic spread. With the continuous release of energy demand, the concepts of low carbonization, decarbonization and low pollution are springing up around the world, which requires the energy mix to be developed towards the diversification, and the reform of the energy mix will also contribute to making progress in building dual carbon system. LPG and natural oil are clean and efficient energy sources, which can promote the smooth transition of the domestic energy mix, and are an indispensable part of the energy and gas industry.

In terms of LPG, the international economic and political landscape in 2024 remains quite complex, with geopolitical conflicts difficult to be properly resolved in the short term, and the influence of OPEC's control of production on the trend of oil prices continues, which will also influence the price of LPG. In 2024, the domestic market will be dominated by the increase in supply and demand. It is expected that the growth rate of domestic supply keeps stable and imports will continue to rise, and domestic production capacity will continue to increase, and the newly commissioned integrated refinery and chemical plants have become a development trend in the petrochemical industry. In 2024, on the one hand, the Group will continue to integrate the resources of the upstream, midstream and downstream industry chain, promote and upgrade the construction of terminal supply and storage infrastructure, and optimize the logistics and transportation team. On the other hand, we will continue to leverage on the resources we have accumulated over the years in Southern China to further explore new growth areas for our results and business diversification, broaden our procurement and sales pipeline, and enhance the quality of customer services. Additionally, the Group will continue to explore platform for digitalization technology management to improve the quality and efficiency of the enterprise, enhance the standard of safety management and scientific management. The Group will proactively improve safety management, enhance the skills of on-the-job training, and conduct immediate supervision under the environment of safe and stringent regulation.

In terms of natural gas, although there are many uncertainties in the macro factors, the domestic supply side will continue to maintain the growth level in 2024, and the demand for natural gas still maintains a medium-high growth rate. The new version of the "Policies on Natural Gas Utilization (Consultation Draft)" issued in 2023, promotes the high-quality development of the natural gas industry and encourages, guides and regulates the utilization of natural gas in the downstream field, which will be conducive to the realization of the goal of "carbon peaking and carbon neutrality". The natural gas market will be boosted by the increased demand for natural gas from the four major fields of urban gas, industrial fuel, energy consumption and chemical industry, coupled with the strong recovery of international trade, the obvious improvement of energy conservation and environmental protection awareness, the downward price of natural gas in the world, and the dividend release of the reform in the middle and lower reaches of the industrial chain. Looking forward to 2024, the Group will seize the opportunity for future reform and development of the natural gas industry on the one hand, it will maximize the utilization of benefits of reform to safe production, improve the risk identification mechanism, and strictly eliminate safety hazards in all aspects. On the other hand, we will continue to improve our own supply, storage, transportation and marketing system, continue to deepen industrial chain in the upstream, midstream and downstream area, further formulate high-quality gas supply service program, do well in marketing activities, and attract more customers. Meanwhile, we will actively participate in low-carbon transformation and accelerate the pace of transformation of the Group.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group has recorded revenue of approximately RMB1,406.1 million, representing a decrease of approximately RMB541.8 million as compared to approximately RMB1,947.9 million in 2022. The decrease in revenue was mainly attributable to the decrease in sales volume and unit selling prices of LPG and CNG during the year.

Revenue from contracts with customers within the scope of IFRS 15	**2023**	2022
	RMB'000	*RMB'000*
LPG	**1,147,077**	1,659,642
CNG	**244,002**	268,696
LNG	**4,293**	10,590
Others	**10,740**	9,018
	1,406,112	1,947,946

Cost of Sales and Gross Profit

The Group's cost of sales primarily consisted of all costs of procuring LPG, CNG and LNG from the Group's suppliers and logistic services providers for transporting gases. The Group's cost of sales decreased by approximately RMB539.2 million from approximately RMB1,860.7 million in 2022 to approximately RMB1,321.5 million in 2023, which was mainly due to the decrease in the quantity and unit price of LPG and CNG during the year.

For the year ended 31 December 2023, the gross profit of the Group was approximately RMB84.6 million, representing a decrease of approximately RMB2.7 million as compared to approximately RMB87.3 million in 2022. The decrease in gross profit was due to the decrease in the sales volume of LPG.

Other Income

For the year ended 31 December 2023, the Group's other income amounted to approximately RMB23.8 million, representing an increase of approximately RMB1.6 million as compared to approximately RMB22.2 million in the corresponding period in 2022. This was mainly due to the increase in interest income during the year.

Staff Costs

For the year ended 31 December 2023, the Group's staff costs were approximately RMB31.1 million, representing a decrease of approximately RMB2.0 million as compared to approximately RMB33.1 million in 2022. This was mainly due to the reduction in number of employees of the Group during the year.

Depreciation

For the year ended 31 December 2023, the depreciation of the Group was approximately RMB12.3 million, representing a decrease of approximately RMB3.8 million as compared to approximately RMB16.1 million in 2022. The decrease was mainly due to the disposal of assets by the Group at the previous year which led to a reduction of assets in current year.

Short-term Lease Charges

For the year ended 31 December 2023, the short-term lease charges of the Group was approximately RMB0.7 million, representing a decrease of approximately RMB1.2 million in the short-term lease charges of the Group as compared to approximately RMB1.9 million in 2022. This was mainly due to the mutual termination of the Group's short-term lease.

Other Operating Expenses

For the year ended 31 December 2023, the Group's other operating expenses were approximately RMB30.2 million, representing an decrease of approximately RMB2.9 million as compared to approximately RMB33.1 million in 2022. This was mainly attributable to decreases in vehicle expenses and advertising of the Group during the year.

Finance Costs

For the year ended 31 December 2023, the Group's finance costs were approximately RMB15.2 million, representing an increase of approximately RMB0.8 million as compared to approximately RMB14.4 million in 2022. This was mainly due to the increase in the amount of average bank borrowings of the Group during the year.

Profit Before Taxation

For the year ended 31 December 2023, the Group's profit before taxation was approximately RMB10.0 million, representing an increase of approximately RMB0.2 million as compared to approximately RMB9.8 million in 2022.

Income Tax Expenses

For the year ended 31 December 2023, the Group's income tax expenses was approximately RMB3.3 million, representing a decrease of approximately RMB0.4 million as compared to approximately RMB3.7 million in 2022.

Profit for the Year

On the basis of the aforementioned reasons, for the year ended 31 December 2023, the Group achieved a profit for the year of approximately RMB6.7 million, representing an increase of approximately RMB0.6 million as compared to approximately RMB6.1 million in 2022.

FINANCIAL POSITION

Liquidity, Financial Resources and Capital Structure

For the year ended 31 December 2023, the financial position of the Group remained stable. The total value of assets was approximately RMB955.9 million, representing an increase of approximately RMB8.0 million as compared to the total value of assets of approximately RMB947.9 million in 2022. The Group's cash was mainly held for working capital, gas facilities and transport equipment needs.

As at 31 December 2023, the Group had approximately RMB157.9 million in cash and bank balances.

Capital Expenditure

The capital expenditure of the Group was mainly related to the payments for purchase of property, plant and equipment amounted to approximately RMB1.8 million for the year ended 31 December 2023.

Interest-bearing Borrowings

The Group's interest-bearing borrowings as at 31 December 2023 and 2022 are summarised below:

	2023	2022
	RMB'000	*RMB'000*
Secured bank loans and other borrowings	**507,500**	507,500

Gearing Ratio

The gearing ratio (calculated on the basis of the Group's total liabilities over total assets) was approximately 57.4% as at 31 December 2023 (31 December 2022: approximately 57.9%). The decrease in gearing ratio was mainly attributable to the increase in trade and other receivables and bank balances and cash.

Final Dividend

The Board has resolved not to declare the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 427 employees (2022: 434), including 86 employees (2022: 70) of our joint venture, Jiangmen Xinjiang Gas. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employees. The remuneration payable to its employees includes salaries and allowances. The Group attaches importance to the creation and devotion of employees, acknowledges the important position of talent resource in the development of business operation and is committed to develop and maintain good relationship with employees. The Group regularly organizes safety and skills training for its employees, and encourages its employees to attend industry-related seminars organized by professional institutions, in order to enhance the safety and technical capability of employees and promote their career growth and development.

USE OF PROCEEDS FROM THE LISTING

After deduction of all related listing expenses and commissions, the net proceeds from the listing of shares on the Main Board of the Hong Kong Stock Exchange on 28 December 2018 (the "**Listing**") amounted to approximately HK$120.3 million. Details of the proposed use of such net proceeds are disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company for the Listing and subsequently revised in the announcement issued by the Company dated 27 February 2020. As at 31 December 2023, the Group had utilized approximately HK$69.5 million, representing approximately 57.8% of the net proceeds from the Listing as follows:

Intended use of proceeds	Original allocation	Revised allocation as at 27 February 2020[3]	Utilisation as at 31 December 2023	Remaining balance as at 31 December 2023	Expected timeline for full utilisation of the remaining proceeds[4]
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
To acquire operating rights of an LPG domestic station[1]	20.5	20.5	0	20.5	By the end of 2026[1]
To strengthen our LPG logistics and storage capacity by constructing storage facilities[2]	21.7	21.7	0	21.7	By the end of 2026[2]
To complete construction, purchase land, equipment and machineries and installation for the new CNG mother station	27.7	14.5	14.5	0	Nil

Intended use of proceeds	Original allocation	Revised allocation as at 27 February 2020(3)	Utilisation as at 31 December 2023	Remaining balance as at 31 December 2023	Expected timeline for full utilisation of the remaining proceeds(4)
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	
To construct new refuelling stations, purchase and install their requisite equipment and machineries and perform maintenance of our existing refuelling stations	24.1	16.1	16.1	0	Nil
To increase our logistics capacity by purchasing additional vehicle fleets	14.4	14.4	5.8	8.6	By the end of 2026
To finance the acquisition(3)	–	21.1	21.1	0	Nil
General working capital	12.0	12.0	12.0	0	Nil
Total	120.3	120.3	69.5	50.8(5)	

Notes:

1. Due to the slowdown in global economic growth and the sluggish business environment, the Group has not yet identified a suitable acquisition target. As the economic situation remains gloomy at present, the Group will identify suitable acquisition targets by adopting a prudent strategy. Therefore, the use of such proceeds is expected to be utilised by the end of 2026.

2. The construction of storage facilities are affected by the change of project progress, the slowdown in global economic growth, and the downturn in the business environment, the Group will delay the use of net proceeds accordingly and delay the construction of the storage facility by the end of 2026.

3. The Group acquired 50% of the equity interests of Henan Blue Sky Sino Gas Technology Company Limited and fully utilised the redistributed net proceeds at the end of March 2020. For details, please refer to the announcement of the Company dated 27 February 2020.

4. The expected timeline for full utilisation of the remaining proceeds is made based on the best estimation of the Group taking into account, among others, the prevailing and future market conditions and business developments and need, and therefore is subject to change.

5. As at 31 December 2023, the Group expected that, except for those described in the notes above, there will be no change in the planned use and timing of the use of proceeds from the Listing, and the unutilized net proceeds will be deposited into interest-bearing bank accounts.

FOREIGN EXCHANGE EXPOSURE

As all of our operations are located in the PRC, all of the revenue from customers of the Group are derived from activities in the PRC.

The reporting currency of the Group is RMB. The Group has currency risk exposures arising from business operations and financial instruments that are denominated in a foreign currency, and such risk is primarily Hong Kong Dollar. In order to limit this foreign currency risk exposure, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate or entering into appropriate forward contracts when necessary.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position for the year ended 31 December 2023. Our finance department is responsible for treasury management functions, which include, amongst others, researching and sourcing investment options for further consideration by the general manager, financial controller and the Board, and monitoring the investments on a continuous basis.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2023, the Group held unlisted equity securities of approximately RMB25.4 million, which was a supplemental means to improve utilisation of our cash on hand.

For the year ended 31 December 2023, apart from the plans mentioned in section "Use of Proceeds from the Listing", the Group had no definite future plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

For the year ended 31 December 2023, the Group had no material acquisitions and disposals of subsidiaries, associates or joint ventures.

CONTINGENT LIABILITIES

In 2019, a subsidiary of the Group has been claimed, as one of the co-defendants, to compensate for damages for the purpose of debt disputes between the plaintiff and other third parties. In 2020, a judgement was determined in favour of the subsidiary of the Group without liability. In 2021, the aforementioned judgement was revoked for a re-trial and subsequently was completed and determined that no liability was required for the Group in 2022. After the completion of re-trial, the plaintiff had further submitted an appeal on the judgement. In June 2023, the court determined again that the subsidiary of the Group should not have liability. As at the date of this announcement, the plaintiff has applied to High People's Court for a re-trial, but the trial result has not yet been reached. The maximum exposure of the Group under the claims may amount to approximately RMB69,350,000 (the "**Claim I**"). In accordance with legal advice sought, the Directors are of the view that the subsidiary will not be found liable to the Claim I.

In 2023, a subsidiary of the Group has also been claimed, as one of the co-defendants, to compensate for damages for the purpose of debt disputes between the plaintiff and other third parties. The maximum exposure of the Group under the claims may amount to approximately RMB14,053,937 (the "**Claim II**"). The case was heard in the first instance in November 2023 and has yet to be concluded. In accordance with legal advice sought, the Directors are of the view that the subsidiary will not be found liable to the Claim II by virtue of the resemblance between the Claim II and Claim I.

Accordingly, no provision has been made as at 31 December 2023.

PLEDGE OF ASSETS

As at 31 December 2023, RMB387,500,000 (2022: RMB427,500,000) of pledged and restricted deposits was pledged as securities for the Group's bank loans.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company's shares.

PRINCIPAL RISKS AND RISK CONTROL MECHANISM

The Group has implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, financial reporting and recording, treasury management, compliance with applicable laws and regulations on environmental protection, and operation safety. The Board oversees and manages the overall risks associated with our operations. We have established the audit committee of the Company (the "**Audit Committee**") to review and supervise the financial reporting process and internal control system of the Group. The management team of the Company is committed to ensuring that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner while the effectiveness of our risk management framework will be evaluated at least once a year, and periodic management meetings are held to update the progress of risk monitoring efforts by the Audit Committee and the Board. The Group monitors material risks and improves ability against risks by building standard norms and effective risk control mechanism.

Principal Risks

For the year ended 31 December 2023, the following principal risks of the Group were identified and classified as follows:

- The business of the Group is subject to the development of the PRC government policies and any future unfavourable policies may materially and adversely affect our business development and performance. We cannot predict future changes in laws and regulations or government policies, which may vary and are beyond the control of the Group;

- The Group is dependent on our major suppliers and any instability in or shortages of supply of LPG and LNG from our major suppliers could significantly and adversely affect our business;

- PetroChina is our ultimate major supplier for CNG in Henan Province and any instability or shortages of supply of natural gas to us from PetroChina could significantly and adversely affect our business;

- The gross profit margin and growth in profit may fluctuate in the future as our purchase price and selling price of our gas products (including LPG, CNG and LNG) are sensitive to factors beyond our control;

- Competition from alternative vehicle fuels is being intensified, particularly with technological advancement of and increasing governmental support for electric vehicles, which may reduce the demand for our gas refuelling business;

- The Group is exposed to credit risk of our customers. If the credit worthiness of our customers deteriorates or if a significant number of our customers fails to settle their trade and bill receivables in full for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected; and

- The occurrence of force majeure such as the slowdown in macro-economy may affect the operation and performance of the Company.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Thursday, 20 June 2024 ("**2024 AGM**"). Notice of the 2024 AGM and all other relevant documents will be published and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are eligible to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Friday, 14 June 2024 to Thursday, 20 June 2024, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 13 June 2024 for registration.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board believes that good corporate governance standards are essential in maintaining a balanced composition of executive Directors and independent non-executive Directors (the "**INEDs**") for the Board to exercise independent judgment effectively and providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Board is of the view that the Company has complied with the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has devised its own code of conduct regarding Directors' dealings in the Company's securities (the " **Securities Dealing Code**") on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Securities Dealing Code throughout the year ended 31 December 2023. The Company has also adopted the Securities Dealing Code as the written guidelines (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE

Pursuant to the requirements of the CG Code and the Listing Rules, the Company has established the Audit Committee comprising of three INEDs, namely Dr. Zheng Jian Peng (Chairman), Mr. Wang Zhonghua and Mr. Sheng Yuhong. The Audit Committee has reviewed with the management the accounting principles and practice adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2023. There were no disagreements from the Audit Committee or the external auditors on the accounting policies adopted by the Company.

SCOPE OF WORK OF MAZARS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Mazars CPA Limited ("**Mazars**"), Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Mazars on the preliminary announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed percentage of public float under the Listing Rules.

SIGNIFICANT EVENT AFTER REPORTING PERIOD

There has been no significant event that affected the Group after 31 December 2023 and up to the date of this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinogasholdings.com). The 2023 annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company who have elected to receive printed form and made available on the respective website of the Stock Exchange and the Company in due course.

By order of the Board
Sino Gas Holdings Group Limited
Mr. Ji Guang
Chairman

Hong Kong, 27 March 2024

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr. Ji Guang *(Chairman)*
Ms. Ji Ling *(Vice-Chairman and Chief Executive Officer)*
Ms. Cui Meijian
Mr. Zhou Feng

Independent non-executive Directors:
Mr. Sheng Yuhong
Mr. Wang Zhonghua
Dr. Zheng Jian Peng