

Immediate Release

29th March 2023



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

(於開曼群島註冊成立之有限公司)
(股份代碼:3633)

Zhongyu Energy Announces 2022 Annual Results

New Pattern of “Gas+Smart Energy” Shows an Initial Results with a Turnover of HK\$12.99 billion

Results Highlights:

- The turnover increase by 14.6% year-on-year to HK\$12.99 billion;
- The sales volume of natural gas increased from 2.82 billion cubic meters in 2021 to 2.85 billion cubic meters;
- The sales volume of comprehensive energy increased by 438.2% year-on-year to 117 million kilowatt-hours.

(29th March 2023, Hong Kong) The Board of Directors of **Zhongyu Energy Holdings Limited** (“Zhongyu Energy” or the “Company”) is pleased to announce the annual results of the Company and its subsidiaries (collectively the “Group”) for the year (the “period under review”) ended 31st December, 2022.

The Group’s turnover for the year ended 31st December, 2022 increased by 14.6% year-on-year to HK\$12.99 billion; the gross profit decreased from HK\$2.19 billion in 2021 to HK\$1.97 billion, primarily due to the sustained weakness in the domestic real estate industry, which resulted in a slowdown in the growth of installations for residential users; the non-Hong Kong Financial Reporting Standards profit attributable to owners of the Company will be HK\$690 million (2021: HK \$960 million), as a result of frequent outbreaks of pandemic in China, the tightening of

prevention and control measures and the disruption of production in many industries in many places.

Three major gas businesses achieve solid growth

During the Period, the Group's three major business segments, namely the sales of gas, gas pipeline construction and connection, and value-added services, contributed 87.2%, 7.4% and 2.8% of the Group's turnover in 2022, respectively. The Group's growth in turnover was mainly due to the increase in sales volume of gas. The improvement in results was mainly attributable to the effective implementation of the Company's strategic planning and the steady development of the business segments.

The sales of gas is a major revenue contributor of the Group in 2022, with sales reaching HK\$11.3 billion in 2022, representing a growth of 22% year-on-year. The growth in this business was mainly due to the success of the Group's client diversification strategy between residential, industrial and commercial customers. Industrial and commercial users will continue to be contribution sources of the Group's core focus in this segment.

In terms of gas pipeline construction and connection, following the Group's efforts in the past years, the penetration of gas connection in its covered area has reached a relatively high level. During the 2022, the total number of new piped gas connections users of the Group amounted to 283,398, including 280,807 new residential users, 374 new industrial users, and 2,217 new commercial users. As the Group continued to expand its concession areas and network coverage, the total length of the Group's existing intermediate and main pipelines increased from 26,399 km to 27,263 km, representing an increase of 3.3%.

In terms of value-added services business, the Group has been providing value-added services through the sales of kitchenware under its own retail brand "Zhongyu Phoenix" (中裕鳳凰) and online retail platform "Zhongyu iFamille" (中裕 i 家), which has enriched the business ecology and effectively increased customer stickiness. In 2022, the Group has successfully leveraged the market of customer base, and has made a primary breakthrough in expanding its business outside the region, strengthening the market share of its retail branding by expanding its product portfolio and promoting greater brand recognition. Value-added services turnover for the year recorded at HK\$360 million.

Implement the new strategy of "Dual-wheel Drive of Gas + Smart Energy And Coordinated Development"

During the Review Period, as of 31st December, 2022, the Group had 75 exclusive gas projects in 11 provinces, with 2 new exclusive gas projects; the city gas business served approximately 24,000 commercial and industrial customers as well as 4.66

million residential households. The total unit of natural gas sold also increased by 1.3% year-on-year (“yoy”) to 2.85 billion cubic meter in 2022. The integrated energy sales volume increased by 438.2% year-on-year (“yoy”) to 117 million kilowatt hour (kWh).

The Group has been actively expanding its city gas business to Jiangxi Province again by seizing the market opportunities. As of the Reporting Period, the Group's city gas concession business covered 11 provinces, namely Henan, Shandong, Hebei, Jiangsu, Anhui, Heilongjiang, Jilin, Fujian, Zhejiang, Inner Mongolia and Jiangxi .

During the Year, the group fully implementing the new corporate development strategy of "transforming development driven by dual-wheel", and implemented the renaming of the listed company from "Zhongyu Gas" to "Zhongyu Energy" and the establishment of the Smart Energy Group. China's commitment to promoting its green and low-carbon development and its "dual carbon" target put into practice across the country also brought more opportunities for the development of Zhongyu Group's smart energy business.

Based on the sound development of gas business, the Group has achieved several innovative breakthroughs in the integrated energy business such as photovoltaic, green transportation, incremental distribution network, industrial steam and industrial energy saving, and the development and management system of intelligent energy business with the characteristics of Zhongyu has taken initial shape.

At present, the Group has signed several regional integrated energy development agreements with local governments such as Linyi, Linzhang and Puyang, and it is actively promoting exchange in technology and innovation with various parties. with the gradual increase in the number of operational projects, the Group has established a set of institutionalized and standardized intelligent energy management system, and has realized intelligent energy digital management, which can meet real-time access to four types of business data, including photovoltaic, charging stations, energy stations and regional functions.

Practicing ESG sustainable development concept and widely laying out smart energy related business

As a leading domestic town gas and comprehensive energy operation service provider, the Group has always regarded safe operation as a fundamental part of its development, constantly improving its safety management system, establishing a reliable safety personnel team, and increasing investment in technical protection measures, and successfully became the director of the Safety Committee of China Gas Association this year.

At the same time, the Group actively participates in the national energy revolution

with the goal of "carbon peaking and carbon neutrality", and actively arranges green finance, boldly innovates and vigorously promotes the construction of ESG management system for listed company to promote green development with practical actions. In the future, the Group will grasp the major historical opportunities of green finance and sustainable development, continue to improve and optimize the Group's management system, focus on green energy business, solidly improve the overall competitive strength, and make every effort to promote the green and healthy development of the industry.

Specifically, we will continue to maintain city gas supply as our core business, actively explore quality projects and expand our gas business in an orderly manner. Besides, we will gradually improve our gas supply structure, explore domestic and overseas energy trading businesses and develop our gas industry business chain vertically while achieving stable supply. Additionally, we will focus on strategic cooperation opportunities with upstream enterprises, leverage the advantages of interconnection of the midstream pipeline network, strengthen out the sales strategies, enhance market competitiveness and innovate our value-added businesses.

In terms of the smart energy business, we will expand our integrated industrial energy services, develop smart energy projects with concession rights in industrial parks, explore and build energy storage and hydrogen energy demonstration projects, conduct research on energy digital technology, high-tech technologies for energy-saving transformation in industrial enterprises and other energy and carbon asset management, and fully leverage the Company's advantages in technological platform. At the same time, we will identify business values based on user profiles and user needs, and link businesses together so as to achieve customer reuse and maximize customers' value.

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About Zhongyu Energy Holdings Limited(stock code:3633)

Zhongyu Energy Holdings Limited and its subsidiaries (collectively referred to as the "Group" or "Zhongyu Energy") provide professional gas services in various cities in China. The three major business segments, namely sales of gas, gas pipeline construction and connection, and sales of stoves and other related services contributed 87.2%, 7.4% and 2.8% of the Group's turnover in 2022, respectively. As of 31 December 2022, the Group's city pipeline business has spread 11 provinces and autonomous regions, including Henan, Shandong, Hebei, Jiangsu, Anhui, Heilongjiang, Jilin, Fujian, Zhejiang, Inner Mongolia and Jiangxi. According to the promotion and deployment of strategic transformation and upgrading of the Group, and the repositioning of its business segments, the newly established Smart Energy Group will focus on the development of Zhongyu Energy's smart energy business.

The news release is issued by **Wonderful Sky Financial Group Limited** on behalf of **Zhongyu Energy Holdings Limited**.

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