

For Immediate Release



**中裕能源控股有限公司**

**ZHONGYU ENERGY HOLDINGS LIMITED**

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

*(Stock Code: 3633)*

## **Zhongyu Energy Achieves Significant Growth in Sales Volume of Integrated Energy in the First Half of 2024 “Dual-Wheel Drive” Strategy Yields Positive Results Continuously Enhancing Operation Quality**

### **Results Highlights**

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- Turnover increased by 3.3% year-on-year (“YoY”) to HK\$7.26 billion
  - Profit attributable to owner of the Company increased by 1.4% YoY to HK\$240 million
  - Basic earnings per share increased by 2.8% YoY to 8.57 HK cents
  - Unit of natural gas sold increased by 16.5% YoY to 1.74 billion m<sup>3</sup>
  - Sales volume of integrated energy increased significantly by 115.6% to 1,255 million kWh
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(23 August 2024, Hong Kong) – **Zhongyu Energy Holdings Limited** and its subsidiaries (collectively the “**Group**” or “**Zhongyu Energy**”; stock code: 03633.HK) is pleased to announced the Group’s interim results for the six months ended 30 June 2024 today. During the reporting period, Zhongyu Energy steadfastly adhered to its “dual-wheel drive and synergetic development” strategy, fostering synergy and innovation in city gas business and smart energy business. This approach resulted in a 3.3% YoY increase in turnover, reaching HK\$ 7.26 billion, and a 1.4% growth in profit attributable to owner of the Company, amounting to HK\$240 million, as operational quality continued to enhance.

### **Continuous Solid Growth of City Gas Business**

In the first half of 2024, Zhongyu Energy achieved a 16.5% YoY increase in unit of natural gas sold, reaching 1.74 billion m<sup>3</sup>, and a 2.3% growth in turnover from sales of gas (including sales from vehicle filling stations), amounting to HK\$5.96 billion, which remained the primary revenue contributor for the Group. The city gas business has developed into a mature and solid business through the Group’s deep cultivation over many years. As at 30 June 2024, the Group operated 75 concession gas projects across 11 provinces, serving approximately 29,000 industrial and commercial customers and 5.11 million residential users. During the reporting period, the scale of the Group’s city gas business continued solid growth, adding 171,112 new residential users, 138 new industrial users, and 1,207 new commercial users. Currently, the gas connection penetration rate in the regions where the Group operates has

reached a relatively high level of 71%, with total length of existing intermediate and main pipelines increasing by 423km YoY to 27,897km.

During the reporting period, the Group persisted in advancing its energy trading business to optimize gas supply structure and secure additional piped gas supply at a lower average cost. This strategic approach, coupled with a favourable user structure, has enhanced the profitability of the city gas business, and contributed for the Group's overall growth.

Meanwhile, leveraging the enormous and highly loyal customer base of the city gas business, the Group continued to promote the development of the value-added business. By exploring the needs of users in its operating regions, and seizing the opportunities arising from urban renewal, the Group provided comprehensive "one-stop" online and offline value-added services to users through its own offline retail brand "Zhongyu Phoenix" (中裕鳳凰) and online retail platform "Zhongyu iFamille" (中裕家). Additionally, the Group actively explored markets beyond its operating regions by establishing sub-brands "OUGA" and "OUSHUO" to explore innovative models of cooperation. During the reporting period, the value-added business recorded a turnover of nearly HK\$170 million.

### **"Dual-Wheel Drive" Strategy Propels Rapid Growth in the Smart Energy Business, Significant Increase in Sales Volume of Integrated Energy**

Zhongyu Energy has proactively aligned the national "dual carbon" strategy by leveraging the synergies between its city gas and smart energy business segments to scientifically establish its presence in the new energy market. The Group seeks to utilize its extensive experience in market development and technical innovation to provide customers with cleaner and highly efficient integrated energy services that address their gas, heating, electricity and cooling requirements. Following initial exploratory efforts, the Group's distributed photovoltaic, incremental power distribution and boiler entrustment businesses have gained traction, while bold attempts have been made in developing household photovoltaic, biomass energy supply, hydrogen refuelling and charging integrated stations, and user-side energy storage solutions, establishing demonstration projects and diversifying its project portfolio. During the reporting period, the smart energy business achieved remarkable growth, with sales volume of integrated energy surging 115.6% YoY to 1,255 million kWh, and corresponding sales increasing 58.4% YoY to HK\$550 million.

During the reporting period, gross profit margin of the smart energy business increased by 1.5 percentage points YoY to 10.2%. This improvement was mainly attributable to the gradual maturity of the Group's integrated energy business and the successive commencement of operations of its invested projects, coupled with the upgrading of its refined management practices and the synergistic effect between the city gas and smart energy businesses, leading to a higher-quality development of this business segment.

### **Prospects: Business Innovation and Breakthrough Drive Strategic Transformation and Upgrade**

In the second half of 2024, the Group will remain committed to implementing the “dual-wheel drive and synergistic development” strategy. By strengthening market research and maintaining flexibility in responding to market changes, the Group aims to achieve business innovation and breakthroughs.

For the city gas business, the Group will explore markets of industrial and commercial user while assisting the government in implementing residential price adjustments. Simultaneously, the Group will continue to optimise its upstream gas supply structure, lower integrated purchase cost, and achieve profit growth. Regarding energy trading, the Group will actively synergise internal gas needs, manage expectations, achieve synergy between the LNG and piped gas wholesale businesses. It will also explore external city gas and large industrial customers, and attempt to commence international LNG trading cooperation with international suppliers. For value-added services, the Group will continue to increase sales volume of its own brands through models such as offline promotions, community activities, online broadcasts, and point systems for online platforms. Additionally, the Group will innovatively develop technical services businesses, such as gas hardware installation and maintenance, as well as safety and security product testing, to explore new growth drivers. Moreover, the Group will explore partnerships outside its operating regions, to develop comprehensive cooperation, including safety checks, maintenance, and gas hardware sales, to explore the sales potential of the national market.

Regarding Environmental, Social and Governance (ESG), the Group will actively develop its smart energy business to provide greener and low-carbon energy supplies to downstream customers, while strengthening methane management efforts to reduce the impact of greenhouse gas emissions on the climate and the environment. The Group will continue to practice its “people-oriented” concept, effectively protecting employees’ rights and further improving its internal control mechanism. Additionally, the Group will actively explore green finance cooperation, continue to optimise its ESG information disclosure efforts, develop more diversified external exchange channels, to learn and promote sustainability concepts.

Going forward, the Group will further strengthen the collaboration between the city gas and smart energy businesses, closely monitoring market developments and seizing market opportunities in a timely manner. The Group will promote the orderly development of smart energy projects under different business models, facilitating strategic transformation and upgrading. With an eye on long-term development, the Group will actively explore cutting-edge technologies in the field of new energy storage, work diligently to nurture professional operating talents. Additionally, the Group will strengthen the development of digital operation and maintenance platforms to improve operational efficiency and services quality, steadily realising the vision of “being the most valuable integrated energy service provider”.

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**About Zhongyu Energy Holdings Limited (stock code:3633)**

Zhongyu Energy Holdings Limited and its subsidiaries (collectively the “Group” or “Zhongyu Energy”) provide professional gas services in various cities in China. The Group’s three major business segments are sales of gas, gas pipeline construction and connection, and smart energy. The Group’s member companies have spread 15 provinces, autonomous regions and direct-administered municipalities, including Henan, Shandong, Hebei, Beijing, Jiangsu, Anhui, Heilongjiang, Jilin, Fujian, Zhejiang, Guangdong, Yunnan, Inner Mongolia, etc. 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.

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