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KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)
昆 侖 能 源 有 限 公 司

(Stock Code: 00135.HK)

ANNOUNCEMENT OF RESULTS
HIGHLIGHTS OF THE FINANCIAL RESULTS OF THE GROUP

	Year ended 31 December		
	2022	2021	Change %
Total volume of Natural Gas Sales (million cubic metres)	44,988	41,999	7.1
Retail Gas Sales (million cubic metres)	27,762	25,710	8.0
Weighted Average Dollar Margin (RMB/cubic metre)	0.502	0.482	4.1
	<i>RMB'million</i>	<i>RMB'million</i>	
Revenue	171,944	138,547	24.1
Profit before income tax expense	11,392	10,576	7.7
Core profit before income tax expense <i>(note 1)</i>	12,481	10,481	19.1
Profit attributable to shareholders of the Company	5,228	5,141	1.7
Core profit attributable to shareholders of the Company <i>(note 2)</i>	6,281	5,016	25.2
EBITDA	16,319	15,453	5.6
	<i>RMB'cent</i>	<i>RMB'cent</i>	
Basic earnings per share	60.38	59.37	1.7
Core basic earnings per share <i>(note 3)</i>	72.54	57.93	25.2
Dividend per share	25.39	20.78	22.2

Note:

- 1 Core profit before income tax expense is defined as profit before income tax expense excluding impairment losses on property, plant and equipment, intangible assets, and exchange losses.
- 2 Core profit attributable to shareholders of the Company is defined as profit attributable to shareholders of the Company excluding impairment losses on property, plant and equipment, intangible assets, and exchange losses attributable to shareholders of the Company and its related tax effect.
- 3 Core basic earnings per share is calculated based on the core profit attributable to shareholders of the Company and weighted average number of ordinary shares in issue during the year.

FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Note</i>	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Continuing operations			
Revenue	3	171,944	138,547
Other gains, net		62	934
Interest income		859	529
Purchases, services and others		(146,077)	(115,893)
Employee compensation costs		(5,749)	(5,485)
Depreciation, depletion and amortisation		(4,887)	(4,623)
Impairment losses on property, plant and equipment		(500)	(159)
Other selling, general and administrative expenses		(3,770)	(3,400)
Taxes other than income taxes		(583)	(447)
Interest expenses	4	(899)	(783)
Share of profits less losses of:			
– Associates		525	874
– Joint ventures		467	482
		<hr/>	<hr/>
Profit before income tax expense from continuing operations	5	11,392	10,576
Income tax expense	6	(3,189)	(2,698)
		<hr/>	<hr/>
Profit for the year from continuing operations		8,203	7,878
Discontinued operations			
Profit for the year from discontinued operations	11	–	18,459
		<hr/>	<hr/>
Profit for the year		8,203	26,337
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
– Fair value (loss)/gain on financial assets at fair value through other comprehensive income		(238)	270
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements, net of nil tax, of:			
– Subsidiaries		50	(184)
– Associates		8	(17)
– Joint ventures		119	(29)
		<hr/>	<hr/>
Other comprehensive (loss)/income for the year		(61)	40
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total comprehensive income for the year		<u>8,142</u>	<u>26,377</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2022

	<i>Note</i>	2022	2021
		<i>RMB'million</i>	<i>RMB'million</i>
Profit for the year attributable to shareholders of the Company from			
– continuing operations		5,228	5,141
– discontinued operations		<u>–</u>	<u>17,875</u>
		<u>5,228</u>	<u>23,016</u>
 Profit for the year attributable to non-controlling interests from			
– continuing operations		2,975	2,737
– discontinued operations		<u>–</u>	<u>584</u>
		<u>2,975</u>	<u>3,321</u>
 Profit for the year		<u>8,203</u>	<u>26,337</u>
 Total comprehensive income for the year attributable to shareholders of the Company from			
– continuing operations		5,200	5,136
– discontinued operations		<u>–</u>	<u>17,875</u>
		<u>5,200</u>	<u>23,011</u>
 Total comprehensive income for the year attributable to:			
– Shareholders of the Company		5,200	23,011
– Non-controlling interests		<u>2,942</u>	<u>3,366</u>
		<u>8,142</u>	<u>26,377</u>
 Basic and diluted earnings per share for profit attributable to shareholders of the Company (<i>RMB cent</i>) from	7		
– continuing operations		60.38	59.37
– discontinued operations		<u>–</u>	<u>206.43</u>
		<u>60.38</u>	<u>265.80</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 RMB'million	2021 RMB'million
Assets			
Non-current assets			
Property, plant and equipment		69,534	69,714
Investments in associates		7,909	7,248
Investments in joint ventures		6,056	5,777
Intangible assets		1,849	1,956
Financial assets at fair value through other comprehensive income		319	564
Other non-current assets		771	981
Deferred tax assets		1,115	1,204
		<u>87,553</u>	<u>87,444</u>
Current assets			
Inventories		1,081	1,230
Accounts receivable	9	2,887	2,728
Prepayments and other current assets		7,890	12,686
Time deposits with maturities over three months		19,439	–
Cash and cash equivalents		20,042	28,494
		<u>51,339</u>	<u>45,138</u>
Total assets		<u><u>138,892</u></u>	<u><u>132,582</u></u>
Equity			
Capital and reserves attributable to shareholders of the Company			
Share capital		71	71
Retained earnings		28,095	25,236
Other reserves		31,742	30,968
		<u>59,908</u>	<u>56,275</u>
Non-controlling interests		<u>20,794</u>	<u>19,586</u>
Total equity		<u>80,702</u>	<u>75,861</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2022*

		2022	2021
	<i>Note</i>	<i>RMB'million</i>	<i>RMB'million</i>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	<i>10</i>	27,720	27,267
Income tax payable		623	648
Other taxes payable		546	273
Short-term borrowings		5,287	5,854
Lease liabilities		208	177
		<u>34,384</u>	<u>34,219</u>
Non-current liabilities			
Long-term borrowings		19,794	18,611
Deferred tax liabilities		1,858	1,760
Lease liabilities		562	535
Other liabilities		1,592	1,596
		<u>23,806</u>	<u>22,502</u>
Total liabilities		<u>58,190</u>	<u>56,721</u>
Total equity and liabilities		<u>138,892</u>	<u>132,582</u>
Net current assets		<u>16,955</u>	<u>10,919</u>
Total assets less current liabilities		<u>104,508</u>	<u>98,363</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information set out in this announcement does not constitute the consolidated financial statements of Kunlun Energy Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2022, but is extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which is a collective term including all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Changes in accounting policies

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. For the amendments that are first effective for the current accounting period of the Group, none of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is determined by the Group’s most senior executive management and the Executive Directors of the Company.

The Group organises its business around products and services. From the products and services perspective, the Group is engaged in a broad range of oil and gas related activities and derives its revenue from its four operating segments: Natural Gas Sales, Sales of LPG, LNG Processing and Terminal and Exploration and Production.

The Natural Gas Sales segment is engaged in the retail sales, distribution and trading of various natural gas products. The Sales of LPG segment is engaged in the wholesales and retail sales of various LPG products. The LNG Processing and Terminal segment is engaged in the processing, unloading, storage, gasification and entrucking of LNG. The Exploration and Production segment is engaged in the exploration, development, production and sales of crude oil and natural gas.

The Group’s most senior executive management and Executive Directors assess the performance of the operating segments based on each segment’s profit/(loss) before income tax expense, and share of profits less losses of associates and joint ventures (“**segment results**”).

Segment assets exclude deferred and current taxes, other financial assets, investments in associates and joint ventures.

Corporate results, net, mainly refer to interest income earned from cash and cash equivalents, net exchange gains/(losses), general and administrative expenses and interest expenses incurred at corporate level.

Corporate assets mainly comprise cash and cash equivalents held at corporate level.

The segment information provided to the Executive Directors for the reportable segments for the years ended 31 December 2022 and 2021 are as follows:

	Natural Gas Sales RMB'million	Sales of LPG RMB'million	LNG Processing and Terminal RMB'million	Exploration and Production RMB'million	Corporate RMB'million	Inter-company adjustment RMB'million	Total RMB'million
For the year ended 31 December 2022							
Continuing operations							
Gross revenue	133,987	29,321	12,810	2,286	-	-	178,404
Less: Inter-company adjustment	(2,095)	(97)	(4,268)	-	-	-	(6,460)
Revenue from external customers	131,892	29,224	8,542	2,286	-	-	171,944
Timing of revenue recognition							
- At a point in time	128,431	29,224	8,542	2,286	-	-	168,483
- Overtime	3,461	-	-	-	-	-	3,461
Segment results	131,892	29,224	8,542	2,286	-	-	171,944
Share of profits less losses of:							
- Associates	367	-	11	147	-	-	525
- Joint ventures	319	-	-	140	8	-	467
Profit/(loss) before income tax expense	7,826	360	3,160	666	(620)	-	11,392
Segment results included:							
- Interest income	703	2	102	12	604	(564)	859
- Depreciation, depletion and amortisation	(3,270)	(89)	(1,035)	(454)	(39)	-	(4,887)
- Interest expenses	(679)	(5)	(572)	(1)	(206)	564	(899)
- Net exchange gains/(losses)	6	-	-	13	(608)	-	(589)
As at 31 December 2022							
Segment assets	77,939	4,586	18,643	2,270	20,038	-	123,476
Investments in associates	7,198	-	399	312	-	-	7,909
Investments in joint ventures	4,610	-	-	1,387	59	-	6,056
Additions to non-current segment assets during the year	5,766	270	99	95	-	-	6,230
Additions to non-current segment assets through acquisition of subsidiaries during the year	348	-	-	-	-	-	348

	Natural Gas Sales RMB'million	Sales of LPG RMB'million	LNG Processing and Terminal RMB'million	Exploration and Production RMB'million	Corporate RMB'million	Inter-company adjustment RMB'million	Total RMB'million
For the year ended 31 December 2021							
Continuing operations							
Gross revenue	106,528	24,108	10,726	1,732	-	-	143,094
Less: Inter-company adjustment	(1,484)	(70)	(2,993)	-	-	-	(4,547)
Revenue from external customers	105,044	24,038	7,733	1,732	-	-	138,547
Timing of revenue recognition							
- At a point in time	100,122	24,038	7,733	1,732	-	-	133,625
- Overtime	4,922	-	-	-	-	-	4,922
Segment results	105,044	24,038	7,733	1,732	-	-	138,547
Share of profits less losses of:							
- Associates	4,858	470	3,540	242	110	-	9,220
- Joint ventures	595	-	4	275	-	-	874
	301	-	-	179	2	-	482
Profit before income tax expense	5,754	470	3,544	696	112	-	10,576
Segment results included:							
- Interest income	565	1	58	9	467	(571)	529
- Depreciation, depletion and amortisation	(3,058)	(82)	(1,108)	(345)	(30)	-	(4,623)
- Interest expenses	(581)	(5)	(549)	(2)	(217)	571	(783)
- Net exchange gains	30	-	-	1	223	-	254
As at 31 December 2021							
Segment assets	71,987	4,242	18,986	2,049	20,508	-	117,772
Investments in associates	6,511	-	387	350	-	-	7,248
Investments in joint ventures	4,424	-	-	1,297	56	-	5,777
Additions to non-current segment assets during the year	5,166	633	528	255	1	-	6,583
Additions to non-current segment assets through acquisition of subsidiaries during the year	2,016	-	-	-	-	-	2,016

Reconciliations of reportable segment profit and assets

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Reportable segment profit		
Profit before income tax expense from continuing operations	11,392	10,576
Income tax expense	(3,189)	(2,698)
	<hr/>	<hr/>
Profit for the year from continuing operations	8,203	7,878
Profit for the year from discontinued operations	–	18,459
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Profit for the year	8,203	26,337
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	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Reportable segment assets		
Continuing operations		
Segment assets	123,476	117,772
Investment in associates	7,909	7,248
Investment in joint ventures	6,056	5,777
Deferred tax assets	1,115	1,204
Income tax recoverable	17	17
Financial assets at fair value through other comprehensive income	319	564
	<hr/>	<hr/>
Total assets	138,892	132,582
	<hr/> <hr/>	<hr/> <hr/>

Neither the Group's revenue is derived from nor the Group's non-current assets are located in the place of incorporation of the Company.

For the year ended 31 December 2022 and 2021, there was no single customer to whom the revenue exceeded 10% of the Group's revenue.

3. REVENUE

Revenue mainly represents revenue from the sales of natural gas, sales of LPG, LNG processing and terminal business, and sales of crude oil. Disaggregation of revenue from contracts with customers within the scope of HKFRS 15 by major products or service lines is as follows:

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Continuing operations		
Disaggregated by major products or service lines		
– Sales of natural gas products	131,892	105,044
– Sales of LPG	29,224	24,038
– Revenue from LNG processing and terminal service	8,542	7,733
– Sales of crude oil	2,286	1,732
	171,944	138,547

The Group's revenue are substantially derived from the sales of goods to customers in the PRC and recognised at a point in time. The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales and service contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales or service contracts that had an original expected duration of one year or less.

Disaggregation of revenue from contracts with customers is disclosed in Note 2.

4. INTEREST EXPENSES

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Continuing operations		
Interest expenses on:		
Bank loans	541	555
Senior notes	151	147
Other loans, from:		
– China Petroleum Finance Co., Ltd (“CP Finance”)	241	293
– Fellow subsidiaries	–	22
Interests on lease liabilities	<u>35</u>	<u>29</u>
	968	1,046
Less: Amounts capitalised	<u>(69)</u>	<u>(263)</u>
	<u>899</u>	<u>783</u>

Amounts capitalised are borrowing costs that are attributable to the construction of qualifying assets. The average interest rate used to capitalise such borrowing cost was 3.84% (2021: 3.99%) per annum for the year ended 31 December 2022.

5. PROFIT BEFORE INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

Items charged in arriving at the profit before income tax expense from continuing operations include:

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Continuing operations		
Auditors' remuneration		
– audit services	23	25
– non-audit services	2	3
Cost of inventories recognised as expense	<u>146,357</u>	<u>116,020</u>
Depreciation charge and depletion of property, plant and equipment		
– owned assets	4,352	4,102
– right-of-use assets	445	445
Amortisation cost of		
– intangible assets	<u>90</u>	<u>76</u>
Depreciation, depletion and amortisation	4,887	4,623
Impairment losses on property, plant and equipment	<u>500</u>	<u>159</u>

6. INCOME TAX EXPENSE

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Current tax		
– PRC	2,782	4,131
– Overseas	<u>204</u>	<u>102</u>
	2,986	4,233
Under-provision in respect of prior years	–	15
Deferred tax	<u>203</u>	<u>213</u>
	<u>3,189</u>	<u>4,461</u>
Income tax expense attributable to profit from:		
– continuing operations	3,189	2,698
– discontinued operations	<u>–</u>	<u>1,763</u>

In accordance with the relevant Mainland China income tax rules and regulations, the Mainland China corporate income tax rate applicable to the Group's subsidiaries in the Mainland China is principally 25% (2021: 25%). The operations of the Group in certain regions in the Mainland China are qualified for tax incentives in the form of a preferential income tax rates ranging from 15% to 20% (2021: 15% to 20%).

Hong Kong Profits Tax has not been provided for as the Group has no assessable profit subject to Hong Kong Profits Tax for the year (2021: Nil).

Income tax on overseas profits has been calculated on the estimated relevant assessable profit for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

7. BASIC AND DILUTED EARNINGS PER SHARE

- (a) The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of the Company of approximately RMB5,228 million (2021: from continuing and discontinued operations RMB5,141 million and RMB17,875 million respectively), and the weighted average number of ordinary shares in issue during the year ended 31 December 2022 of approximately 8,659 million shares (2021: 8,659 million shares).
- (b) Diluted earnings per share from continuing and discontinued operations for the year ended 31 December 2022 and 2021 are the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

8. DIVIDEND ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(i) Dividends proposed to shareholders of the Company attributable to the year

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Proposed final dividend attributable to shareholders of the Company for 2022 (<i>note (a)</i>)	2,198	–
Final dividend attributable to shareholders of the Company for 2021 (<i>note (b)</i>)	<u>–</u>	<u>1,799</u>

(ii) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Final dividend in respect of the previous financial year, approved and paid during the year	1,799	1,819
Special dividend in respect of the previous financial year, approved and paid during the year	<u>–</u>	<u>18,501</u>

Notes:

- (a) At the meeting on 28 March 2023, the Board of Directors proposed final dividend attributable to shareholders of the Company in respect of 2022 of RMB25.39 cents per share amounting to a total of approximately RMB2,198 million. The amount is based on approximately 8,659 million shares in issue as at 28 March 2023. The consolidated financial statements do not reflect this dividend payable as the final dividend was proposed after the date of the statement of financial position and will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2022 when it is approved at the 2023 Annual General Meeting.
- (b) Final dividend attributable to shareholders of the Company in respect of 2021 of RMB20.78 cents per share amounting to a total of approximately RMB1,799 million was approved by the shareholders in the Annual General Meeting on 25 May 2022. The amount is based on approximately 8,659 million shares in issue as at 29 March 2022 which was paid on 14 July 2022.

9. ACCOUNTS RECEIVABLE

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Accounts Receivable	3,674	3,451
Loss allowance	<u>(787)</u>	<u>(723)</u>
	<u>2,887</u>	<u>2,728</u>

Ageing analysis

As of the end of the reporting period, the ageing analysis of accounts receivable, based on the invoice date and net of loss allowance, is as follows:

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Within 3 months	2,080	1,365
Between 3 to 6 months	96	256
Between 6 to 12 months	108	253
Over 12 months	<u>603</u>	<u>854</u>
	<u>2,887</u>	<u>2,728</u>

The Group's revenue from rendering of terminal services and sales of crude oil are generally collectable within a period ranging from 30 to 90 days from the invoice date while the sales of natural gas are made in cash or on credit terms no more than 90 days.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Accounts payable	3,112	3,205
Contract liabilities	12,621	11,984
Salaries and welfare payable	428	400
Accrued expenses	12	12
Dividend payable	133	405
Interest payable	170	140
Construction fee and equipment cost payables	7,551	7,567
Amounts due to related parties		
– Non-controlling interests	1	1
– Others	83	52
Other payables	<u>3,609</u>	<u>3,501</u>
	<u><u>27,720</u></u>	<u><u>27,267</u></u>

The other payables were mainly retention monies for construction and the VAT element of advance receipts from customers.

As at 31 December 2022, the Group also had non-current contract liabilities of RMB98 million (2021: RMB232 million) which were included under non-current other liabilities and were expected to be recognised as revenue in over 12 months but less than 5 years.

The Group's contract liabilities represent primarily advances received from customers. In certain regions of the PRC, customers of the Group's city gas business are required to use integrated circuit cards and top up in advance before the balances are being deducted upon usage of natural gas. Depending on the market conditions and the customers' credit profile, the Group also requires advance from certain customers for sales of other natural gas products. These advance payments from customers are recognised as contract liabilities until the natural gas products are sold to the customers. During the year ended 31 December 2022, the amount of RMB11,984 million (2021: RMB10,911 million) recognised in contract liabilities at beginning of the year has substantially been recognised as revenue during the year.

The Group is a defendant in certain lawsuits as well as the named party in other proceeding. While the outcomes of such contingencies, lawsuits or other proceeding cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or financial performance of the Group.

Ageing analysis

As of the end of the reporting period, the ageing analysis of accounts payable, based on the invoice date, is as follows:

	2022 <i>RMB'million</i>	2021 <i>RMB'million</i>
Within 3 months	1,874	2,372
Between 3 to 6 months	164	223
Over 6 months	1,074	610
	<u>3,112</u>	<u>3,205</u>

The typical credit period on purchase of goods is 90 days.

CHAIRMAN'S STATEMENT

Respected shareholders:

For the year ending 31 December 2022 (“the Year”), Kunlun Energy Company Limited (“the Company”) and its subsidiaries (“the Group”) realized an revenue of RMB171,944 million, an increase of RMB33,397 million, or 24.1%, year-on-year. Profits before income tax was RMB11,392 million, a year-on-year increase of RMB816 million, or 7.7%, profits attributable to shareholders amounted to RMB5,228 million, a year-on-year increase of RMB87 million, or 1.7%, and basic earnings per share stood at RMB60.38 cent. If impairment losses on property, plant and equipment and exchange gains/losses are not considered, core profits before income tax were RMB12,481 million, up RMB2,000 million, or 19.1%, year-on-year, core profits attributable to shareholders were RMB6,281 million, up RMB1,265 million, or 25.2%, year-on-year, and basic earnings per share were RMB72.54 cent. Sales of natural gas, its primary business, saw increases in both volume and economic benefits, with the sales volume totaling 44,988 million cubic metres, a year-on-year increase of 2,989 million cubic metres, or 7.1%, and the profits before income tax amounting to RMB7,826 million, a year-on-year increase of RMB2,072 million, or 36.0%.

Business Review

In 2022, amid the escalating geopolitical conflicts and hiking oil and gas prices internationally coupled with the increasing uncertainties and the slowed economic growth, the natural gas market saw tightening yet balanced supply and demand while regulations are increasingly strict, resulting in a new reform on the industrial layout. Highly responsive and enterprising, the Group commits to support all stakeholders including shareholders, employees, customers and communities. It worked to expand the end market, adjust structures, promote transition and control risks. By doing so, it significantly improved the profitability for its core businesses, accelerated the implementation of new energy projects, produced a remarkable effect for its value-added business, and saw a further strengthening of production through its sustainable foundation and achieved remarkable operating results.

Despite pressures from rising cost and suppressed demand, the Group achieved growths in both the volume and quality of sales for its core business. Seizing the opportunity of market-oriented reform, it relied on the scale of customers and network sites that covered the entire nation and gave full play to the advantages of resources and infrastructure. It put equal emphasis on tapping existing markets and developing new markets, signed 62 framework agreements on cooperation, invested in 23 integrally installed suppliers including Taishan Gas, and completed consolidation of the financial statements for 20 projects including Huangshi Newport. The newly added annual sales capacity of the projects controlled by the Group exceeded 3.2 billion cubic meters. As a result, the Group saw the gas retail volume up by 8.0% year-on-year to 27,762 million cubic metres, the number of customers up by 867,400 year-on-year to 14.713 million. Thanks to its active pricing adjustment and continuous optimization of user and regional structure, the proportion of retail sales up by 1 percentage points, and the purchase and marketing price differential up by 4.1% year-on-year.

The Group leveraged lean management to build competence with low cost, with the campaign to boost both quality and efficiency paying off. Under the natural increase in operating expenses as a result of business expansion and sales increase, it promoted efforts by all employees to cut cost and improve efficiency, further bringing down the proportion of sales and administrative expenses over revenue by 1.4%. It drove the mutual, interactive and coordinated development across the LNG chain, where LNG terminals maintained high load. LNG plant substantially achieved breakeven. The “ship-to-ship” refueling-at-sea business achieved breakthroughs in the Greater Bay Area, and successfully opened the bonded policy channel for Shenzhen's refueling-at-sea project. In addition, It continued to enrich the channels for LPG purchase, lead to a remarkable improvement on benefit creation capability of terminals.

The Group steadily expanded investment in new industry, with the room for industrial chain transition further broadened. Integrated into the new-type energy system in China and aligned with the trend of green and low-carbon development, it promoted the use of clean energy at self-owned stations and the development of comprehensive energy and distributed energy projects. By far, it has put into use of a number of distributed PV projects including Baihe Primary Station, Shanghai, built 11 distributed projects with a total installed capacity of 230 kW in Shangdong, Guizhou, Hainan, etc., and gradually developed a project system in which some projects were built, some were commenced and some were planned. A marketing management framework system was established to make full use of the purchase and sales channels for special gas. Based on the multi-business community of “smart internet of things, smart homes”, the “Kunlun Smart+” online and offline integrated e-commerce service platform was officially launched and put into operation.

Committed to delivering quality and safe services to customers, the Group achieved continuous improvement in ESG rating. It completed the digital map drawing of urban gas pipelines of 120,000 km long, and continuously improved the informatization level of gas supervision. Thus, the intelligent supervision and early warning that covered the entire process, from stations, equipment and facilities and pipeline networks to various gas users, was realized which led to the continuous enhancement in safety. Meanwhile, the “Natural Gas Customer Service Standardization Process Manual” was issued and implemented, to carry out customer satisfaction surveys and operate 956100 customer service hotlines. Such customer service system gained wide appreciation due to its standardized service, unified standard, and professional response. Moreover, it promoted the implementation of the carbon peak carbon neutral action plan while helping the revitalization of rural areas in Yunnan, Guizhou and Hunan, to respond to the concerns of the capital market. Its ESG rating revised upward from BB to BBB. It was selected as a model enterprise of state-owned enterprise with respect to corporate governance by the State-owned Assets Supervision and Administration Commission, and was rated as excellent by the “Double Hundred Enterprises” of the SASAC.

Operating Result

The **natural gas sales business** actively responded to market changes by continuously optimizing the allocation of resources and sales structure and implementing accurate marketing to increase the penetration rate and realize the growth in sales expansion. Also, it strived to develop urban gas market and promoted the completion of quality project. It brought about 18 new projects controlled by the Group, including 16 urban gas projects and 2 sub-pipeline projects, and 5 new projects in which the Group had equity interests. The new urban gas projects which were controlled by the Group are expected to increase the sales capacity by 3.2 billion cubic metres.

During the Year, natural gas sales volume was 44,988 million cubic metres, representing a year-on-year increase of 7.1%, among which, retail gas sales volume was 27,762 million cubic metres, representing a year-on-year increase of 8.0%. The cumulative number of users reached 14.713 million, representing a year-on-year increase of 6.3%. The Natural Gas Sales business recorded a revenue of RMB133,987 million, representing a year-on-year increase of 25.8%.

The **LPG sales business** actively responded to the decrease in domestic resources by steadily expanding resource channels and increasing the marine import of isobutane and land import channels of resources in Kazakhstan. In addition, it continued to optimize the allocation of resources and the layout of sales network by building diversified LPG distribution channels and promoting the construction of its self-owned terminal management platform. A stable terminal sales scale was maintained.

During the Year, LPG sales volume was 5.6155 million tonnes, representing a year-on-year decrease of 6.2%. This business recorded a revenue of RMB29,321 million, representing a year-on-year increase of 21.6%.

During the year, in respect of the **LNG processing and terminal business**, The LNG terminals maintained secure and smooth production and operation, and achieved better-than-expected operation capacity and efficiency. Giving full play to the advantages of the integrated LNG industrial chain, the operating efficiency of LNG plants has been continuously improved, resulting in that 12 LNG plants made profits, and 2 LNG plants achieved loss reduction during the Year.

During the Year, LNG gasification and entrucking volume of Tangshan and Jiangsu LNG terminals amounted to 15,833 million cubic metres in total, representing a year-on-year decrease of 4.0%. The average operation capacity of these two LNG terminals was 87.9%, representing a year-on-year decrease of 3.6 percentage points. 15 LNG processing plants were put into operation during the Year, and the processing volume was 2,783 million cubic metres, representing a year-on-year increase of 323 million cubic metres. The average production capacity of 15 plants under continuous operation was 44.3%.

During the Year, LNG Processing and Terminal business recorded a revenue of RMB12,810 million, representing a year-on-year increase of 19.4%.

During the year, in respect of the **exploration and production business**, the exploration and production projects realized stable operation and improved benefits. During the Year, the equity sales volume of crude oil was 11.05 million barrels, representing a year-on-year decrease of 0.67 million barrels or 5.7%. The average crude oil selling price increased to US\$77.5/barrel from US\$56.6/barrel of last year. Sales revenue of crude oil was RMB2,286 million, representing a year-on-year increase of 32.0%.

Business Outlook

In 2023, as the international gas market sees eased tension between supply and demand and declining prices and China's economy picks up faster with gas demand recovering in industry, power generation, transport, construction and other areas, gas consumption will reach a growth rate of more than 6%. The Chinese government proactively and steadily advances carbon peaking and carbon neutrality, and facilitates the building of a new-type energy system, boosting the development of the gas industry and creating more room for the integration between gas and other new energies. The Group will firmly grasp the new opportunities brought by low-carbon transformation by deploying new energy based on its own advantages and expanding new business models that focus on customer needs in order to create a new model of digital governance and create a new stage for high-quality growth.

In pursuit of quality and efficient natural gas sales, the Group will further sharpen the competitiveness of its core business, focus on integrated market and overall cooperation with large gas groups based on the "One City, One Gas Supplier" move". Retail sales volume grew by 10% while the number of users increased by 800,000. It will refine the LNG sales structure and accelerate the construction progress of Jiangsu LNG station and urban fuel emergency storage facilities. The utilization of LNG plant peak regulation and efficiency creation will further enhance the ability to guarantee supply and expand the space for its business. Moreover, the network construction of LPG natural gas sales for civil use which focuses on direct delivery will be accelerated in order to release the efficiency creation potential of natural gas sales in full.

Upholding its transition towards a green energy supplier, the Group will build a diverse business system adapted to new energies, and drive the leapfrog development of new energies based on gas and electricity. 30 new energy projects were actively promoted to make substantial progress. The construction of 10 "zero-carbon model sites" was completed as the pilot project of near-zero emissions across the province began. In addition, the continuous enrichment of sales varieties will form a complete production, supply, storage and sales system for special gas while the in-depth exploration for the growth of value-added business has led to a year-on-year increase of more than 10% in operating income.

Committed to be a leader in smart gas, the Group will build an intelligent system to support industrial upgrade and vigorously promote the "Digital Xing'an" campaign to improve perception, early warning and response capability, and intensify risk control at the customer end. It will safeguard 100% security inspection rate for public services and industrial users. Moreover, informatization upgrade will be implemented, and the construction of digital transformation model pilot projects will be carried out for the realization of precise matching between resources and logistics, markets and customers, as well as funds and prices. The Group will build the information platform for ecosystem protection, improve ESG performance and advance its building as an intelligent, healthy, green and safe enterprise.

Devoted to meeting customer demand with better-than-expected services to drive higher customer satisfaction, the Group will build a marketing system adapted to market competition, and forge stronger ties with local community, consumers and partners through specialized services. It will accelerate the integration and mutual promotion of customer service platform, business platform and commercial platform to meet the diversified needs of customers. It will create a customer service and maintenance system with leveled response, unified standards and centralized operation. In addition, it will actively carry out customer rating and customer manager pilots. The special mission of “implementing high-quality services and improving customer satisfaction” has been commenced, and its satisfaction rate increased to more than 95%.

Working to create internal drivers through reform and innovation, the Group will further modernize corporate governance to meet the trends, and promote reforms to realize standardized governance, market-oriented employment and targeted incentives, with a focus on driving substantive progress in medium and long-term incentives. It will strengthen penetration management at legal entities of all levels, advance corporate governance according to law, and control risks in the whole process. It will stick to the “low cost” strategy, and press ahead with the campaign to boost quality and efficiency. It will improve engagement with investors to improve performance in the capital market.

In 2023, guided by the vision of building a globally famous and domestically leading supplier of green energies, the Group will uphold market-oriented operation to be closer to the market for the research and judgement on consumption changes. Focusing on customers, it will expand the space for value growth. Closely monitoring policies, it will seek transformation as well as the comprehensive upgrade of business structure, service capabilities, business models, and governance methods. Moreover, it will work with all parties concerned in the society to create win-win outcomes and deliver shareholders higher returns.

APPRECIATION

On behalf of the Board of Directors, I hereby show my sincere thanks to all customers, partners and shareholders for your support and all employees for your hard work.

By order of the Board,

Fu Bin

Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, although the Group was affected by factors such as high international gas prices and the market change, we still insisted on making active response, focusing on developing the natural gas sales market and implementing accurate marketing to realise continuous growth in overall performance. Profit before income tax expense was approximately RMB11,392 million, representing an increase of 7.7% as compared with RMB10,576 million for the last year. Profit attributable to shareholders of the Company for the Year was approximately RMB5,228 million, representing an increase of 1.7% as compared with RMB5,141 million for the last year.

Revenue

Revenue for the Year was approximately RMB171,944 million, representing an increase of 24.1% as compared with the amount of RMB138,547 million for the last year. Due to the increase in sales volume and selling price of the natural gas, leading to an increase in the revenue of the Natural Gas Sales segment.

Other gains, net

Other gains, net, for the Year was approximately RMB62 million (2021: RMB934 million). The decrease were mainly due to the exchange losses recognised as a result of depreciation of RMB against USD during the Year.

Interest income

Interest income for the Year was approximately RMB859 million, representing an increase of 62.4% as compared with amount of RMB529 million for the last year. The increase was mainly due to the increase in average balance of time deposits with maturities over three months resulted from the consideration received in late 2021 related to the disposal of the Company's 60% equity interest in Beijing Pipeline and 75% equity interest in Dalian LNG. The increase was resulted from the enhanced capital management of the Group.

Purchases, services and others

Purchases, services and others for the Year were approximately RMB146,077 million, representing an increase of 26.0% as compared with amount of RMB115,893 million for the last year. The increase was mainly due to the increase in purchase volume and purchase price of natural gas which was generally in line with the increase in sales of Natural Gas Sales segment.

Employee compensation costs

Employee compensation costs for the Year was approximately RMB5,749 million, representing an increase of 4.8% as compared with amount of RMB5,485 million for the last year. The increase was mainly due to the business growth and economic inflation.

Depreciation, depletion and amortisation

Depreciation, depletion and amortisation for the Year was approximately RMB4,887 million, representing an increase of 5.7% as compared with amount of RMB4,623 million for the last year. Depreciation, depletion and amortization remained fairly stable throughout the Year.

Other selling, general and administrative expenses

Other selling, general and administrative expenses for the Year were approximately RMB3,770 million, representing an increase of 10.9% as compared with amount of RMB3,400 million for the last year. The increase was mainly due to the increase in royalty expenses and the rest of the increase was in line with the expansion of natural gas business.

Interest expenses

Interest expenses for the Year was approximately RMB899 million, representing an increase of 14.8% as compared with amount of RMB783 million for the last year.

Total interest expenses for the Year was approximately RMB968 million, representing a decrease of 7.5% as compared with amount of RMB1,046 million for the last year. The decrease was mainly due to the improved weighted average interest rate for borrowings for the Year. The amount of RMB69 million interest expenses was capitalised under construction-in-progress, representing a decrease of 73.8% as compared with amount of RMB263 million for the last year.

Share of profits less losses of associates

Share of profits less losses of associates for the Year was approximately RMB525 million, representing a decrease of 39.9%, as compared with amount of RMB874 million for the last year. The decrease was mainly due to the decrease in the shared operating result from CNPC-Aktobemunaigas Joint Stock Company (“**Aktobe**”), which incurred more exchange losses during the Year. And the rest of the decrease was due to the increase in operating cost of the associates during the Year.

Liquidity and capital resources

As at 31 December 2022, the carrying value of total assets of the Group was approximately RMB138,892 million, representing an increase of RMB6,310 million or 4.8% as compared with RMB132,582 million as at 31 December 2021.

The gearing ratio of the Group was 24.26% as at 31 December 2022 compared with 24.92% as at 31 December 2021, representing a decrease of 0.66%. It is computed by dividing the sum of interest-bearing borrowings and lease liabilities of RMB25,851 million (2021: RMB25,177 million) by the sum of total equity, interest-bearing borrowings and lease liabilities of RMB106,553 million (2021: RMB101,038 million).

As at 31 December 2022, the Group has total borrowings of RMB25,081 million which will be repayable as follows:

	2022	2021
	<i>RMB'million</i>	<i>RMB'million</i>
Within one year	5,287	5,854
Between one to two years	2,906	3,917
Between two to five years	9,591	7,586
After five years	7,297	7,108
	<u>25,081</u>	<u>24,465</u>

The functional currency of the Company and most of its subsidiaries is RMB. As such, the Group is exposed to exchange rate risks arisen from borrowings denominated in other currencies raised by the Company or its subsidiaries. The Group will incur exchange gains/losses from such foreign currency borrowings when RMB appreciates/depreciates against other currencies.

Pledge of Assets

As at 31 December 2022, certain property, plant and equipment of the Group amounting to RMB958 million (2021: RMB1,025 million) were pledged to banks for loan facilities granted to the Group.

Material acquisitions and disposal

The Group did not have any material acquisitions and disposals during the Year.

For the year ended 31 December 2021, the Company completed the disposal of the Company's 60% equity interest in Beijing Pipeline and 75% equity interest in Dalian LNG to PipeChina at an adjusted amount of RMB38,462 million, based on the Equity Transfer Agreement entered on 22 December 2020 between the Company and PipeChina.

As at 31 December 2021, each of Beijing Pipeline, which used to be reported under the Group's "Natural Gas Pipeline" segment, and Dalian LNG, which used to be reported under the Group's "LNG Processing and Terminal" segment, represented a separate major line of the Group's business. Consequently, Beijing Pipeline and Dalian LNG has been presented as discontinued operations.

Material Investments

Material investments of the Group are its investments in associates and in joint ventures.

There is no single material associate or joint venture which significantly affects the results and/or net assets of the Group.

Employee

As at 31 December 2022, the Group had approximately 30,916 employees globally, excluding the employees under entrustment contracts (2021: 32,136 employees). Remuneration package and benefits were determined in accordance with market terms, industry practice as well as the duties, performance, qualifications and experience of the employees.

Contingent Liability

The Group is a defendant in certain lawsuits as well as the named party in other proceeding. While the outcomes of such contingencies, lawsuits or other proceeding cannot be determined at present, management believes that any resulting liabilities will not have a material adverse effect on the financial position or financial performance of the Group.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the Year.

Model Code for Securities Transactions by Directors

The Company has adopted written guidelines on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its code of conduct regarding dealings in the Company's securities by Directors.

Specific enquiry has been made of all the Directors, and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company is committed to the maintenance of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain high corporate governance standard. The Board of Directors is of the view that the Company has complied with all the code provisions in the Corporate Governance Code set out in Appendix 14 to the Listing Rules during the Year, except the following deviation.

Code provision C.1.6

Pursuant to code provision C.1.6 of the Corporate Governance Code, the independent nonexecutive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Sun Patrick, Independent Non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 25 May 2022 due to other engagements.

Pursuant to paragraph 45(6) of Appendix 16 to the Listing Rules, the Board wishes to confirm that the Audit Committee of the Company has reviewed with the management the accounting policies and standards adopted by the Company and its subsidiaries and discussed the internal control and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2022. The Audit Committee of the Company has also reviewed the annual results in conjunction with the Company's external auditor.

AUDIT COMMITTEE

Pursuant to the Listing Rules, the Audit Committee of the Company, currently comprising three Independent Non-executive Directors, was established in December 1998.

Two meetings were held during the Year.

Written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted by the Board. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls. The Audit Committee of the Company has reviewed and confirmed the annual results for the year ended 31 December 2022.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement of results have been agreed by the Group's auditor, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 assurance has been expressed by PricewaterhouseCoopers on this announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend ("**2022 Final Dividend**") of RMB25.39 cents per share (2021: RMB20.78 cents per share) or HK28.71 cents per share calculated at the exchange rate of RMB1.00: HKD1.1306, being the average of the mean exchange rate for the conversion of RMB against HKD as announced by the Hong Kong Association of Banks for the five business days immediately preceding 28 March 2023 (2021: HK25.22 cents per share calculated at the exchange rate of RMB1.00: HKD1.2135) to shareholders whose names appear on the Company's register of members (the "**Shareholders Register**") on 8 June 2023 (Thursday). The payment of the 2022 Final Dividend is subject to the approval of the shareholders at the annual general meeting of the Company to be held at Taishan Room, Level 5, Island Shangri-la Hotel, Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 31 May 2023 at 10:00 a.m. (the "**2023 AGM**"). The payment is expected to be made on 20 July 2023 (Thursday). The proposed 2022 Final Dividend amounted to a total of approximately RMB2,198 million and 2021 Final Dividend of RMB1,799 million was paid on 14 July 2022. The payout ratio for 2022 (final dividend per share divided by core basic earnings per share) was approximately 35.00% (2021: 35.00%).

The proposed 2022 Final Dividend will be payable in cash to each shareholder in Hong Kong dollars ("**HKD**") unless an election is made to receive the same in Renminbi ("**RMB**").

Shareholders will be given the option to elect to receive all (but not part, save in the case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of the 2022 Final Dividend in RMB. If shareholders elect to receive all (but not part) of the 2022 Final Dividend in RMB, shareholders should complete a dividend currency election form, which is expected to be despatched to shareholders in mid-June 2023 as soon as practicable after the record date of 8 June 2023 (Thursday) to determine shareholders' entitlement to the proposed 2022 Final Dividend.

If an election is made by a shareholder to receive the 2022 Final Dividend in RMB in respect of all (but not part) of that shareholder's entitlement, the RMB dividend will be paid by cheques which are expected to be posted to the relevant shareholders by ordinary post on 20 July 2023 (Thursday) at the shareholders' own risk.

Shareholders who are minded to elect to receive the 2022 Final Dividend in RMB should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for the 2022 Final Dividend can be presented for payment; and (ii) there is no assurance that the RMB cheques can be cleared without handling charges or delay in Hong Kong or that the RMB cheques will be honoured for payment upon presentation outside Hong Kong.

If any beneficial owners of shares of the Company which are registered in the name of a nominee (e.g. HKSCC Nominees Limited), trustee or registered holder in any other capacity elect to receive all (but not part) of the 2022 Final Dividend in RMB, they should make appropriate arrangements with such nominees, trustees or registered holders in order to effect the receipt of the 2022 Final Dividend in RMB. The Company shall not be responsible for any costs, taxes or duties associated therewith or arising therefrom and such costs will be borne solely by the beneficial owners of such shares of the Company. If no such arrangements are in place, such beneficial owners of shares of the Company (despite having elected to receive the 2022 Final Dividend in RMB) shall receive the 2022 Final Dividend in HKD.

If shareholders wish to receive the 2022 Final Dividend in HKD in the usual way, no additional action is required.

Shareholders should seek professional advice with their own tax advisors regarding any possible tax implications of the proposed dividend payment.

ANNUAL GENERAL MEETING

The 2023 AGM will be held on 31 May 2023 (Wednesday). The Notice of the 2023 AGM, which constitutes part of the circular to shareholders, will be sent to the shareholders together with the 2022 Annual Report. The Notice of the 2023 AGM and the proxy form will also be available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

CLOSURE OF SHAREHOLDERS REGISTER

For the purposes of determining shareholders' eligibility to attend and vote at the 2023 AGM, and entitlement to the 2022 Final Dividend, the Shareholders Register will be closed. Details of such closures are set out below:

(i) For determining eligibility to attend and vote at the 2023 AGM:

Latest time to lodge transfer documents for registration	4:30 p.m. on 24 May 2023 (Wednesday)
Closure of Shareholders Register	from 25 May 2023 (Thursday) to 31 May 2023 (Wednesday) (both dates inclusive)
Record date	31 May 2023 (Wednesday)

(ii) For determining entitlement to the 2022 Final Dividend:

Latest time to lodge transfer documents for registration	4:30 p.m. on 6 June 2023 (Tuesday)
Closure of Shareholders Register	from 7 June 2023 (Wednesday) to 8 June 2023 (Thursday) (both dates inclusive)
Record date	8 June 2023 (Thursday)

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2023 AGM, and to qualify for the 2022 Final Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

RELEASE OF DETAILED RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report containing all the information required by Appendix 16 to the Listing Rules and other applicable requirements will be published on the Company's and the Stock Exchange's websites in due course.

By the Order of the Board
KUNLUN ENERGY COMPANY LIMITED
Fu Bin
Chairman and Executive Director

Hong Kong, 28 March 2023

As at the date of this announcement, the Board of Directors comprises Mr. Fu Bin as the Chairman and Executive Director, Mr. Qian Zhijia as Chief Executive Officer and the Executive Director, Mr. Zhou Yuanhong as Executive Director, Mr. Gao Xiangzhong as Chief Financial Officer and Executive Director, and Dr. Liu Xiao Feng, Mr. Sun Patrick and Mr. Tsang Yok Sing Jasper as Independent Non-Executive Directors.