



KunLun Energy Company Limited

(Incorporated in Bermuda with limited liability 於百慕達註冊之有限公司)

昆侖能源有限公司

(Stock Code 股份代號: 00135.HK)



*BEAUTIFUL CHINA
OF EMPOWER CONSTRUCTION*

*BRIGHTEN WONDERFUL
LIFE OF PEOPLE*

2023 Annual Report

March 25, 2024



FU Bin

Chairman and
Executive Director



GAO Xiangzhong

Executive Director
and CFO



ZHONG Weirong

Deputy
General Manager

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Performance Highlights

Retail gas sales volume **up 9.2%** to **30.31 bcm**

Stable dollar margin at RMB **0.501/m³**

890 thousand new users and accumulated **15.60 million** users

Five-year CAGR of **26.0%** in gas sales to industrial users

90.6% average utilization rate of LNG terminals

Revenue **up 3.1%** to RMB **177.35 billion**

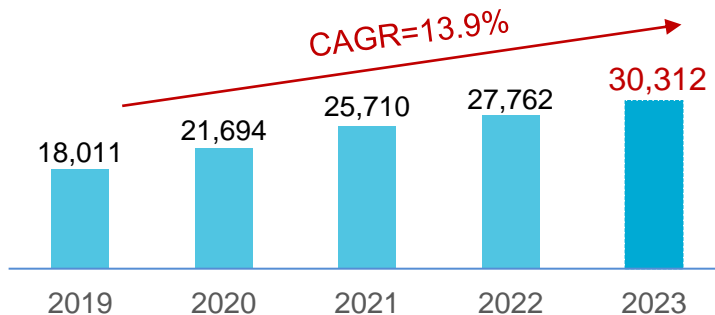
Net Profit **up 8.7%** to RMB **5.68 billion**
Basic EPS **up 8.7%** to RMB **65.62 cents**

Core profit at RMB **6.14 billion**

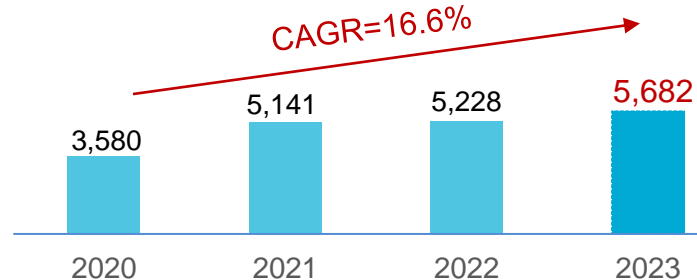
ROE **up 0.23 ppt** to **9.0%**

EBIT of LNG plants RMB **20 million**

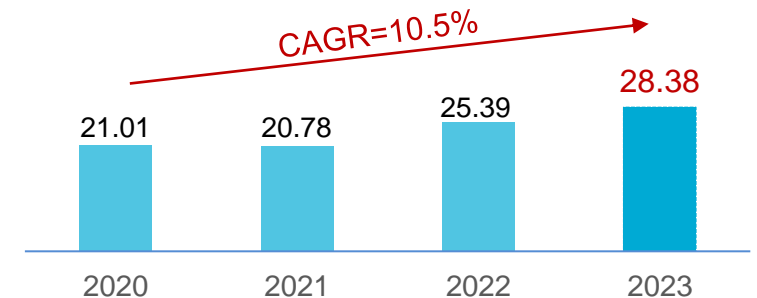
Retail Sales Volume (million m³)



Profit attribute to shareholders of the Company (RMB million)



Annual DPS (RMB Yuan/share)



Environmental, Social, and Corporate Governance (ESG)

Corporate Governance



Enhanced **ESG Indicator Systems** and **Target Recommendations** in line with requirements from the State-owned Assets Supervision and Administration Commission (SASAC) and the Hong Kong Stock Exchange.

Board of Directors reviewed ESG reports and related matters **4 times**.



Recognized with a **Benchmark** rating in the evaluation of Double Hundred Enterprises"by SASAC

Ranked **22nd** in CCTV's "Top 100 Pioneers among China's ESG Listed Companies"



12 Items

BBB

36

Included in the Hang Seng Stock Connect Index

MSCI ESG ratings

S&P ESG ratings

Environmental Protection



Completed the **2024 version of the Carbon Peak and Carbon Neutrality Action Plan**

Implemented the "Greenhouse Gas Emission Accounting Guide", detailing **14 emission sources** and accounting methods for each business type.



Acquired **22 green electricity certificates**, purchasing **182.8738 million kWh** of green electricity, representing **10.85%** of total electricity consumption.



Social Responsibility



Invested RMB **500 million** in **238** safety hazard management projects

Emphasized gas quality control, conducting **3,248** gas quality sampling inspections among all units, with both random and self-inspection gas quality compliance rates reaching **100%**



Held promotion week activities themed the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, including **896** sessions covering prevention knowledge, case studies, and online learning



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PART 01

Natural Gas Sales



National Layout & New Projects

As of December 31, 2023, total 280 city gas projects

In 2023, 12 new city gas projects

Project Type	Location
City Gas projects (12)	Liaoning: Dalian City
	Shandong: Ningyang County
	Jiangsu: Lianyungang City; Liyang City; Jingjiang City
	Henan: Zhengzhou City; Luoning County; Tongbai County
	Inner Mongolia: Hohhot City
	Xinjiang: Changji City; Bazhou City
	Gansu: Guazhou County

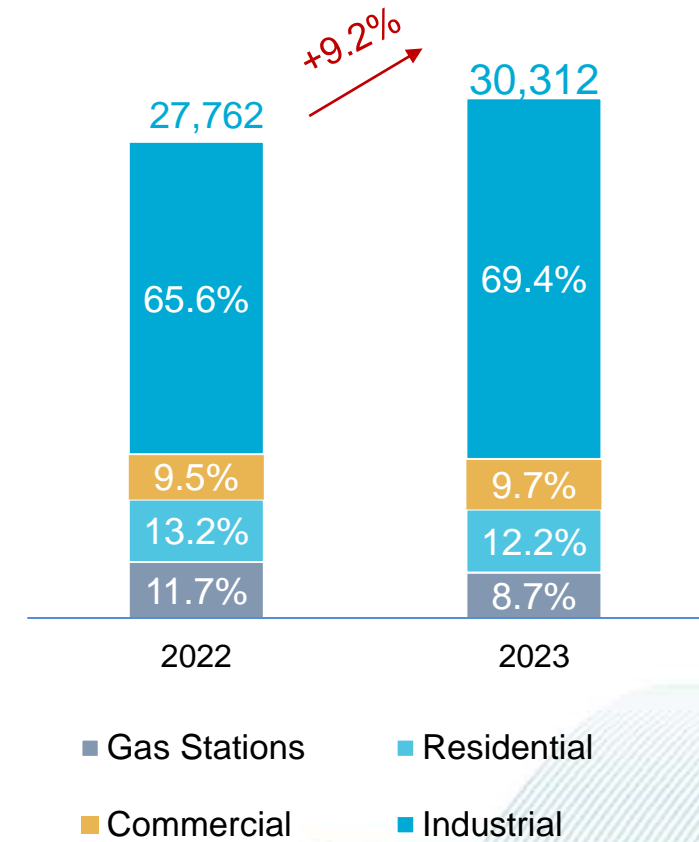


Sales Volume

(million m³)

Item	2023/12/31	2022/12/31	Change Value	Change Rate
Total Volume of NG Sales	49,284.5	44,987.7	4,296.8	9.6%
Retail Gas sales	30,311.7	27,761.9	2,549.8	9.2%
Industrial	21,045.3	18,213.2	2,832.1	15.5%
Commercial	2,944.7	2,649.7	295.0	11.1%
Residential	3,684.3	3,647.8	36.5	1.0%
Gas Stations	2,637.4	3,251.2	(613.8)	(18.9%)
Distribution & Trading	18,972.8	17,225.8	1,747.0	10.1%

Retail Gas Sales Volume Breakdown

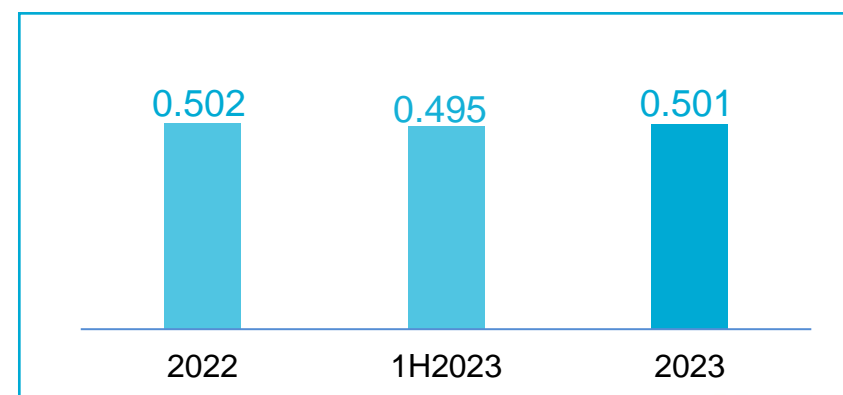


Dollar Margin

(RMB Yuan/m³)

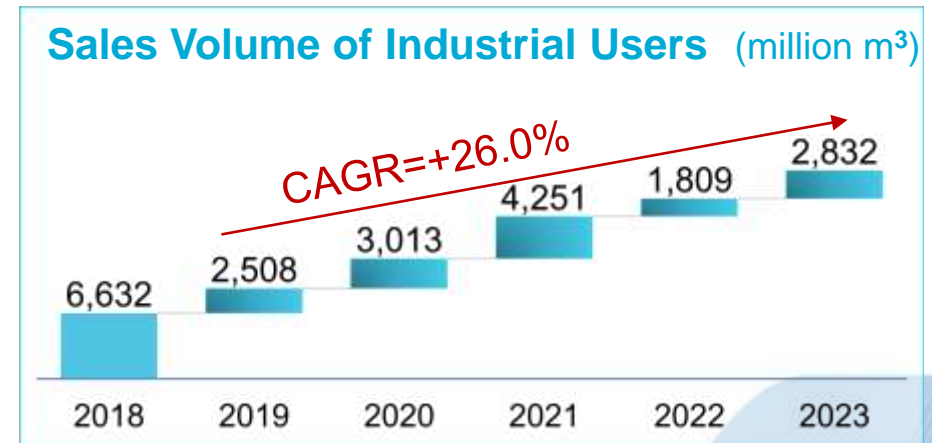
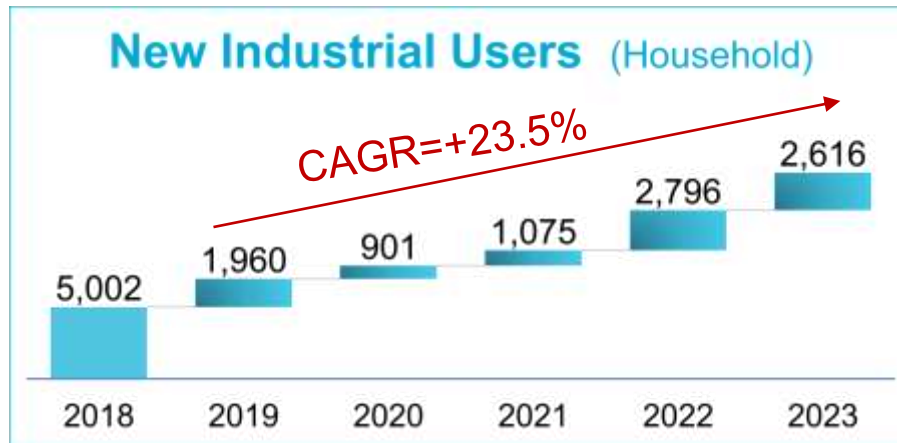
Item	2023/12/31	2022/12/31	Change value	2023/06/30
Average Gas Tariff	2.884	2.865	0.019	2.875
Average Cost	2.383	2.363	0.020	2.380
Weighted Average Dollar Margin	0.501	0.502	(0.001)	0.495

- Reliable and Stable Resource
- A long-term price pass-through mechanism
- Continuously optimized sales structure



Customer Base

Item	2023/12/31 New Users	2023/12/31 Accumulated Users	2022/12/31 Accumulated Users	Change
Total Users	890.7 thousand	15,604.0 thousand	14,713.3 thousand	6.1%
Residential	858.8 thousand	15,475.3 thousand	14,616.5 thousand	5.9%
Industrial	2,616	14,350	11,734	22.3%
Commercial	29.3 thousand	114.3 thousand	85.0 thousand	34.5%



Value-added Business

Promote platform empowerment

Development strategy: Vigorously implement the concentric diversification strategy, leverage the advantages of the industrial chain, and strive to build a diversified industrial ecology with Kunlun Energy characteristics to assist the company's low-carbon transformation and green development.



"Kunlun Huixiang+" online and offline integrated gas comprehensive service platform has achieved initial results. A total of **22 stores** were opened in the e-commerce platform throughout the year, achieving sales of **RMB74.65 million**, a **year-on-year increase of 366%**, and its business scale hit a new high.



To promote the integration of user gas online services, public services and value-added services, and to unify the service platform ports, the "Kunlun Huixiang+" WeChat service official account was put into operation within the year.

Promote the business development by the brand image

Actively fulfill social responsibilities and take advantage of the 10th anniversary of the International Poverty Alleviation Day to carry out the "Love Starting from the Top of Kunlun, Crossing the Mountains and Seas" public welfare activities in Xinjiang, donating Kunlunger gas stoves to households in need in Hotan area and organizing knowledge promotion activities to promote the safety of use of gas and create a good brand image.



The sales scale of the gas appliance business continued to expand. A total of **45,900 gas appliances** were sold throughout the year, a **year-on-year increase of 58.8%**. Among them: Sold **30,000 units** of Kunlunger gas appliances, a **year-on-year increase of 68.5%**.

PART 02

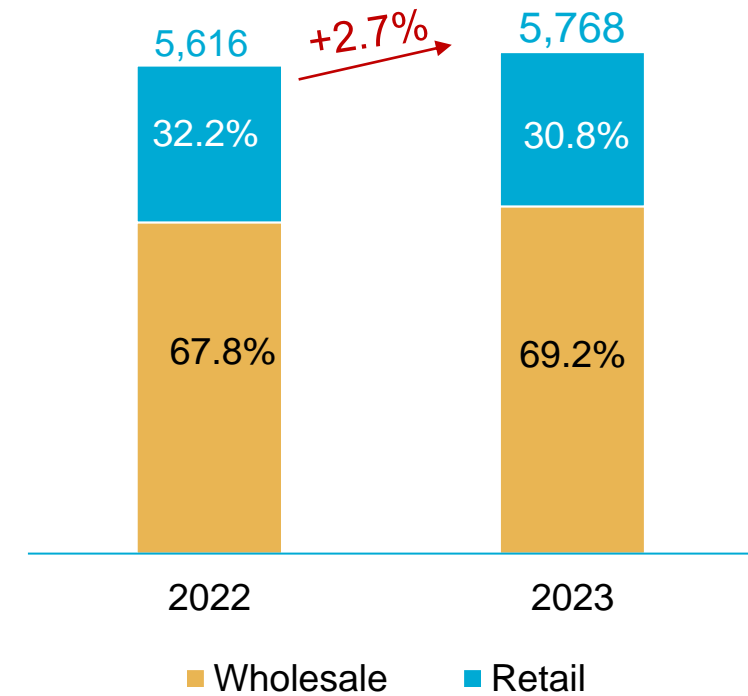
LPG Sales



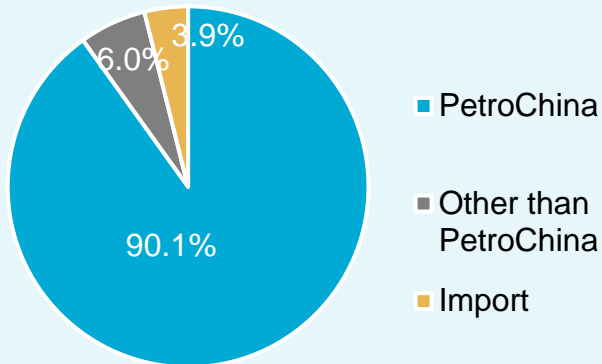
LPG Sales Volume

(thousand tons)				
Item	2023/12/31	2022/12/31	Change Value	Change Rate
LPG Sales Volume	5,767.7	5,615.5	152.2	2.7%
Retail	1,775.0	1,806.5	(31.5)	(1.7%)
Wholesale	3,992.7	3,809.0	183.7	4.8%

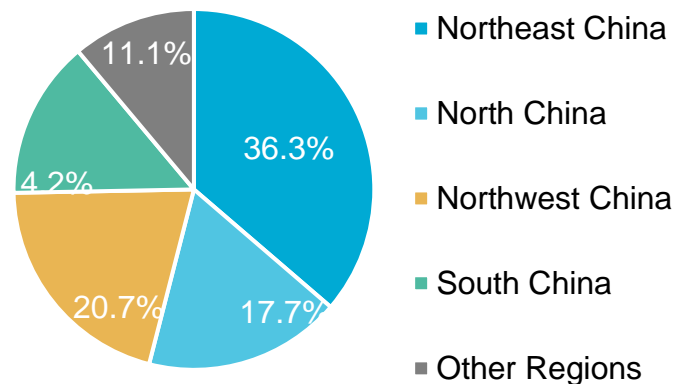
LPG Sales Volume Breakdown



LPG Upstream Resources Breakdown

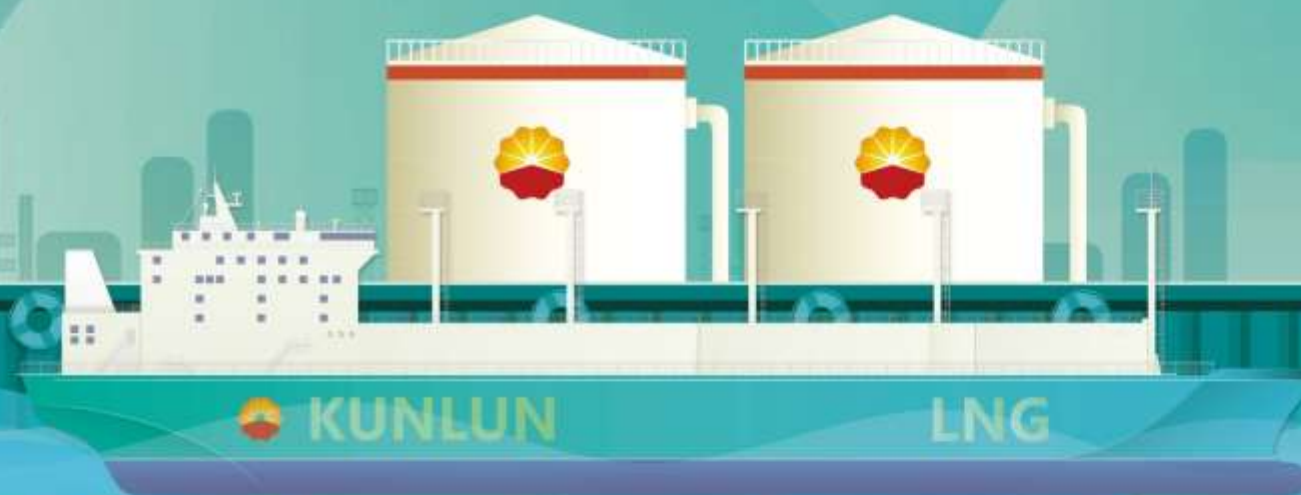


LPG Sales Volume by Regions



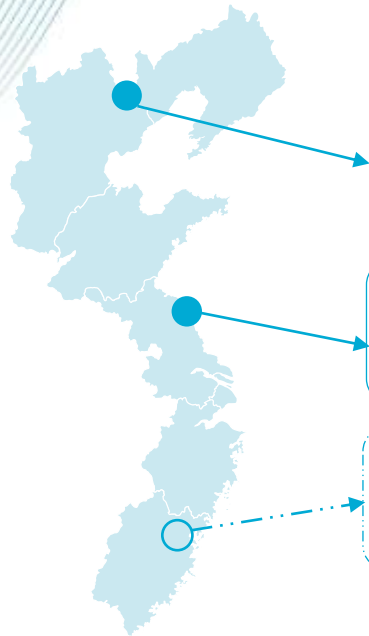
PART 03

LNG Processing & Terminal



LNG Terminals

Distribution of LNG Terminals

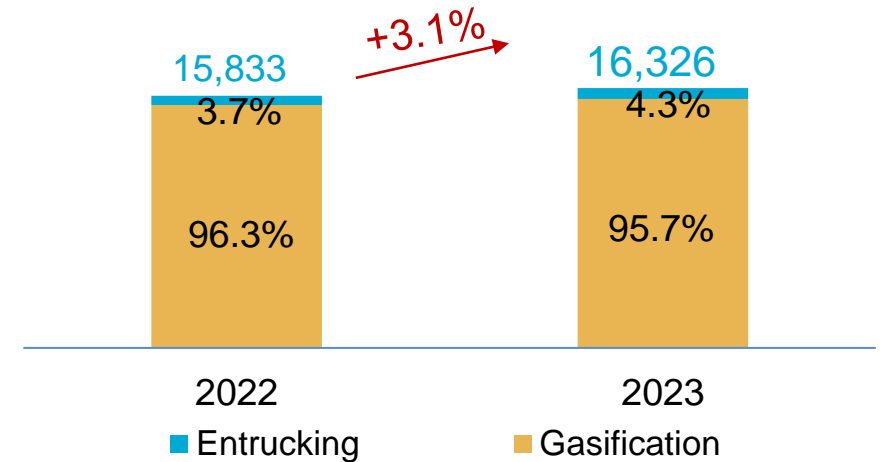


Tangshan LNG Terminal:
Capacity of 6.5 million tons/year

Rudong LNG Terminal:
Capacity of 6.5 million tons/year

Fuzhou LNG Terminal:
Capacity of 3.0 million tons/year

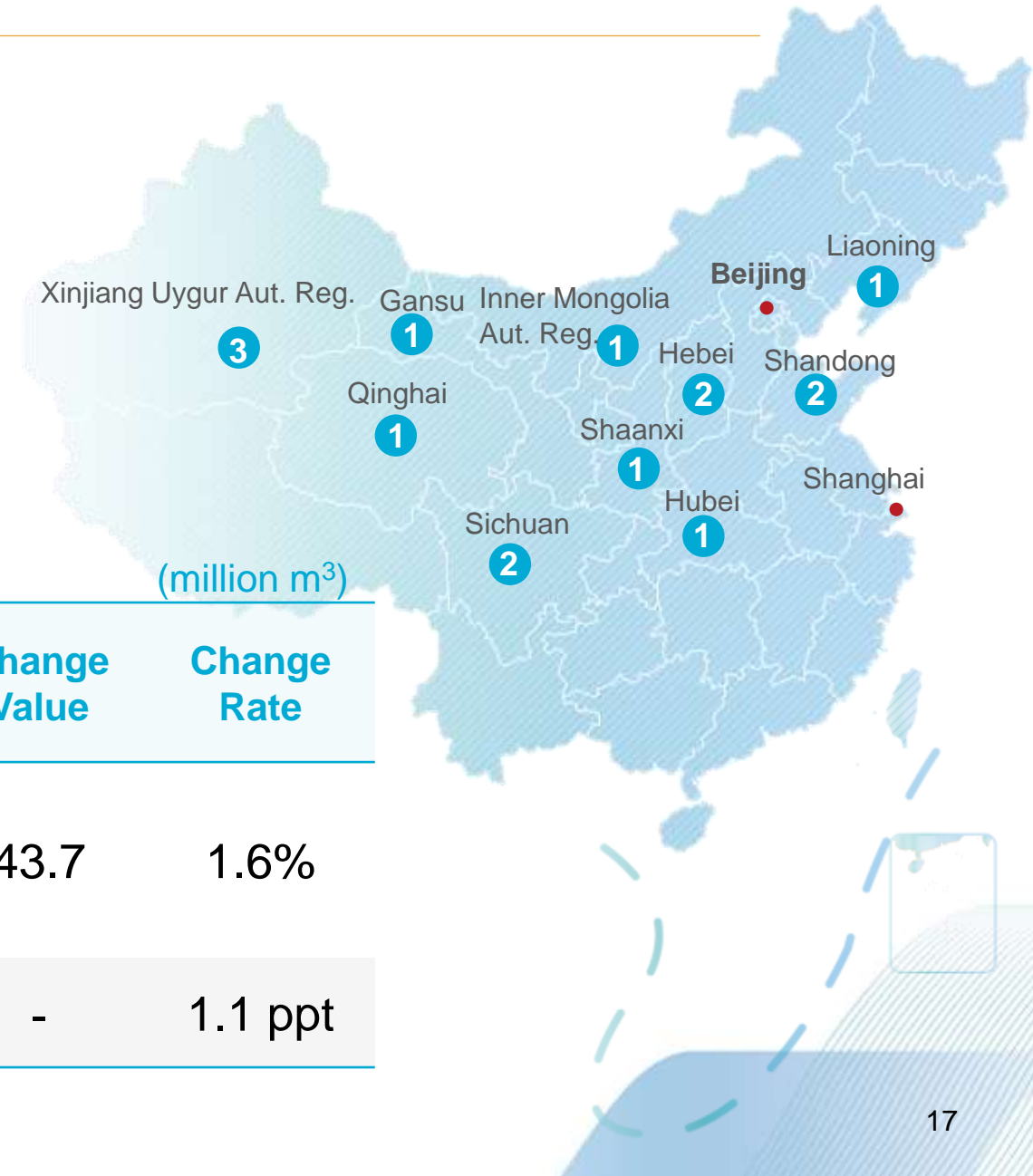
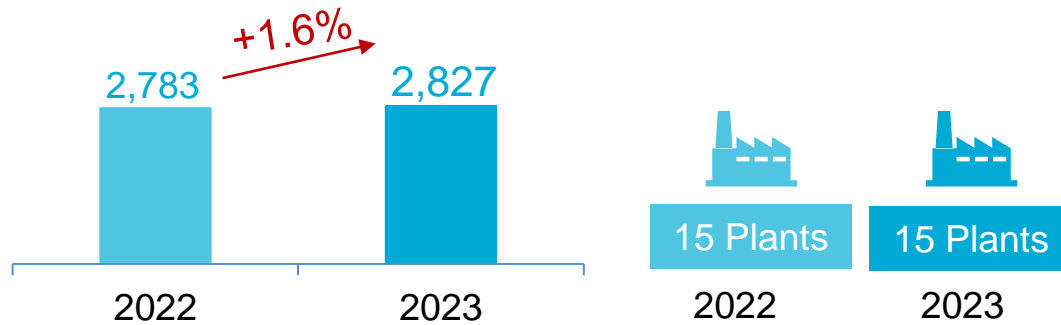
Processing Volume of LNG Terminals



Item	2023/12/31	2022/12/31	Change Value	Change Rate
Total Volume	16,326.4	15,833.2	493.2	3.1%
Gasification Volume	15,631.6	15,251.4	380.2	2.5%
Entrucking Volume	694.8	581.8	113.0	19.4%
Average Utilization Rate	90.6%	87.9%	-	2.7 ppt

LNG Plants

Processing Volume of LNG Plants & Number of LNG Plants in Operation



Item	2023/12/31	2022/12/31	Change Value	Change Rate
LNG Processing Volume	2,826.9	2,783.2	43.7	1.6%
Average Utilization Rate	45.4%	44.3%	-	1.1 ppt

PART 04

Exploration & Production

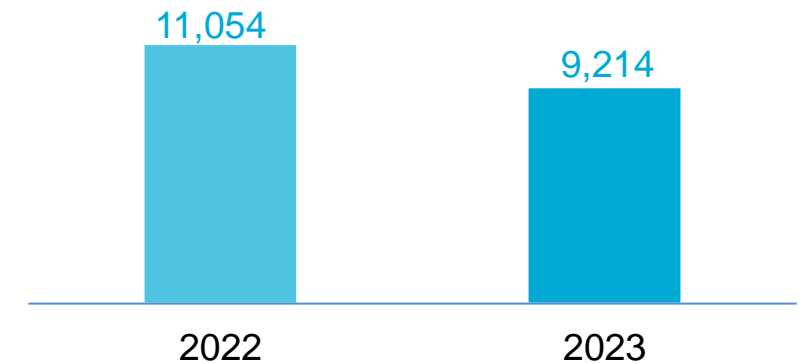


Exploration & Production

Distribution of Oilfields



Equity Sales Volume of Crude Oil



Item	2023/12/31	2022/12/31	Change Value	Change Rate
Equity Sales Volume of Crude Oil (thousand Barrels)	9,213.7	11,054.0	(1,840.3)	(16.6%)
ASP of Crude Oil (USD/Barrel)	66.9	77.5	(10.6)	(13.7%)



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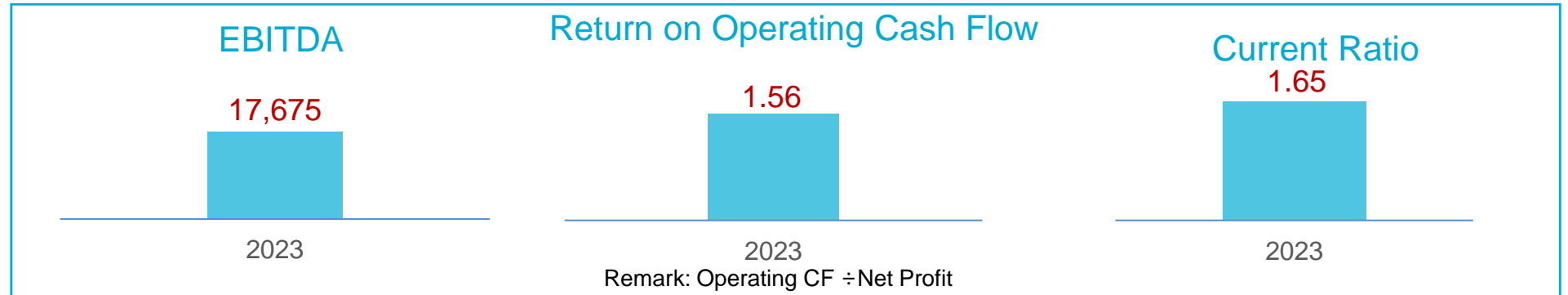
03 Financial Performance

04 Business Outlook

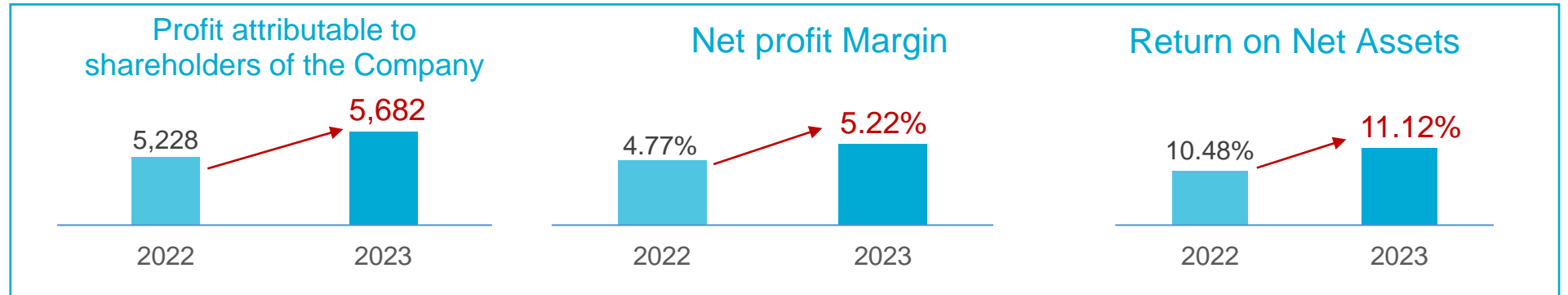
Financial Performance Highlight

(RMB million)

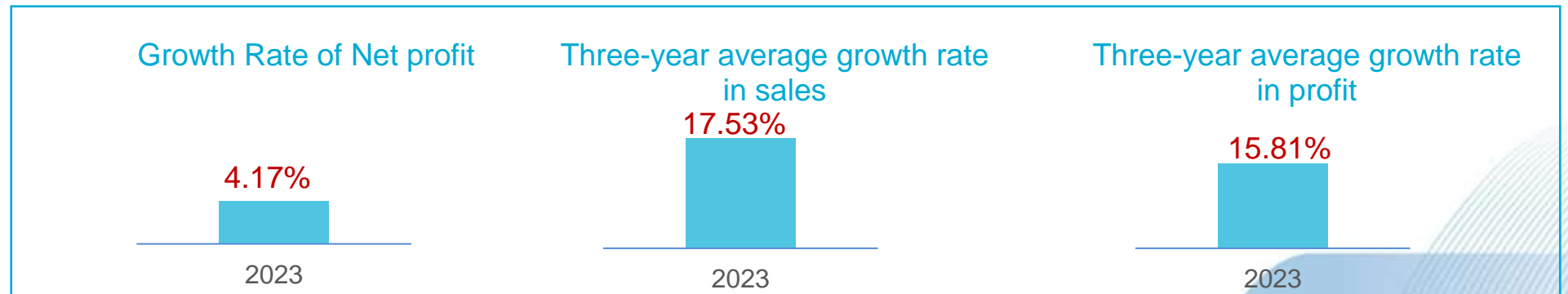
✓ **Stronger financial position**



✓ **Steady improvement in profitability**



✓ **More prominent Development capabilities**

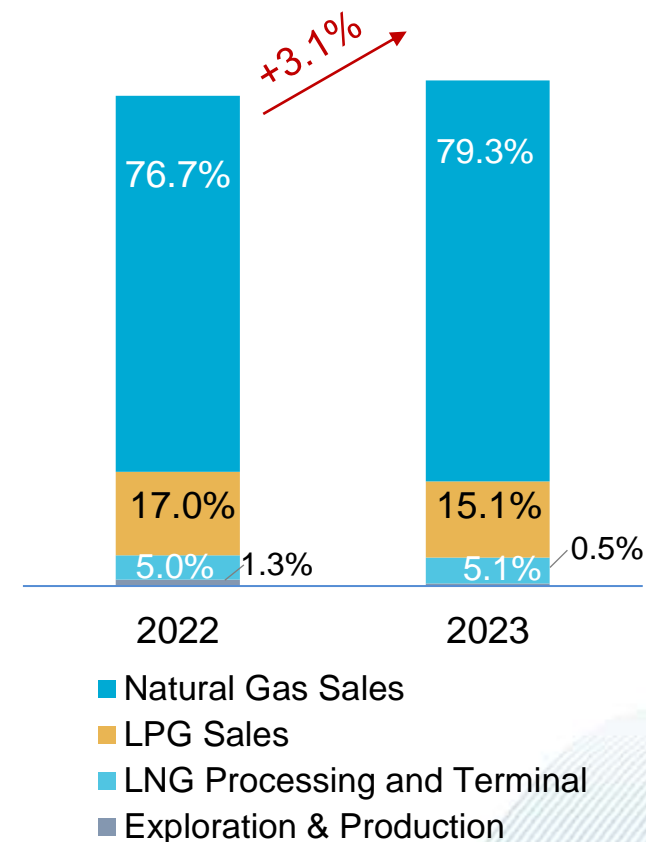


Revenue

(RMB million)

Item	2023/12/31	2022/12/31	Change Value	Change Rate
Total	177,353.5	171,943.6	5,409.9	3.1%
Natural Gas Sales	140,599.9	131,891.7	8,708.2	6.6%
Gas Sales	135,456.0	127,157.4	8,298.6	6.5%
of which, Retail	86,640.2	78,568.9	8,071.3	10.3%
LPG Sales	26,800.7	29,224.1	(2,423.4)	(8.3%)
LNG Processing & Terminals	9,042.3	8,542.1	500.2	5.9%
LNG Terminals	4,903.4	4,787.0	116.4	2.4%
LNG Plants	4,138.9	3,755.1	383.8	10.2%
Exploration & Production	910.6	2,285.7	(1,375.1)	(60.2%)

Revenue Breakdown

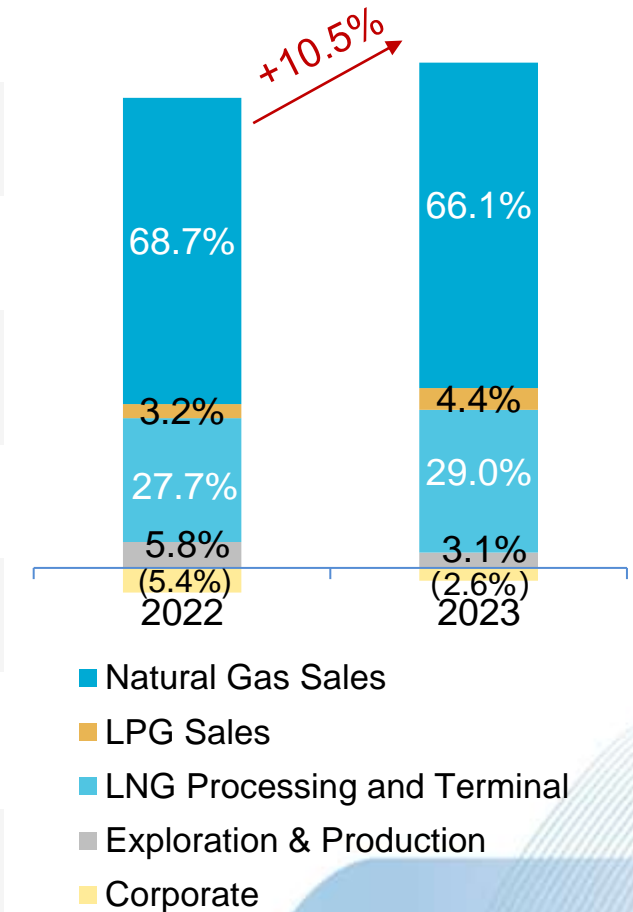


Profit Before Income Tax

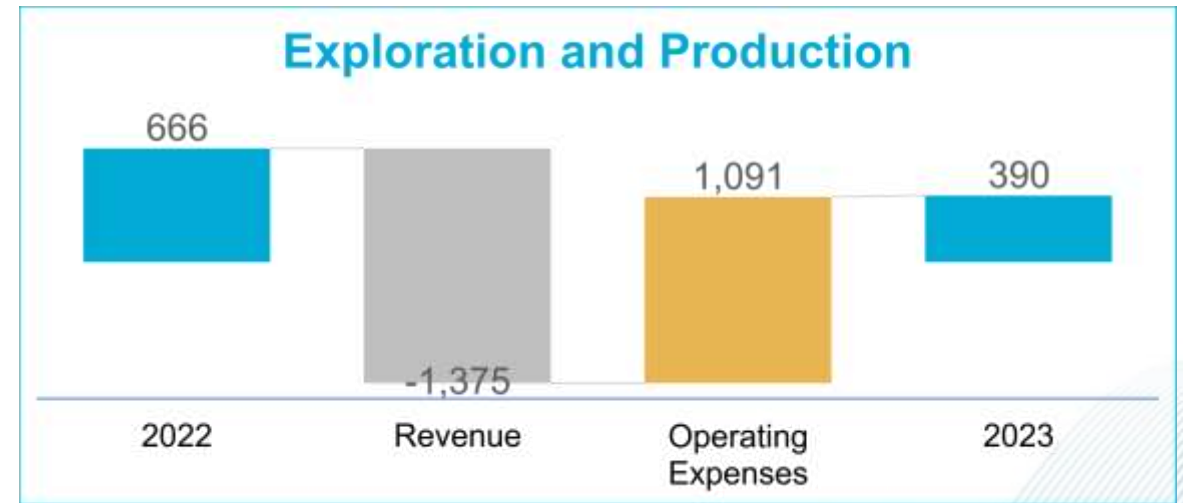
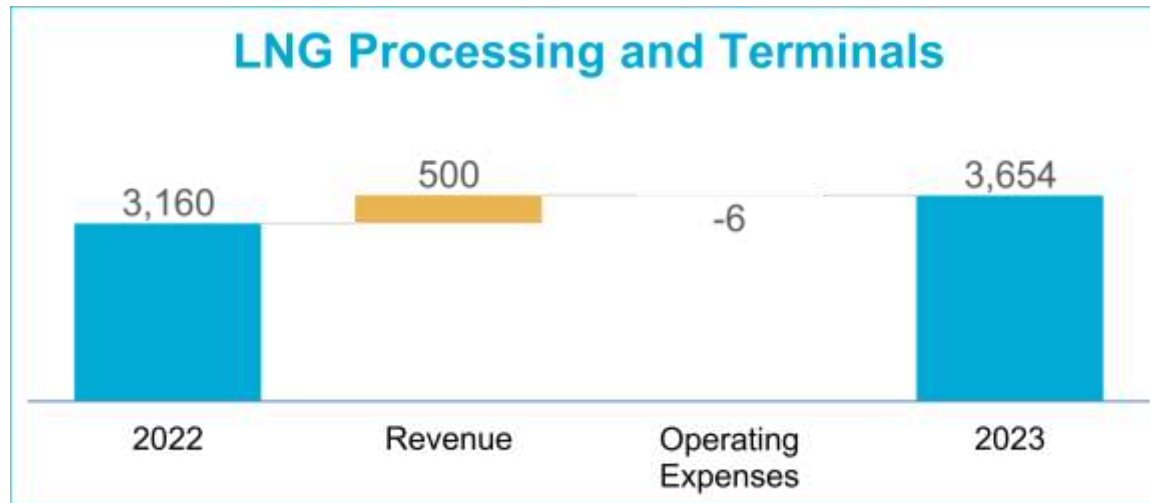
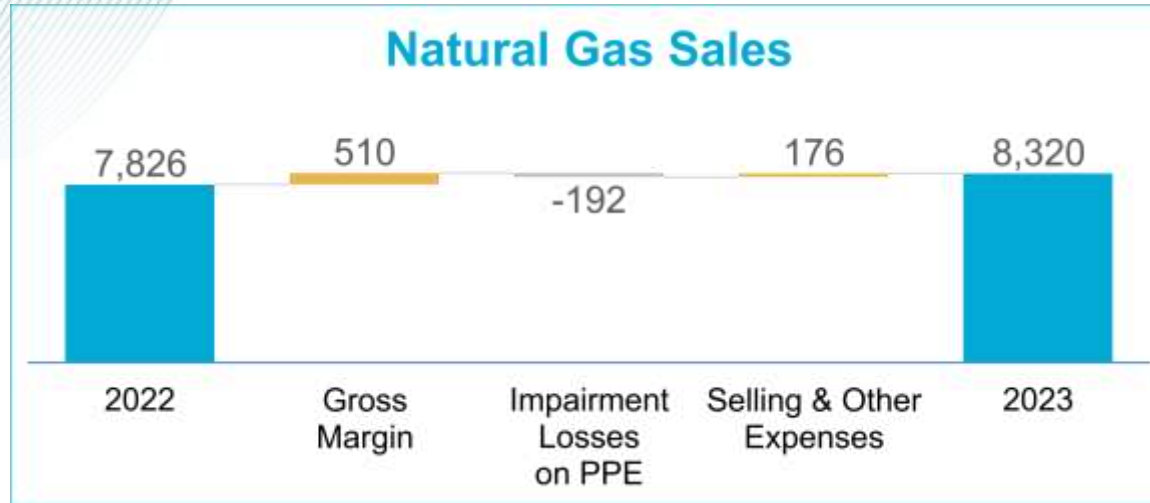
(RMB million)

Item	2023/12/31	2022/12/31	Change Value	Change Rate
Total	12,592.6	11,392.0	1,200.6	10.5%
Natural Gas Sales	8,320.3	7,826.3	494.0	6.3%
LPG Sales	553.1	359.5	193.6	53.9%
LNG Processing & Terminal	3,653.5	3,160.4	493.1	15.6%
LNG Terminals	3,633.0	3,526.8	106.2	3.0%
LNG Plants	20.5	(366.4)	386.9	105.6%
Exploration & Production	389.9	665.6	(275.7)	(41.4%)
Corporate	(324.2)	(619.8)	295.6	47.7%

Profit Before Income Tax Breakdown



Analysis of Profit Before Income Tax



(RMB million)

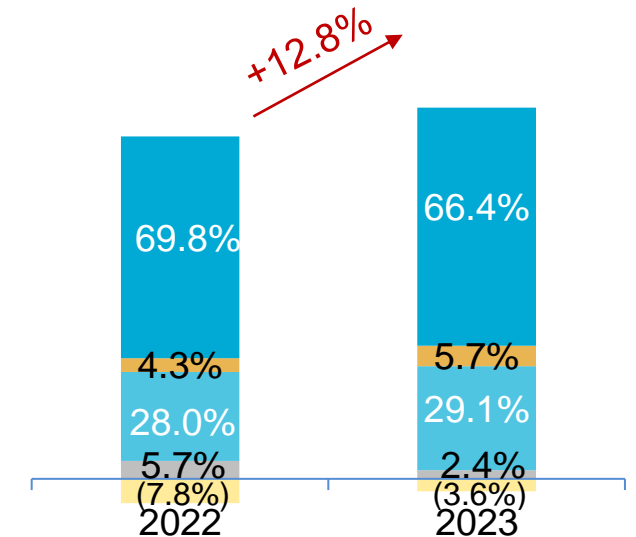
■ Total ■ Increase ■ Decrease

Profit After Income Tax

(RMB million)

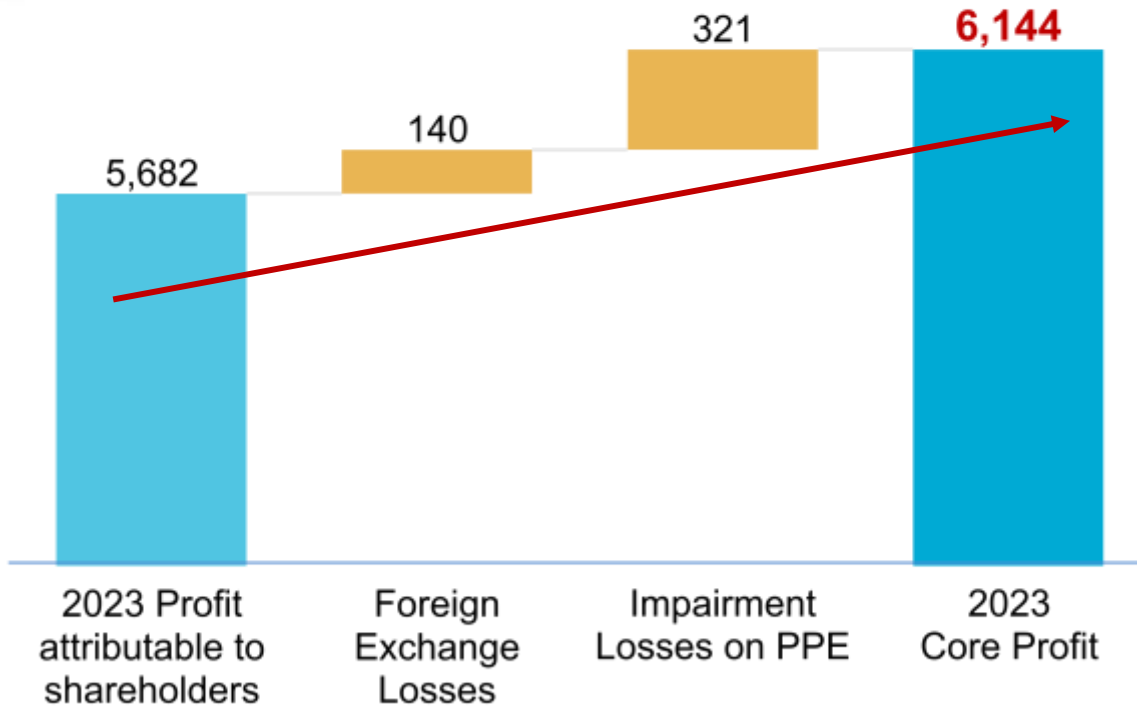
Item	2023/12/31	2022/12/31	Change Value	Change Rate
Total	9,255.1	8,202.3	1,052.8	12.8%
Natural Gas Sales	6,142.4	5,724.8	417.6	7.3%
LPG Sales	529.2	350.1	179.1	51.1%
LNG Processing & Terminals	2,688.7	2,296.2	392.5	17.1%
LNG Terminals	2,682.0	2,644.2	37.8	1.4%
LNG Plants	6.6	(348.1)	354.7	101.9%
Exploration & Production	218.6	464.6	(246.0)	(52.9%)
Corporate	(323.8)	(633.4)	309.6	48.9%

Profit After Income Tax Breakdown



- Natural Gas Sales
- LPG Sales
- LNG Processing and Terminals
- Exploration & Production
- Corporate

Core Profit Analysis



(RMB million)

	Item	Amount
1	2023/12/31 Profit attributable to shareholders	5,682.2
2	One-off/Non-operation items	461.8
2.1	Foreign Exchange Losses	140.4
2.2	Impairment Losses on PPE	321.4
3	2023/12/31 Core Profit attributable to shareholders	6,144.0
4	2023/12/31 Core EPS	70.96 cents

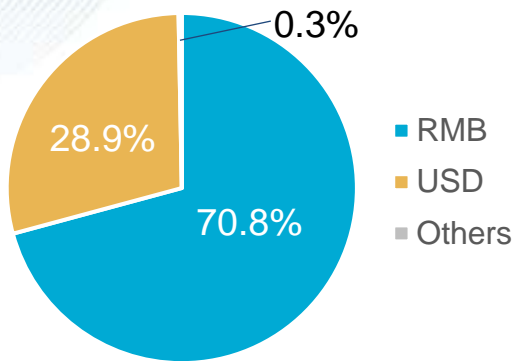
Balance Sheet

(RMB million)

Item	2023/12/31	2022/12/31	Change Value	Change Rate
Total Assets	143,519.3	138,892.3	4,627.0	3.3%
Bank Balance and Cash	45,587.6	39,481.4	6,106.2	15.5%
Total Interest-bearing Liabilities	25,201.7	25,851.0	(649.3)	(2.5%)
-- Current Liabilities	5,678.1	5,495.4	182.7	3.3%
-- Non-current Liabilities	19,523.6	20,355.6	(832.0)	(4.1%)
Equity	63,449.3	59,907.6	3,541.7	5.9%
Gearing Ratio	22.7%	24.3%	-	(1.6 ppt)
Interest-bearing Debts-to-Assets Ratio	17.6%	18.6%	-	(1.0 ppt)

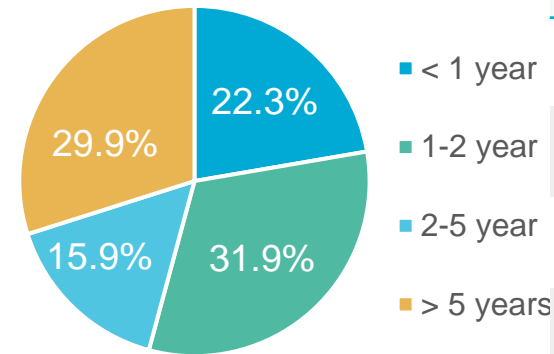
Borrowing Structure

Borrowing Currency Structure



(RMB million)	
Item	Amount
RMB	17,347.3
USD	7,074.5
Others	69.2

Long & Short Term Borrowing Structure



(RMB million)	
Item	Amount
Less than 1 year	5,464.3
1-2 year	7,809.5
2-5 year	3,883.5
More than 5 years	7,333.7

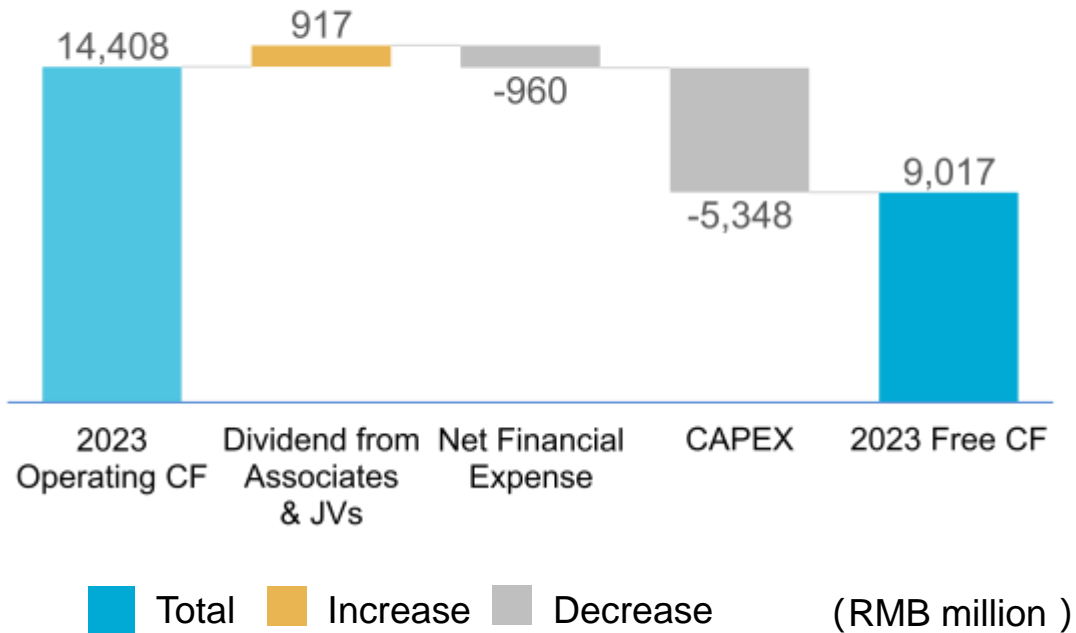
Item	2023/12/31	2022/12/31	Change
Average Finance Cost	3.33%	3.66%	(33 bp)

Agency	Rating	
MOODY'S	Stable	A2
S&P Global Ratings	Stable	A
FitchRatings	Stable	A

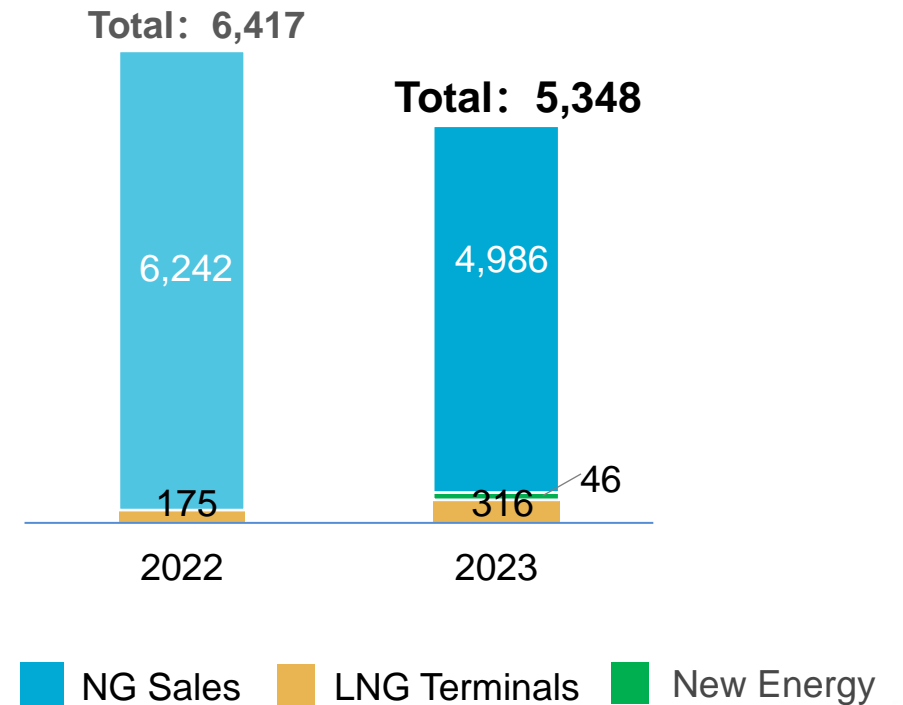
High Credit rating will further enhance the Company's financing capacity for further development and expansion of natural gas business.

Cash Flow Analysis & CAPEX

Cash Flow Analysis

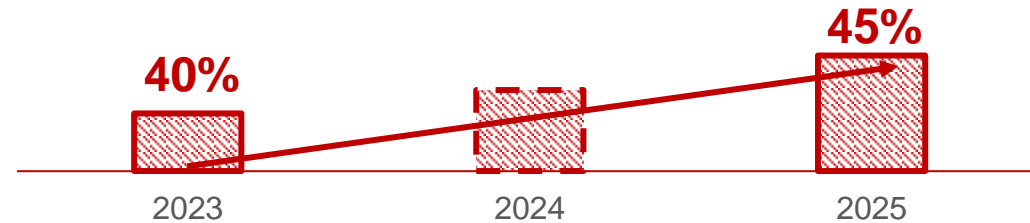


CAPEX



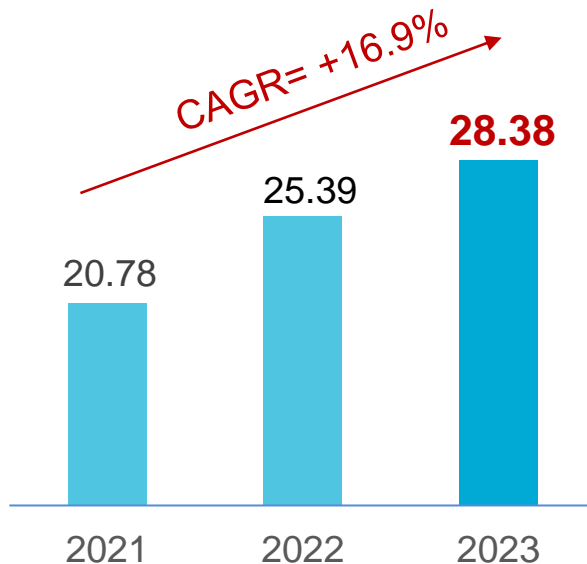
Dividend Policy

Three-year dividend payout ratio plan
from 2023 to 2025:



Dividend policy from 2017 to 2022: The total annual dividend payment is 25-35% of the company's profits attributable to shareholders.

Dividend per share



(RMB Yuan/share)

Item	2023	2022	2021
Basic EPS	65.62	60.38	59.37
Core EPS	70.96	72.54	57.93
DPS	28.38	25.39	20.78
Dividend Payment (RMB million)	2,460.0	2,198.0	1,799.0



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Business Outlook

01

Strive to build a marketing system that adapts to the competitive situation

Focus on adjusting structure & optimizing layout to continuously improve core competitiveness

02

Focus on building a diversified business system that is coordinated with the new energy system

Expanding the road to green and low-carbon transformation around the integration of gas and new technologies

03

Strive to create an efficient operating system that is consistent with the development of modern industries

Accelerate the creation of smart gas enterprises around new quality productivity

04

Focus on building a customer service system that matches the construction of new energy systems

Accelerate the forging of customer service capabilities around competition, cooperation and win-win results

05

Strive to build a modern governance system that matches high-quality development

Continuously enhance modern governance levels around ESG management effectiveness

Business Outlook

Item	2024 Operation Guidance
Retail natural gas sales volume	↑ 10%
New connected users	800 thousand
LPG sales volume	5.5 million tons
Average utilization rate of LNG terminals	90%
Processing volume of LNG plants	↑ 7%

Disclaimer

This presentation of Kunlun Energy includes historical facts and forward-looking statements. Forward-looking statements are based on assumptions and expectations, management experience, assessments and observations on historical trends, current conditions, predictable future trends, and other factors. Due to a wide range of risks and uncertainties, future actual results may not be consistent with the forward-looking statements. These risk and uncertainty factors include, but are not limited to, overall economic and commercial conditions, pricing pressures caused by competition and processes, labor conditions, political uncertainty, unpredictable regulatory changes, trade protection measures, tax and legal regulations changes, fluctuations in foreign exchange rates, capabilities on forecasting and planning of future demand, dependence on a single source supply relationship, and the impact of terrorist activities, natural disasters and public health issues.

In addition, any forward-looking statements represent our assessments as of the date of the statement and do not constitute an evaluation of any subsequent period. We are not responsible for any possible updates to any forward-looking statements, even if the assessment changes in the future.

The Chinese version shall prevail.

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