Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands on 16 November 2000 under the Companies Law (Revised) Chapter 22 of the Cayman Islands as an exempted company with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the directors of the Company ("Directors"), the Group's parent holding company and the ultimate controlling shareholder is The Hong Kong and China Gas Company Limited ("HKCG"), a company incorporated in Hong Kong with its shares listed on the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of the Annual Report.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$" or "HKD"). The reason for selecting HKD as its presentation currency is because the Company is a public company incorporated in the Cayman Islands with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the sales of piped gas, renewable energy and other types of energy, construction of gas pipelines, the sales of gas appliances and related products, and other value-added services in the People's Republic of China (the "PRC").

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of new and the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the other disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 8 "Definition of Accounting Estimates"

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group disclose the related deferred tax assets of HK$18,871,000 and deferred tax liabilities of HK$18,024,000 at 1 January 2022 on a gross basis in Note 37 but it has no material impact on the retained earnings at the earliest period presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has applied the amendments for the first time in the current year. HKAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in Note 3 to the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRSs in issue but not yet effective *(Continued)*

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments") *(Continued)*

As at 31 December 2023, the Group's right to settle the revolving loans of HK$2,264 million upon their final maturities which are more than 12 months from the reporting date are subject to compliance with certain financial ratios. Such revolving loans were classified as non-current as the Group met such ratios as at 31 December 2023. Upon the application of the 2022 Amendments, such borrowings will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

As at 31 December 2023, the Group's outstanding convertible bonds include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32. The Group classified as current or non-current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The host debt component is measured at amortised cost with carrying amount of HK$1,857,795,000 and the embedded derivative component (including the conversion options) is measured at fair value with carrying amount of HK$94,469,000 as at 31 December 2023, both of which are classified as non-current as set out in Note 38. Upon the application of the 2020 Amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitute settlement of the convertible instruments. Given that the conversion options are exercisable anytime, the host liability and the embedded derivative component amounting to HK$1,952,264,000 would be reclassified to current liabilities as the holders have the option to convert within 12 months after the reporting period.

Except for as disclosed above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group's other liabilities as at 31 December 2023.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence the decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by approximately HK$6,381 million as at 31 December 2023. The Group's liabilities as at 31 December 2023 included borrowings of approximately HK$5,500 million that are repayable within one year from the end of the reporting period.

As at 31 December 2023, the Group is able to raise approximately HK$13,237 million through a Medium Term Note Programme ("MTN Programme"), the remaining issuance amount under the debt financing instruments programme registered in the National Association of Financial Market Institutional Investors (the "Panda Bonds") amounting to approximately HK$14,851 million and unutilised facilities from banks and HKCG amounting to approximately HK$7,911 million ("Facilities"). When considering the Group's ability to continue as a going concern, the Directors considered that the Group's borrowings of approximately HK$3,573 million that are repayable within one year from the end of the reporting period will be rolled over or refinanced as the Group has a good relationship with the banks and has good credibility.

Taking into account the internally generated funds, the amount of funds to be raised from the MTN Programme, the remaining issuance amount of Panda Bonds and those available Facilities, the Directors are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are stated at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisition

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations or asset acquisition *(Continued)*

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC) - Int 21 "Levies", in which the Group applies HKAS 37 or HK(IFRIC) - Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations or asset acquisition *(Continued)*

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purpose and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash- generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates and joint ventures *(Continued)*

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investments in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Assets classified as held for sale

Assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Assets classified as held for sale *(Continued)*

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which recognises revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (for example, contracts in which the Group bills the construction work performed for gas connection facilities), the Group recognises revenue in the amount to which the Group has the right to invoice.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers *(Continued)*

Performance obligations for contracts with customers

Sales of piped gas and energy and extended business

Revenue from sales of piped gas and energy is recognised when control of the piped gas and energy has transferred to the customers, being at the point the gas and energy is delivered to the customers.

Revenue from sales of other goods is recognised when control of the goods has transferred to the customers, being at the point the goods are delivered to the customers.

Gas connection

Revenue from gas connection, which relates to contracts for construction of gas connection facilities, is recognised when control of the services underlying the performance obligations in the contracts are transferred to the customers, which is recognised over time or at a point in time depending on the terms of the contracts and actual work performed.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method, as follows:

Buildings	15-30 years
Gas and other pipelines	25-40 years
Plant and equipment and others	5-30 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment *(Continued)*

Ownership interest in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Construction in progress

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments represent fixed payments (including in-substance fixed payment) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities *(Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Exclusive operating rights for city pipeline network

Exclusive operating rights for city pipeline network are stated at cost less accumulated amortisation and any identified impairment loss. The cost incurred for the acquisition of exclusive operating rights is capitalised and amortised on a straight-line basis over the estimated useful life.

Distribution network

Distribution network is stated at cost less accumulated amortisation and any identified impairment loss.

The estimated useful life and amortisation method of intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Impairment on property, plant and equipment, right-of-use assets and intangible assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets (other than goodwill) *(Continued)*

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit or a group of cash-generating units in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets ***(Continued)***

Classification and subsequent measurement of financial assets ***(Continued)***

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except derivatives designated in cash flow hedging relationships and except that at the initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the investment revaluation reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL, except for derivatives designated as cash flow hedges.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains, net” line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including loans to associates and joint ventures, trade and other receivables, deposits, amounts due from non-controlling shareholders, restricted deposit, time deposits over three months and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognise lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(ii) *Definition of default*

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

The Group uses a practical expedient in estimating ECL on not credit-impaired trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis after taking into consideration of past due information and relevant credit information such as forward-looking information.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL (Continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset (which is the gross carrying amount less any impairment allowance).

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition of financial assets *(Continued)*

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at FVTPL *(Continued)*

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Other financial liabilities

Other financial liabilities including trade and other payables, borrowings, debt component of convertible bonds, amounts due to non-controlling shareholders, loans from ultimate holding company, non-controlling shareholders, an associate and joint ventures are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Convertible bonds *(Continued)*

At the date of issue, both the debt component and derivative component are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness
For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Hedge accounting *(Continued)*

Cash flow hedges

The effective portion of changes in the fair value of derivatives that is designated and qualifies as cash flow hedges is recognised in other comprehensive income and accumulated in the hedge reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains, net" line item.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedge reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss or the hedged item otherwise affects profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates and joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HKD) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other grants are presented under "other income".

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Retirement benefits costs

Payments to defined contribution retirement benefit schemes including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme ("MPF Scheme") are recognised as expenses when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

Share award scheme

The consideration paid by the trustee for purchasing the Company's shares from the market is presented as "shares held for share award scheme" and the amount is deducted from total equity.

Share-based payments

Shares and share options granted to employees and connected persons

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve and shares held for share award scheme). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium. When shares held for share award scheme are vested, the difference on the amounts previously recognised in shares held for share award scheme and the amount recognised in profit or loss as share-based payments is transferred to retained profits.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Share-based payments *(Continued)*

Shares and share options granted to employees and connected persons **(Continued)**

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained earnings.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management has made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of goodwill

The assessment for each of the city-gas projects is based on value in use approach using the discounted cash flow method. The estimated cash flows used in the assessment are derived based on the most recent financial budget for the next five years approved by management. Cash flows beyond 5-year period until the end of the relevant concession periods have been extrapolated using growth rates from 3% to 9% (2022: 3% to 11%) per annum, which is based on internal and external factors relating to the CGUs. Discount rates ranging between 9.0% to 15.5% (2022: 8.2% to 12.0%) were used to reflect the current market assessments of the time value of money and the risks specific to the CGUs. In relation to the city-gas business in the PRC operated by the Group's subsidiaries, the carrying value of goodwill related to these individual city-gas projects as at 31 December 2023 amounted to HK$4,820,508,000 (2022: HK$5,296,236,000), net of an impairment provision of HK$445,352,000 (2022: HK$204,781,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment assessment of goodwill *(Continued)*

The key inputs and assumptions used in the assessment of certain CGUs are highly judgemental and are heavily dependent on the discounted cash flow forecast based on budgets approved by management of Group, the discount rates and growth rates. The adoption of key assumptions and input data may be subject to changes in facts and circumstances and may result in significant financial impact. During the year ended 31 December 2023, the management of the Group considered that an additional impairment provision HK$306,000,000 (2022: nil) was necessary, which was recognised in profit or loss. The assessment is sensitive to changes in estimates. Details are disclosed in Note 21.

ECL assessment of trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar common risk characteristics. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information including but not limited to the expected economic conditions in the PRC (i.e. the corporate default rate forecasts for utilities and construction sectors affecting the ability of the customers to settle the debtors), that is reasonable, supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

These assessments and measurements are sensitive to changes in estimates. Details are disclosed in Note 6.

Fair value measurement of embedded derivative in convertible bonds

Embedded derivative in convertible bonds amounting to HK$94,469,000 (2022: HK$200,680,000) as at 31 December 2023 is measured at fair values which are determined based on unobservable inputs, including expected volatility of share price, using valuation technique. Judgement and estimation are required in establishing the relevant valuation technique and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair value of embedded derivative in convertible bonds. Further disclosures of the embedded derivative in convertible bonds are set out in Notes 6 and 38.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which includes convertible bonds, borrowings, loans from ultimate holding company, non-controlling shareholders, an associate and joint ventures disclosed in Notes 38, 35 and 36, respectively, equity attributable to shareholders of the Company, comprising issued share capital and reserves, and non-controlling interests.

5. CAPITAL RISK MANAGEMENT *(Continued)*

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 40% determined as the proportion of net debt to total equity plus net debt (the "Gearing Ratio").

The Gearing Ratio at the reporting date was as follows:

	2023 HK$'000	2022 HK$'000
Debt[(i)]	**16,353,202**	17,685,742
Convertible bonds	**1,952,264**	2,055,619
Restricted deposit	**(108,691)**	–
Time deposits over three months	**(21,562)**	(5,650)
Bank balances and cash (including assets classified as held for sale)	**(4,083,884)**	(4,000,676)
Net debt	**14,091,329**	15,735,035
Total equity[(ii)]	**25,230,490**	23,863,093
Gearing Ratio[(iii)]	**35.8%**	39.7%

(i) Debt is defined as long-term and short-term borrowings and loans from ultimate holding company, non-controlling shareholders, an associate and joint ventures, as detailed in Notes 35 and 36, respectively.

(ii) Total equity includes all capital and reserves of the Group and non-controlling interests.

(iii) Being the proportion of net debt of HK$14,091,329,000 (2022: HK$15,735,035,000) to total equity plus net debt of HK$39,321,819,000 (2022: HK$39,598,128,000).

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
Amortised cost	**6,882,084**	6,548,821
Derivative financial instruments	**81,336**	16,927
Equity instruments at FVTOCI	**1,353,339**	1,239,653
Financial assets at FVTPL	**–**	70,064
Financial liabilities		
Amortised cost	**21,420,989**	22,175,914
Derivative financial instruments	**–**	175
Embedded derivative component of convertible bonds	**94,469**	200,680
Lease liabilities	**255,279**	87,849

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, loans to associates, loans to joint ventures, other financial assets, trade and other receivables, deposits, amounts due from non-controlling shareholders, financial assets at FVTPL, restricted deposit, time deposits over three months, bank balances and cash, trade and other payables, amounts due to non-controlling shareholders, loans from ultimate holding company, non-controlling shareholders, an associate and joint ventures, convertible bonds, borrowings, and other financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain bank balances and cash and bank and other borrowings are denominated in foreign currencies which expose the Group to foreign currency risk.

Details of the Group's bank balances and cash, time deposits over three months and bank and other borrowings, denominated in United States dollars ("US$" or ''USD'') and HKD at the end of the reporting period are set out in Notes 29 and 35. In addition, the Group has intra-group balances denominated in a currency other than the functional currency of the respective group entities.

The Group entered into cross currency interest rate swap contracts and cross currency swap contracts with certain financial institutions to reduce or hedge its exposure to currency fluctuation risk. Those cross currency interest rate swap contracts and cross currency swap contracts are designated as effective hedging instrument for certain borrowings denominated in USD with hedge accounting used (see Note 30 for details). The Group reviewed the continuing effectiveness of the designated hedging instruments at least at the end of each reporting period. The Group mainly uses regression analysis and comparison of change in fair value of the hedging instrument and the hedged item for assessing the hedge effectiveness. The Directors considered the Group's net exposure to foreign currency risk to the extent that it is under an effective hedging relationship as insignificant.

The management continues to monitor foreign exchange exposure and will consider hedging other significant foreign currency exposure should the need arise.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Currency risk *(Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 10% (2022: 10%) in exchange rate of USD and HKD against RMB while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (excluding derivative financial instruments) and adjusts their translation at the end of each reporting period for a 10% (2022: 10%) change in foreign currency rates.

The sensitivity analysis includes bank balances and cash denominated in a currency other than the functional currency of the respective group entities. The sensitivity analysis excludes the effect on foreign currency denominated borrowings that are under an effective hedging relationship as the Group's net exposure to currency risk arising from the hedging relationship is insignificant. A positive number below indicates an increase in profit before taxation where RMB strengthens by 10% (2022: 10%) against USD and HKD. For a 10% (2022: 10%) weakening of RMB against USD and HKD, there would be an equal but opposite impact on the profit before taxation, and the balances below would be negative. This is mainly attributable to the Group's exposure to foreign exchange on its foreign currency borrowings to which hedge accounting is not applied.

	2023	2022
	HK$'000	HK$'000
Profit before taxation	**4,543**	2,261

No sensitivity analysis has been presented for derivatives that are designated as hedging instruments because the Group's net exposure to currency risk arising from the hedging relationship is insignificant.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings, short-term bank deposits, loans to joint ventures and associates, loans from non-controlling shareholders, ultimate holding company, an associate and joint ventures, debt component of convertible bonds and lease liabilities. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk *(Continued)*

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings, sustainability-linked bonds (the "SLB") and the Panda Bonds. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and RMB Prime Rate arising from the Group's HKD and RMB bank loans, the fluctuation of basic borrowing rate announced by the People's Bank of China arising from the Group's RMB bank loans and the interest rate adjustment mechanism arising from the satisfaction of conditions of SLB and the Panda Bonds as disclosed in Note 35.

The Group entered into cross currency interest rate swaps to reduce or hedge against its exposures to the interest rate on the variable-rate bank borrowings. The Group's cross currency interest rate swap contracts are designated as effective hedging instrument for a variable-rate bank borrowing as detailed above. The Directors considered the Group's net exposure to interest rate risk to the extent that it is under an effective hedging relationship as insignificant.

The management continues to monitor interest rate exposure and will consider hedging other significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments (excluding derivative financial instruments) at the end of the reporting period. The sensitivity analysis excludes the effect on variable-rate bank borrowings that are under an effective hedging relationship as the Group's net exposure to interest rate risk arising from the hedging relationship is insignificant. For remaining variable-rate bank loans, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points (2022: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rates. As a result of the volatile financial market in 2023, the management adjusted the sensitivity rate from 50 basis points to 100 basis points for the purpose of assessing interest rate risk.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk *(Continued)*

Sensitivity analysis **(Continued)**

If interest rates had been 100 basis points (2022: 50 basis points) higher/lower and all other variables were held constant, the Group's profit before taxation for the year ended 31 December 2023 would decrease/increase by HK$34,991,000 (2022: HK$24,189,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings to which hedge accounting is not applied.

No sensitivity analysis has been presented for derivatives that are designated as hedging instruments because the Group's net exposure to interest rate risk arising from the hedging relationship is insignificant.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities measured at FVTOCI. In addition, the Group also invested in certain unquoted equity securities for long-term strategic purposes which had been designated as FVTOCI. The Group currently does not have a hedging policy in relation to the price risk. However, the management will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date. Sensitivity analysis for the unquoted equity securities with fair value measurement categorised within Level 3 is disclosed in the fair value measurement section of this note.

If the prices of the respective listed equity securities with fair value measurement categorised within Level 1 had been 10% (2022: 10%) higher/lower, the Group's investment revaluation reserve would increase/decrease by HK$92,824,000 (2022: HK$84,215,000) as a result of the changes in fair value of the investments, net of tax.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties, is arising from the carrying amounts of the Group's financial assets (excluding equity instruments at FVTOCI) as stated in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due date but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

Financial assets at amortised cost	Notes	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount as at 31 December 2023 HK$'000	2022 HK$'000
Loans to associates	22	Low risk	12m ECL	**57,552**	102,197
Loans to joint ventures	23	Low risk	12m ECL	**166,507**	171,042
Trade receivables	26	(note)	Lifetime ECL – not credit-impaired	**1,500,120**	1,578,364
		Loss	Lifetime ECL – credit-impaired	**178,462**	159,268
				1,678,582	1,737,632
Other receivables and deposits	26	Low risk	12m ECL	**762,996**	556,786
Amounts due from non-controlling shareholders	27	Low risk	12m ECL	**219,806**	174,422
Restricted deposit	29	N/A	12m ECL	**108,691**	–
Time deposits over three months	29	N/A	12m ECL	**21,562**	5,650
Bank balances and cash	29	N/A	12m ECL	**4,080,302**	4,000,676

note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items grouped by past due status. When there are indicators that the relevant trade receivables maybe credit impaired, the relevant amount will be assessed for ECL individually.

The Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The Group used estimated loss rates based on aging for classes with different credit risk characteristics and exposures, and the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is effectively managed. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on provision matrix.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Based on the Group's assessment of historical credit loss experience of the existing debtors, including the business relationships with the debtors and historical subsequent settlements, the Group does not consider that default occurs for those contractual payments that are more than 90 days past due. The Group used estimated loss rates ranging from less than 0.7% to 40.8% (2022: 0.1% to 35%) for trade receivables not credit-impaired based on aging for classes with different credit risk characteristics and exposures, and the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information, including but not limited to the expected economic conditions in the PRC, i.e. the corporate default rate forecasts for utilities and construction sectors affecting the ability of the customers to settle the debtors, that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired)* HK$'000	Total HK$'000
At 1 January 2022	39,051	130,851	169,902
Exchange realignment	(2,318)	(5,862)	(8,180)
Impairment written-off	–	(2,468)	(2,468)
Impairment losses recognised, net	3,583	36,747	40,330
At 31 December 2022	**40,316**	**159,268**	**199,584**
Exchange realignment	**(902)**	**(3,465)**	**(4,367)**
Impairment written-off	**–**	**(3,738)**	**(3,738)**
Impairment losses recognised, net	**138**	**22,297**	**22,435**
Transfer to credit-impaired	**(4,100)**	**4,100**	**–**
At 31 December 2023	**35,452**	**178,462**	**213,914**

* Full provision was made for respective credit-impaired trade receivables.

During the year ended 31 December 2023, the Group provided HK$22,435,000 (2022: HK$40,330,000) impairment allowance, net of reversals, for trade receivables based on the provision matrix and individual assessment.

Restricted deposit, time deposits over three months and bank balances

The management considered the credit risks on restricted deposit, time deposits over three months and bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies, and the loss allowance is immaterial.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Loans to joint ventures and associates and amounts due from non-controlling shareholders

The credit risks of loans to joint ventures and associates and amounts due from non-controlling shareholders are concentrated in one (2022: one) joint venture, three (2022: five) associates and thirteen (2022: thirteen) non-controlling shareholders, respectively. However, the management, having considered the financial background and good creditability of the joint ventures, associates and non-controlling shareholders, believes the credit risk is minimal and the loss allowance is immaterial. Management will closely monitor the financial position of each counterparty to ensure overdue debts are recovered in a timely manner.

Other receivables and deposits

Based on the ECL assessment, the credit exposures for other receivables and deposits are considered as low risk and the loss allowance is immaterial because the counterparties consistently have low historical default rate in connection with payments.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings as a significant source of liquidity. As stated in Note 3, the Directors have considered the Group's liquidity and going concern in light of the fact that the Group's current liabilities exceed its current assets by approximately HK$6,381 million (2022: HK$9,593 million).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average effective interest rate	Repayable on demand or less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5 + years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2023 HK$'000
2023								
Trade payables	–	149,819	774,870	624,685	571,765	19,198	2,140,337	2,140,337
Other payables	–	996,299	–	–	–	–	996,299	996,299
Lease liabilities	5.00%	5,791	11,059	46,092	171,134	122,906	356,982	255,279
Amounts due to non-controlling shareholders	–	73,356	–	–	–	–	73,356	73,356
Loan from ultimate holding company	3.70%	28,556	–	–	–	–	28,556	28,453
Loans from non-controlling shareholders	4.99%	–	–	–	17,575	–	17,575	15,187
Loan from an associate	1.80%	24	–	–	–	–	24	24
Loans from joint ventures	1.80%	27,516	–	–	–	–	27,516	27,467
Bank loans	3.93%	439,871	418,640	3,168,282	8,448,505	821,765	13,297,063	12,238,142
Debt component of convertible bonds	4.00%	–	–	20,249	2,057,428	–	2,077,677	1,857,795
Other loans	1.15%	–	–	72	289	6,425	6,786	6,281
Medium term note ("MTN")	3.43%	–	–	853,135	–	–	853,135	825,083
SLB	4.04%	–	–	62,416	1,716,440	–	1,778,856	1,562,400
Panda Bonds	3.40%	–	–	1,154,015	589,659	–	1,743,674	1,650,165
		1,721,232	1,204,569	5,928,946	13,572,795	970,294	23,397,836	21,676,268
Derivatives – gross settlement								
Cross currency interest rate swap/cross currency swap								
– inflow		(6,171)	–	(455,098)	(1,718,640)	–	(2,179,909)	N/A
– outflow		20,527	–	438,215	1,568,630	–	2,027,372	N/A
		14,356	–	(16,883)	(150,010)	–	(152,537)	(81,336)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	Repayable on demand or less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	5 + years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2022 HK$'000
2022								
Trade payables	–	110,513	488,280	683,710	331,864	68,101	1,682,468	1,682,468
Other payables	–	870,467	–	–	–	–	870,467	870,467
Lease liabilities	5.00%	2,228	4,279	21,096	62,319	8,465	98,387	87,849
Amounts due to non-controlling shareholders	–	82,298	–	–	–	–	82,298	82,298
Loan from ultimate holding company	4.35%	63,043	–	–	–	–	63,043	62,816
Loans from non-controlling shareholders	2.80%	–	–	7,586	16,948	–	24,534	22,980
Loans from joint ventures	2.15%	17,435	–	–	–	–	17,435	17,404
Bank loans	3.70%	33,959	5,455,471	3,702,209	7,504,628	31,525	16,727,792	15,166,516
Debt component of convertible bonds	4.00%	–	–	20,744	2,134,262	–	2,155,006	1,854,939
Other loans	1.15%	–	–	1,425	7,037	–	8,462	8,073
MTN	3.40%	–	–	28,817	997,583	–	1,026,400	847,553
SLB	4.00%	–	–	62,416	1,887,660	–	1,950,076	1,560,400
		1,179,943	5,948,030	4,528,003	12,942,301	108,091	24,706,368	22,263,763
Derivatives – gross settlement								
Cross currency interest rate swap/cross currency swap								
– inflow		(4,710)	–	(80,165)	(2,174,294)	–	(2,259,169)	N/A
– outflow		21,086	–	62,571	2,082,587	–	2,166,244	N/A
		16,376	–	(17,594)	(91,707)	–	(92,925)	(16,752)

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Financial assets/liabilities	Fair value as at 31.12.2023	Fair value as at 31.12.2022	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
1)	Listed equity investments classified as FVTOCI	Assets – HK$1,237,657,000	Assets – HK$1,122,866,000	Level 1	Quoted market price	N/A
2)	Cross currency interest rate swaps classified as other financial assets or liabilities	Assets – HK$10,708,000 Liabilities – Nil	Assets – Nil Liabilities – HK$175,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period) and yield curve of relevant interest rates and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
3)	Cross currency swaps classified as other financial assets	Assets – HK$70,628,000	Assets – HK$16,927,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable yield curves at the end of the reporting period).	N/A
4)	Unquoted equity investments	Assets – Nil	Assets – HK$96,276,000	Level 2	Guideline transaction method	N/A
		Assets – HK$115,682,000	Assets – HK$20,511,000	Level 3	Market comparable approach	Market multiples ranging from 0.1 to 1.8 (2022: 0.6 to 2.4) and discount for lack of marketability ranging from 0% to 30% (2022: 0% to 30%) (note a)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements *(Continued)*

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial assets/liabilities		Fair value as at 31.12.2023	Fair value as at 31.12.2022	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
5)	Embedded derivative component of convertible bonds	Liabilities – HK$94,469,000	Liabilities – HK$200,680,000	Level 3	Binomial option pricing model	Expected volatility of 43.2% (2022: 39.9%) (note b)
6)	Financial assets at FVTPL	Assets – Nil	Assets – HK$70,064,000	Level 3	Discounted cash flow	Discount rate (note c)

notes:

(a) The higher the market multiples, the higher the fair value, and vice versa. The higher the discount, the lower the fair value, and vice versa. A reasonably possible change in the unobservable inputs used would not result in a significantly higher or lower fair value measurement.

(b) An increase in the expected volatility used in isolation would result in an increase in the fair value of the embedded derivative component of convertible bonds and vice versa. A 5% increase/decrease in the expected volatility holding all other variables constant would increase/decrease the fair value of the embedded derivative component of convertible bonds by HK$27,837,000 (2022: HK$45,074,000).

(c) The higher the discount rate, the lower the fair value, and vice versa.

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements *(Continued)*

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(Continued)*

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK$'000	Unquoted equity investments HK$'000	Embedded derivative component of convertible bonds HK$'000
At 1 January 2022	–	119,493	(776,639)
Transfer to Level 2 due to change of valuation technique	–	(97,222)	–
Addition	72,362	–	–
Fair value change recognised in profit or loss	–	–	531,488
Currency realignment	(2,298)	(1,760)	44,471
At 31 December 2022	**70,064**	**20,511**	**(200,680)**
Transfer to Level 3 due to change of valuation technique	**–**	**96,276**	**–**
Addition	**68,668**	**4,897**	**–**
Disposal	**(137,335)**	**–**	**–**
Fair value change recognised in other comprehensive income	**–**	**(2,811)**	**–**
Fair value change recognised in profit or loss	**–**	**–**	**101,573**
Currency realignment	**(1,397)**	**(3,191)**	**4,638**
At 31 December 2023	**–**	**115,682**	**(94,469)**

The fair value gain recognised in profit or loss relating to embedded derivative component of convertible bonds of HK$101,573,000 (2022: HK$531,488,000) is included in "other gains, net" line item.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation for embedded derivative component of convertible bonds. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the Directors half yearly to explain the cause of fluctuations in the fair value of the assets and liabilities.

Except for as disclosed above, there were no transfer between Level 1, 2 and 3 during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair value measurements *(Continued)*

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities (except for debt component of convertible bonds, SLB and Panda Bonds) recorded at amortised cost in the consolidated financial statements approximate their fair values. For debt component of convertible bonds, SLB and Panda Bonds, the fair values at 31 December 2023 amounted to HK$1,865,465,000, HK$1,500,029,000 and HK$1,654,912,000 (2022: HK$1,807,787,000, HK$1,456,072,000 and nil), respectively.

7. REVENUE

As at 31 December 2023, the amounts of transaction price allocated to the remaining performance obligations of gas connection (unsatisfied or partially unsatisfied) are expected to be recognised as revenue within one year and over one year are HK$1,516,707,000 and HK$833,200,000 (2022: HK$1,684,175,000 and HK$1,035,735,000), respectively, and the Group's contract liabilities of HK$1,597,363,000 (2022: HK$1,550,235,000) relating to sales of piped gas business, renewable energy business and extended business, in which the respective performance obligations have not been satisfied, are expected to be recognised as revenue within one year.

8. SEGMENT INFORMATION

Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker of the Group has been identified as the executive directors of the Company (the "Executive Directors").

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors to facilitate strategic decision making.

The Group currently organises its operations into four operating divisions, which also represent the operating segments of the Group for financial reporting purposes. The principal activities of the operating and reportable segments are as follows:

Sales of piped gas business	–	Sales of piped gas and other gas-related energy
Gas connection	–	Construction of gas pipeline networks under gas connection contracts
Renewable energy business	–	Sales of renewable energy (mainly photovoltaic power) and other related energy and services
Extended business	–	Sales of gas related household appliances and related products, and other related value-added services

In prior years, the Executive Directors assessed the Group's businesses by three operating segments, namely (a) sales of piped gas and energy; (b) gas connection and (c) extended business. During the year ended 31 December 2023, the Executive Directors have reassessed and restructured its businesses into (i) sales of piped gas business; (ii) gas connection; (iii) renewable energy business and (iv) extended business. The comparative information for operating segments and certain disclosure notes has been restated to conform with the current year's presentation.

Segments results represent the profit before taxation earned by each segment, excluding finance costs, share of results of associates, share of results of joint ventures, other income, other gains, net and unallocated corporate expenses such as central administration costs and directors' emoluments. These are reported to the Executive Directors for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

8. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

Information regarding these segments is presented below:

	Sales of piped gas business HK$'000	Gas connection HK$'000	Renewable energy business HK$'000	Extended business HK$'000	Consolidated HK$'000
For the year ended 31 December 2023					
REVENUE					
Revenue recognised at a point in time	16,291,454	1,391,601	1,056,327	625,868	19,365,250
Revenue recognised over time	–	476,261	–	–	476,261
External	16,291,454	1,867,862	1,056,327	625,868	19,841,511
Segment results	893,321	728,233	84,967	123,183	1,829,704
Other income					192,630
Other gains, net					426,559
Unallocated corporate expenses					(165,811)
Share of results of associates					365,660
Share of results of joint ventures					317,531
Finance costs					(769,839)
Profit before taxation					2,196,434
Taxation					(385,110)
Profit for the year					1,811,324

8. SEGMENT INFORMATION *(Continued)*

Operating segments *(Continued)*

	Sales of piped gas business HK$'000	Gas connection HK$'000	Renewable energy business HK$'000	Extended business HK$'000	Consolidated HK$'000
For the year ended 31 December 2022 (restated)					
REVENUE					
Revenue recognised at a point in time	16,416,067	1,793,201	507,873	737,427	19,454,568
Revenue recognised over time	–	618,442	–	–	618,442
External	16,416,067	2,411,643	507,873	737,427	20,073,010
Segment results	861,576	979,294	(83,426)	75,144	1,832,588
Other income					132,586
Other gains, net					532,256
Unallocated corporate expenses					(220,150)
Share of results of associates					(246,837)
Share of results of joint ventures					306,026
Finance costs					(752,763)
Profit before taxation					1,583,706
Taxation					(382,667)
Profit for the year					1,201,039

Segment results included depreciation and amortisation of HK$1,069,563,000 (2022: HK$918,126,000), most of which are attributable to the sales of piped gas business.

Amounts of segment assets and liabilities of the Group are not reviewed by the Executive Directors or otherwise regularly provided to the Executive Directors. Therefore, segment assets and liabilities are not presented.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

All of the Group's revenue was generated in the PRC (place of domicile of the group entities that derive revenue) and over 90% of the Group's non-current assets other than financial instruments were also located in the PRC (place of domicile of the group entities that hold such assets). No individual customer of the Group had contributed sales of over 10% of the total revenue of the Group for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

9. TOTAL OPERATING EXPENSES

	2023 HK$'000	2022 HK$'000
Gas fuel, stores and materials used	**15,124,809**	15,507,390
Staff costs	**1,306,363**	1,355,758
Depreciation and amortisation	**1,069,563**	918,126
Other expenses	**676,883**	679,298
	18,177,618	18,460,572

10. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Dividend income from equity instruments at fair value through other comprehensive income	**36,634**	39,252
Government grants	**37,689**	10,258
Interest income	**78,420**	66,692
Others	**39,887**	16,384
	192,630	132,586

11. OTHER GAINS, NET

	2023 HK$'000	2022 HK$'000
Exchange gain (loss), net	**4,000**	(753)
Loss on disposal of property, plant and equipment	**(17,662)**	(1,535)
Gain on disposal of right-of-use assets	**–**	3,333
Impairment provision of goodwill	**(306,000)**	–
Loss on deemed disposal of a subsidiary	**(4,597)**	(277)
Loss on deemed partial disposal of an associate	**(31,775)**	–
Change in fair value of embedded derivative component of convertible bonds	**101,573**	531,488
Gain on exit from investment in an associate (Note 22)	**681,020**	–
	426,559	532,256

12. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank and other borrowings	679,887	680,882
Effective interest expense on convertible bonds	79,323	77,125
Bank charges	6,270	5,831
Interest on lease liabilities	17,723	4,608
	783,203	768,446
Less: amounts capitalised	(13,364)	(15,683)
	769,839	752,763

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate 5.03% (2022: 2.6%) per annum to expenditure on qualifying assets.

13. PROFIT BEFORE TAXATION

	2023 HK$'000	2022 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (Note 14)	46,706	33,059
Other staff costs	1,117,946	1,217,760
Share-based payments for other staff	28,200	3,422
Retirement benefit scheme contributions for other staff	113,511	101,517
Total staff costs	1,306,363	1,355,758
Impairment loss of trade receivables, net of reversal	22,435	40,330
Amortisation of intangible assets	18,057	19,028
Depreciation of right-of-use assets	53,703	49,138
Auditor's remuneration		
– audit services	9,250	8,750
– non-audit services	1,897	1,918
Cost of inventories sold	16,278,678	16,489,492
Depreciation of property, plant and equipment	997,803	849,960

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For the year ended 31 December 2023

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments:

The emoluments paid or payable to each of the 10 (2022: 12) directors were as follows:

	Year ended 31 December 2023										
	Executive Directors				Non-Executive Directors		Independent Non-Executive Directors				
	Peter Wong Wai-yee HK$'000 (note d)	John Ho Hon-ming HK$'000 (note e)	Martin Kee Wai-ngai HK$'000 (note f)	John Qiu Jian-hang HK$'000 (note g)	Lee Ka-kit HK$'000	LIU Kai Lap Kenneth HK$'000	Moses Cheng Mo-chi HK$'000	Brian David Li Man-bun HK$'000	James Kwan Yuk-choi HK$'000 (note h)	LOH Kung Wai Christine HK$'000	Total HK$'000
Directors' fees (note a)	200	200	200	200	300	–	500	500	500	500	3,100
Other emoluments (note b)											
Salaries and other benefits	1,398	1,531	1,863	1,936	–	–	–	–	–	–	6,728
Retirement benefit scheme contributions	140	131	895	642	–	–	–	–	–	–	1,808
Performance and discretionary bonus (note c)	6,907	2,155	2,753	2,619	–	–	–	–	–	–	14,434
Share-based payments	7,504	3,752	3,752	5,628	–	–	–	–	–	–	20,636
Total emoluments	16,149	7,769	9,463	11,025	300	–	500	500	500	500	46,706

	Year ended 31 December 2022												
	Executive Directors					Non-Executive Directors		Independent Non-Executive Directors					
	Peter Wong Wai-yee HK$'000 (note d)	John Ho Hon-ming HK$'000 (note e)	Martin Kee Wai-ngai HK$'000 (note f)	John Qiu Jian-hang HK$'000 (note g)	Alfred Chan Wing-kin HK$'000 (note i)	Lee Ka-kit HK$'000	LIU Kai Lap Kenneth HK$'000	Moses Cheng Mo-chi HK$'000	Brian David Li Man-bun HK$'000	James Kwan Yuk-choi HK$'000	LOH Kung Wai Christine HK$'000 (note j)	Hu Zhang-hong HK$'000 (note k)	Total HK$'000
Directors' fees (note a)	200	200	200	200	80	300	–	500	500	500	373	55	3,108
Other emoluments (note b)													
Salaries and other benefits	1,344	1,256	1,782	1,825	–	–	–	–	–	–	–	–	6,207
Retirement benefit scheme contributions	134	126	1,077	629	–	–	–	–	–	–	–	–	1,966
Performance and discretionary bonus (note c)	6,928	4,709	4,009	3,606	–	–	–	–	–	–	–	–	19,252
Share-based payments	919	459	459	689	–	–	–	–	–	–	–	–	2,526
Total emoluments	9,525	6,750	7,527	6,949	80	300	–	500	500	500	373	55	33,059

notes:

(a) The directors' fees of executive directors were mainly for their services as directors of the Company and its subsidiaries and the directors' fees of non-executive directors and independent non-executive directors were mainly for their services as directors of the Company.

(b) The other emoluments were mainly for their services in connection with the management of the affairs of the Company and the Group.

(c) The performance and discretionary bonus are determined by the Board from time to time with reference to directors' duties and responsibilities and the Group's performance and profitability.

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors' emoluments: *(Continued)*

notes: *(Continued)*

(d) Mr. Peter Wong Wai-yee is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive Officer.

(e) Mr. John Ho Hon-ming was the Company Secretary of the Company and his emoluments disclosed above include those for services rendered by him as Company Secretary. Mr. John Ho Hon-ming retired as an Executive Director and the Company Secretary with effect from 1 January 2024.

(f) Mr. Martin Kee Wai-ngai is also the Chief Operating Officer – Gas Business of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Operating Officer – Gas Business.

(g) Dr. John Qiu Jian-hang is also the Chief Operating Officer – Renewable Business of the Company and his emoluments disclosed above include those for services rendered by him as Chief Operating Officer – Renewable Business.

(h) Mr. James Kwan Yuk-choi resigned as an Independent Non-executive Director with effect from 1 January 2024.

(i) Mr. Alfred Chan Wing-kin retired as an Executive Director with effect from the conclusion of the annual general meeting of the Company held on 26 May 2022.

(j) Dr. LOH Kung Wai Christine was appointed as an Independent Non-executive Director on 4 April 2022.

(k) Dr. Hu Zhang-hong resigned as an Independent Non-executive Director with effect from 9 March 2022.

(l) No other service contracts were entered into by any directors with the Company.

Employees' emoluments:

For the year ended 31 December 2023, the 5 highest paid individuals of the Group included 4 (2022: 4) Directors, details of their emoluments are included above. The emoluments of the remaining 1 (2022: 1) highest paid individuals are as follows:

	2023 **HK$'000**	2022 HK$'000
Salaries and other benefits	**2,883**	1,464
Performance and discretionary bonus	**1,900**	1,114
Share-based payments	**580**	78
Retirement benefit scheme contributions	**220**	138
	5,583	2,794

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For the year ended 31 December 2023

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments: *(Continued)*

The emoluments were within the following bands:

	Number of employees	
	2023	2022
HK$2,500,001 to HK$3,000,000	–	1
HK$5,500,001 to HK$6,000,000	**1**	–
	1	1

During both years, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any remunerations for both years.

15. TAXATION

	2023	2022
	HK$'000	HK$'000
The charge comprises:		
PRC Enterprise Income Tax ("EIT")		
– current year	**223,448**	330,555
Deferred taxation (Note 37)	**161,662**	52,112
	385,110	382,667

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong for both years.

The EIT rates applicable for the Group's PRC subsidiaries range from 15% to 25% (2022: 15% to 25%).

Following the 2020 edition of "Catalogue of Encouraged Industries in Western Region (Order No. 40 [2021])" released by the National Development and Reform Commission of the PRC in 2021, certain subsidiaries which are operating in the Western China were granted a concessionary tax rate of 15% by the local tax bureau.

Regarding the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"), as the Group is operating in jurisdictions where the Pillar Two legislation has not been enacted or substantially enacted, the Group is yet to apply the temporary exception during the year. Additional disclosures will be made when the Pillar Two legislation is enacted or substantially enacted in the future.

15. TAXATION *(Continued)*

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2023 HK$'000	2022 HK$'000
Profit before taxation	**2,196,434**	1,583,706
Tax at the applicable rate of 25% (note)	**549,109**	395,926
Tax effect of expenses that are not deductible for tax purposes	**272,718**	169,182
Tax effect of income that are not taxable for tax purposes	**(214,792)**	(146,461)
Effect of different tax rates of subsidiaries operating in different regions	**(126,059)**	(106,178)
Tax effect of share of results of associates	**(91,415)**	61,709
Tax effect of share of results of joint ventures	**(79,383)**	(76,507)
Tax effect of utilisation of tax losses not previously recognised	**(10,251)**	(16,210)
Tax effect of tax losses not recognised	**25,226**	28,030
Withholding tax on undistributed profits	**59,957**	73,176
Tax charge for the year	**385,110**	382,667

note: The tax rate of 25% represents EIT which is applicable to most of the Group's operations in the PRC for both years.

16. DIVIDENDS

During the year, a final dividend in respect of the year ended 31 December 2022 of approximately HK$487,182,000 (2022: HK$473,419,000 in respect of the year ended 31 December 2021) was recognised as distribution, being 15 HK cents per ordinary share (2022: 15 HK cents per ordinary share).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of 16 HK cents (2022: 15 HK cents) per ordinary share, in an aggregate amount of approximately HK$536,717,000 (2022: HK$487,182,000) has been proposed by the Board and is subject to approval by shareholders at the annual general meeting and compliance with the Companies Act of the Cayman Islands.

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17. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	2023 HK$'000	2022 HK$'000
Earnings		
Profit for the year attributable to shareholders of the Company for the purpose of basic earnings per share	1,574,623	964,855
Effect of dilutive potential ordinary shares:		
Interest expense on convertible bonds	79,323	77,125
Change in fair value of embedded derivative component of convertible bonds	(101,573)	(531,488)
Profit for the year attributable to shareholders of the Company for the purpose of diluted earnings per share	1,552,373	510,492

	Number of shares	
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of basic earnings per share	3,298,521	3,197,552
Effect of dilutive potential ordinary shares:		
Convertible bonds	356,454	352,207
Share options	469	104
Weighted average number of subscription shares	1	2,552
Weighted average number of subscription shares that would have issued at market	(1)	(2,347)
Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,655,444	3,550,068

The weighted average number of ordinary shares in issue for the calculation of basic and diluted earnings per share for both years presented have been adjusted for the effect of shares held by the trustee pursuant to the share award scheme.

The computation of diluted earnings per share for the year ended 31 December 2022 does not assume the issue of remaining subscription shares because the subscription price of those shares was higher than the average market price.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Gas and other pipelines HK$'000	Plant and equipment and others HK$'000	Construction in progress HK$'000	Total HK$'000
COST					
At 1 January 2022	3,050,540	20,288,874	2,401,429	2,900,215	28,641,058
Currency realignment	(254,273)	(1,664,292)	(217,457)	(245,372)	(2,381,394)
Additions	88,866	599,668	383,903	2,285,394	3,357,831
Acquisition of subsidiaries (Note 42)	–	16,165	48,145	18,336	82,646
Deemed disposal of a subsidiary (Note 42)	(513)	–	(1,146)	(8,468)	(10,127)
Disposals	(8,357)	(3,603)	(45,511)	–	(57,471)
Transfers	187,228	1,175,742	241,581	(1,604,551)	–
At 31 December 2022	**3,063,491**	**20,412,554**	**2,810,944**	**3,345,554**	**29,632,543**
Currency realignment	**(96,690)**	**(518,846)**	**(165,864)**	**(99,769)**	**(881,169)**
Additions	**241,783**	**999,968**	**575,954**	**2,872,220**	**4,689,925**
Transfer from right-of-use assets	**–**	**–**	**281,763**	**–**	**281,763**
Acquisition of subsidiaries (Note 42)	**9,011**	**10,282**	**1,894,681**	**80,712**	**1,994,686**
Deemed disposal of a subsidiary (Note 42)	**(17,834)**	**(38,128)**	**(6,766)**	**(71,419)**	**(134,147)**
Disposals	**(22,899)**	**(8,872)**	**(71,759)**	**–**	**(103,530)**
Reclassified as held for sale (Note 31)	**(35,514)**	**–**	**(55,533)**	**(8)**	**(91,055)**
Transfers	**85,682**	**1,071,373**	**1,028,202**	**(2,185,257)**	**–**
At 31 December 2023	**3,227,030**	**21,928,331**	**6,291,622**	**3,942,033**	**35,389,016**
DEPRECIATION AND IMPAIRMENT					
At 1 January 2022	686,964	3,872,081	1,271,601	–	5,830,646
Currency realignment	(62,280)	(328,510)	(115,270)	–	(506,060)
Provided for the year	115,910	560,921	173,129	–	849,960
Eliminated on deemed disposal of a subsidiary (Note 42)	(34)	–	(115)	–	(149)
Eliminated on disposals	(4,729)	(701)	(36,765)	–	(42,195)
At 31 December 2022	**735,831**	**4,103,791**	**1,292,580**	**–**	**6,132,202**
Currency realignment	**(27,539)**	**(111,633)**	**(49,273)**	**–**	**(188,445)**
Provided for the year	**122,232**	**593,016**	**282,555**	**–**	**997,803**
Eliminated on deemed disposal of a subsidiary (Note 42)	**(1,179)**	**(4,497)**	**(3,978)**	**–**	**(9,654)**
Eliminated on disposals	**(6,801)**	**(3,041)**	**(51,929)**	**–**	**(61,771)**
Reclassified as held for sale (Note 31)	**(26,170)**	**–**	**(10,192)**	**–**	**(36,362)**
At 31 December 2023	**796,374**	**4,577,636**	**1,459,763**	**–**	**6,833,773**
CARRYING VALUES					
At 31 December 2023	**2,430,656**	**17,350,695**	**4,831,859**	**3,942,033**	**28,555,243**
At 31 December 2022	2,327,660	16,308,763	1,518,364	3,345,554	23,500,341

The buildings situated on land in the PRC are held under medium-term leases.

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19. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties and others HK$'000	Total HK$'000
As at 31 December 2023			
Carrying amount	**768,675**	**243,794**	**1,012,469**
As at 31 December 2022			
Carrying amount	763,209	81,925	845,134
For the year ended 31 December 2023			
Depreciation charge	**(21,177)**	**(32,526)**	**(53,703)**
For the year ended 31 December 2022			
Depreciation charge	(22,794)	(26,344)	(49,138)

	2023 HK$'000	2022 HK$'000
Total cash outflow for leases	**456,712**	56,963
Transfer to property, plant and equipment	**281,763**	–
Additions to right-of-use assets	**80,769**	71,283
Additions through acquisition of subsidiaries	**464,904**	–

For both years, the Group leases various offices, warehouses, staff dormitory, equipment and vehicles for its operations. Lease contracts other than land leases are entered into for fixed terms ranging from 12 months to 30 years (2022: 12 months to 30 years) while for land leases are entered into for fixed terms ranging from 15 years to 70 years (2022: 15 years to 70 years). Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

20. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 January 2022	687,126
Currency realignment	(53,947)
At 31 December 2022	**633,179**
Currency realignment	**(16,787)**
At 31 December 2023	**616,392**
AMORTISATION	
At 1 January 2022	216,043
Currency realignment	(15,425)
Provided for the year	19,028
At 31 December 2022	**219,646**
Currency realignment	**(6,305)**
Provided for the year	**18,057**
At 31 December 2023	**231,398**
CARRYING VALUES	
At 31 December 2023	**384,994**
At 31 December 2022	413,533

The intangible assets represent the Group's exclusive operating rights and distribution network for piped city gas.

The exclusive operating rights and distribution network are amortised on a straight-line basis over a period of 25 to 50 years.

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21. GOODWILL

	HK$'000
COST	
At 1 January 2022	5,972,822
Currency realignment	(471,805)
At 31 December 2022	**5,501,017**
Currency realignment	**(148,134)**
Acquisition of subsidiaries	**63,148**
Reclassified as held for sale (Note 31)	**(150,171)**
At 31 December 2023	**5,265,860**
IMPAIRMENT	
At 1 January 2022	222,344
Currency realignment	(17,563)
At 31 December 2022	**204,781**
Currency realignment	**(5,429)**
Impairment provision recognised	**306,000**
Reclassified as held for sale (Note 31)	**(60,000)**
At 31 December 2023	**445,352**
CARRYING VALUES	
At 31 December 2023	**4,820,508**
At 31 December 2022	5,296,236

21. GOODWILL *(Continued)*

Goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from that business combination. The CGUs are principally engaged in the sales of piped gas business, gas connection and extended business in the PRC. At the end of the reporting period, the carrying amount of goodwill is presented as follows:

	2023	2022
	HK$'000	HK$'000
Hong Kong & China Gas (Qingdao) Limited	**314,883**	323,459
Hong Kong & China Gas (Zibo) Limited	**338,666**	347,889
Hong Kong & China Gas (Yantai) Limited	**210,123**	215,846
Hong Kong & China Gas (Weifang) Limited	**108,026**	110,968
Hong Kong & China Gas (Weihai) Limited	**262,012**	269,147
Hong Kong & China Gas (Taian) Limited	**202,692**	208,212
Hong Kong & China Gas (Maanshan) Limited	**275,151**	282,644
Hong Kong & China Gas (Anqing) Limited	**260,796**	267,898
Mianyang Hong Kong & China Gas Co., Ltd.	**280,356**	287,991
成都新都港華燃氣有限公司	**213,074**	218,877
Towngas (BVI) Holdings Limited*	**390,551**	401,187
阜新新邱港華燃氣有限公司	**117,240**	120,434
Ji Nan Ping Yin Hong Kong & China Gas Co., Ltd.	**118,990**	122,231
Shenyang business	**14,765**	104,424
Mianzhu Hong Kong and China Gas Co., Ltd.	**100,908**	103,657
潮州楓溪港華燃氣有限公司	**–**	92,627
Boxing Hong Kong & China Gas Co., Ltd.	**85,677**	88,011
Dafeng Hong Kong and China Gas Company Limited	**241,119**	247,686
廣西中威管道燃氣發展集團有限責任公司	**23,359**	127,004
Baotou Hong Kong & China Gas Company Limited	**158,039**	162,343
Xingyi Hong Kong & China Gas Company Limited	**99,436**	102,144
Others	**1,004,645**	1,091,557
	4,820,508	5,296,236

* Its operating entities are located in the Liaoning and Zhejiang provinces in the PRC.

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21. GOODWILL *(Continued)*

The recoverable amounts of CGUs are determined from value in use calculations. The value in use calculations are derived from cash flow projections based on the most recent financial budgets for the next 5 years approved by management. The key assumptions for the value in use calculations are those regarding the discounted cash flow forecast based on budgets approved by management of Group, discount rates and growth rates. Management estimates discount rates of 9.0% to 15.5% (2022: 8.2% to 12.0%) that reflect the current market assessments of the time value of money and the risks specific to the CGUs. The inputs and assumptions made in the budgets are based on past practices and economic data relevant to the industry.

Cash flows beyond 5-year period until the end of the relevant concession periods have been extrapolated using growth rates from 3% to 9% (2022: 3% to 11%) per annum, which is based on internal and external factors relating to the CGUs. During the year ended 31 December 2023, an impairment provision of HK$306,000,000 was recognised in respect of certain CGUs principally engaged in sales of piped gas business, gas connection and extended business in the Northern and North-Eastern China which would be unable to achieve the expected growth due to estimated delay in following the pricing mechanism. The recoverable amount of those CGUs based on value in use was HK$1,725,000,000 at 31 December 2023 and the management applied discount rates ranging from 11.0% to 15.5% (2022: 8.2% to 10.5%). No other write-down of the assets was recognised as amount involved is insignificant. No additional impairment provision was recognised during the year ended 31 December 2022.

Sensitivity analysis

The effect of the reasonably possible change in key assumptions on the calculation of value in use of the CGUs of the sales of piped gas business, gas connection and extended business, which would cause the carrying amounts to exceed their recoverable amounts is disclosed below.

If the discount rate is increased by 50 basis points and all other variables are held constant, the carrying amounts of the CGUs would be decreased by approximately HK$459 million.

22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES

Details of the Group's interests in associates are as follows:

	2023 HK$'000	2022 HK$'000
Cost of investments in associates	**2,772,116**	7,967,493
Share of post-acquisition profits and other comprehensive income, net of dividends received	**2,479,333**	1,792,574
	5,251,449	9,760,067
Fair value of listed investments (note)	**3,666,613**	3,904,948
Loans to associates		
– Non-current portion	**47,701**	49,000
– Current portion	**9,851**	53,197
	57,552	102,197

note: The fair value of listed investments is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group.

Details of the Group's principal associates as at the end of the reporting period are as follows:

Name of entity	Place/form of establishment and operation	Equity interest attributable to the Group 2023	Equity interest attributable to the Group 2022	Principal activities
Anguo Huagang Gas Company Limited	PRC – Sino-foreign equity joint venture	**49.0%**	49.0%	Provision of natural gas and related services and gas pipeline construction
Anhui Province Wenery Towngas Natural Gas Company Limited	PRC – Sino-foreign equity joint venture	**49.0%**	49.0%	Midstream project
Changchun Gas Co., Ltd.*	PRC – Company limited by shares	**28.2%**	28.2%	Provision of natural gas and related services and gas pipeline construction
Dalian DETA Towngas Co., Ltd.	PRC – Sino-foreign equity joint venture	**40.0%**	40.0%	Provision of natural gas and related services and gas pipeline construction

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22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES *(Continued)*

Details of the Group's principal associates as at the end of the reporting period are as follows: *(Continued)*

Name of entity	Place/form of establishment and operation	Equity interest attributable to the Group 2023	Equity interest attributable to the Group 2022	Principal activities
Dalian DETA Towngas China Energy Co., Ltd.	PRC – Limited liability company	**49.0%**	49.0%	Renewable energy
Foran Energy Group Co., Ltd**	PRC – Company limited by shares	**37.0%**	38.4%	Provision of natural gas and related services and gas pipeline construction
Jiangsu Jinzhuo Construction Engineering Co., Ltd.	PRC – Sino-foreign equity joint venture	**49.9%**	49.9%	Provision of engineering work services
撫州市撫北天然氣有限公司	PRC – Limited liability company	**40.0%**	40.0%	Provision of natural gas and related services and gas pipeline construction
臨朐港華燃氣有限公司	PRC – Sino-foreign equity joint venture	**42.4%**	42.4%	Provision of natural gas and related services and gas pipeline construction
內蒙古西部天然氣包北管道有限公司	PRC – Limited liability company	**30.0%**	–	Provision of natural gas and related services and gas pipeline construction
四川能投分布式能源有限公司	PRC – Limited liability company	**24.4%**	24.4%	Provision of natural gas distributed energy
Shandong Jihua Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	**49.0%**	49.0%	Provision of natural gas and related services and gas pipeline construction
石家莊華博燃氣有限公司	PRC – Sino-foreign equity joint venture	**45.0%**	45.0%	Provision of natural gas and related services and gas pipeline construction
Shanghai Gas Co., Ltd. ("Shanghai Gas")	PRC – Limited liability company	**–**	25.0%	Provision of natural gas and related services and gas pipeline construction

22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES *(Continued)*

Details of the Group's principal associates as at the end of the reporting period are as follows: *(Continued)*

Name of entity	Place/form of establishment and operation	Equity interest attributable to the Group 2023	Equity interest attributable to the Group 2022	Principal activities
Zhuojia Public Engineering (Maanshan) Co., Ltd.	PRC – Sino-foreign equity joint venture	37.5%	37.5%	Provision of gas pipe assembly
Zibo Lubo Gas Company Limited	PRC – Sino-foreign equity joint venture	27.0%	27.0%	Provision of natural gas and related services and gas pipeline construction

* Its shares are listed on the Shanghai Stock Exchange and its financial information is publicly available.

** Its shares are listed on the Shenzhen Stock Exchange and its financial information is publicly available.

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

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22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES *(Continued)*

Summarised financial information of a material associate

Summarised financial information in respect of a material associate of the Group is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Shanghai Gas

	31.12.2022 HK$'000
Current assets	10,458,495
Non-current assets	15,896,578
Current liabilities	(13,907,138)
Non-current liabilities	(4,038,308)

	From 1.1.2023 to 28.2.2023 HK$'000	From 1.7.2022 to 31.12.2022 HK$'000
Revenue	7,890,040	19,146,347
Loss for the period	(321,620)	(2,366,270)
Other comprehensive income (expense) for the period	907	(115,519)
Total comprehensive expense for the period	(320,713)	(2,481,789)

22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES *(Continued)*

Summarised financial information of a material associate *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2022 HK$'000
Net assets of Shanghai Gas	8,409,627
Add: Unrecognised share of results from Shanghai Gas by the Group (note a)	2,217,225
Fair value adjustment on identifiable assets and liabilities of Shanghai Gas	2,935,884
Less: Non-controlling interest of Shanghai Gas' subsidiaries	(1,380,710)
Distribution of pre-acquisition profits of Shanghai Gas not shared by the Group	(261,046)
	11,920,980
Proportion of the Group's ownership interest in Shanghai Gas	25%
The Group's share of net assets of Shanghai Gas	2,980,245
Goodwill	1,685,242
Carrying amount of the Group's interest in Shanghai Gas	4,665,487

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22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES *(Continued)*

Summarised financial information of a material associate *(Continued)*

notes:

(a) Pursuant to a supplemental agreement and a shareholder's agreement entered between Shenergy (Group) Company Limited ("Shenergy Group"), the controlling shareholder of Shanghai Gas, and the Company, the financial results of Shanghai Gas for the period from the date of acquisition of Shanghai Gas by the Company to 30 June 2022 were borne by Shenergy Group.

(b) In view of the operating losses of Shanghai Gas, which was an indication of impairment, the management of the Group performed impairment assessment on interest in Shanghai Gas as a single asset at 31 December 2022. The key inputs and assumptions for the fair value less costs of disposal performed by an independent qualified professional valuer engaged by the Company and approved by the management of the Group were discounted cash flow forecast based on budget approved by management of Shanghai Gas, long-term growth rate of 2% per annum and discount rate of 11%. As the recoverable amount was higher than the carrying amount of interest in Shanghai Gas, accordingly the management of the Group considered no impairment loss had been recognised as at 31 December 2022.

(c) On 23 May 2023, the Company entered into a capital reduction agreement ("Capital Reduction Agreement") with Shenergy Group and Shanghai Gas pursuant to which the parties agreed the exit by the Company from its entire investment of 25% equity interest in Shanghai Gas through a reduction of the capital of Shanghai Gas by the amount held by the Company (the "Capital Reduction"). The consideration payable by Shanghai Gas to the Company for the exit is RMB4,662,577,702.32. Details of the exit were set out in the Company's joint announcement dated 23 May 2023 and the Company's circular dated 14 June 2023.

Pursuant to the Capital Reduction Agreement, during the period from 1 March 2023 to date of completion of the Capital Reduction, the financial results of Shanghai Gas would be borne by Shenergy Group. Accordingly, only the financial results of Shanghai Gas for the period from 1 January 2023 to 28 February 2023 were equity accounted for by the Company during the year ended 31 December 2023.

The Capital Reduction Agreement became effective on 23 May 2023 upon satisfaction of the following conditions: (a) the Capital Reduction having been approved by the shareholders of the Company at a general meeting or, if permitted under applicable laws (including but not limited to the Listing Rules), by the majority shareholders of the Company in writing; (b) the Capital Reduction having been approved by the internal decision-making body of Shenergy Group; and (c) the Capital Reduction having been approved by the shareholders of Shanghai Gas at a general meeting. Accordingly, at 23 May 2023, the interest in Shanghai Gas was derecognised and a gain of HK$681,020,000 was recognised and included in "other gains, net" line item. The consideration was received during the year.

22. INTERESTS IN ASSOCIATES/LOANS TO ASSOCIATES *(Continued)*

Aggregate information of associates that are not individually material

	2023 HK$'000	2022 HK$'000
The Group's share of profit for the year	**458,100**	341,925
Aggregate carrying amount of the Group's interests in these associates	**5,251,449**	5,094,580

The loans to associates are unsecured and interest bearing at fixed rates ranging from 3.70% to 4.90% (2022: 4.35% to 5.00%) per annum, except for a loan amounted to HK$5,501,000 (2022: HK$5,650,000) which is interest-free. Included in the loans are HK$4,350,000 (2022: HK$4,435,000) repayable on demand, HK$5,501,000 (2022: HK$48,762,000) repayable within one year and HK$47,701,000 (2022: HK$49,000,000) repayable after one year.

23. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

Details of the Group's investments in joint ventures are as follows:

	2023 HK$'000	2022 HK$'000
Cost of investments in joint ventures	**1,510,140**	1,393,883
Share of post-acquisition profits and other comprehensive income, net of dividends received	**2,293,264**	2,181,086
	3,803,404	3,574,969
Loans to joint ventures – current	**166,507**	171,042

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23. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES *(Continued)*

Details of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Place/form of establishment and operation	Equity interest attributable to the Group 2023	2022	Principal activities
Anqing Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	**50.0%**	50.0%	Provision for natural gas and related services and gas pipeline construction
重慶港華燃氣有限公司	PRC – Limited liability company	**50.0%**	50.0%	Provision of natural gas and related services and gas pipeline construction
Hangzhou Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	**50.0%**	50.0%	Provision of natural gas and related services and gas pipeline construction
Maanshan Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	**50.0%**	50.0%	Provision of natural gas and related services and gas pipeline construction
Ruihua (Shenzhen) Integrated Smart Energy Co., Ltd.	PRC – Limited liability company	**50.0%**	–	Engaging in renewable energy projects and asset-light service projects
泰安市泰港燃氣有限公司 (note)	PRC – Sino-foreign equity joint venture	**49.0%**	49.0%	Midstream project
Taian Taishan Hong Kong and China Gas Company Limited (note)	PRC – Sino-foreign equity joint venture	**49.0%**	49.0%	Provision of natural gas and related services and gas pipeline construction
Tongling Towngas China Energy Co., Ltd. (note)	PRC – Sino-foreign equity joint venture	**40.0%**	40.0%	Provision of natural gas distributed energy

23. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

(Continued)

Details of the Group's principal joint ventures at the end of the reporting period are as follows: *(Continued)*

Name of entity	Place/form of establishment and operation	Equity interest attributable to the Group 2023	2022	Principal activities
Weifang Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Weihai Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Wuhu Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction
Zibo Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	50.0%	50.0%	Provision of natural gas and related services and gas pipeline construction

note: The Group is able to exercise the joint control over these companies which the decisions about the relevant activities require the unanimous consent of the Group and the joint venturers. Accordingly, these companies are regarded as joint ventures of the Group.

The above table lists the joint ventures of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

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23. INTERESTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

(Continued)

Aggregate information of joint ventures that are not individually material

	2023 HK$'000	2022 HK$'000
The Group's share of profit for the year	**317,531**	306,026
Aggregate carrying amount of the Group's interests in these joint ventures	**3,803,404**	3,574,969

The loans to joint ventures are unsecured, interest-free and repayable on demand.

24. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$'000	2022 HK$'000
Listed shares in the PRC	**1,237,657**	1,122,866
Unlisted shares in the PRC	**115,682**	116,787
	1,353,339	1,239,653

These investees are primarily engaged in the provision of natural gas and related services and gas pipeline construction business. These investments are not held for trading, instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

25. INVENTORIES

	2023 HK$'000	2022 HK$'000
Finished goods	96,307	128,989
Materials and consumables	492,301	553,246
	588,608	682,235

26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023 HK$'000	2022 HK$'000
Trade receivables (net of allowance for credit losses)	1,464,668	1,538,048
Prepayments	541,501	715,002
Other receivables and deposits (note)	776,181	659,118
	2,782,350	2,912,168

At 1 January 2022, trade receivables from contracts with customers amounted to HK$1,241,290,000 (after deducting the allowance for credit losses of HK$169,902,000).

note: Included in the balance of other receivables and deposits are amounts due from related companies of HK$81,687,000 (2022: HK$66,283,000). The amounts are unsecured, interest-free and repayable on demand.

Included in the balance of trade and other receivables, deposits and prepayments are trade receivables with gross carrying amount of HK$1,678,582,000 (2022: HK$1,737,632,000) and allowance for credit losses of HK$213,914,000 (2022: HK$199,584,000). The Group has a policy of allowing a credit period ranging from 0 to 180 days to its customers. Longer credit period is also allowed on a case-by-case basis. The following is an aged analysis of trade receivables net of allowance of credit losses presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
0 to 90 days	1,039,121	1,217,418
91 to 180 days	224,505	52,244
Over 180 days	201,042	268,386
	1,464,668	1,538,048

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26. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$79,249,000 (2022: HK$10,515,000) which are past due as at the reporting date. Out of the past due balances, HK$47,765,000 (2022: HK$7,263,000) has been past due 90 days or more and is not considered as in default based on the Group's assessment of historical credit loss experience of the existing debtors and all available forward-looking information, including but not limited to the expected economic conditions in the PRC affecting the ability of the customers to settle the debtors and expected subsequent settlements. The Group does not hold any collateral over these balances.

Details of the impairment assessment of trade and other receivables are set out in Note 6.

27. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

The amounts due from/to non-controlling shareholders are unsecured, interest-free and repayable on demand.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2022, the balance represented wealth management products issued by banks in the PRC with maturity within one year and expected returns ranging from 1.70% to 3.45% per annum. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

29. RESTRICTED DEPOSIT, TIME DEPOSITS OVER THREE MONTHS AND BANK BALANCES AND CASH

The deposits and bank balances carry interest at prevailing market rates ranging from 0.00% to 2.60% (2022: 0.00% to 3.65%) per annum. The restricted deposit represents a deposit placed in a bank for backing of operation at an energy trading platform.

At the end of the reporting period, included in the bank balances and cash are the following amounts denominated in currencies other than the functional currency of the relevant entities to which it relates.

	2023 HK$'000	2022 HK$'000
USD	11,211	11,706
HKD	34,222	10,906

30. OTHER FINANCIAL ASSETS/LIABILITIES

	2023 HK$'000	2022 HK$'000
Other financial assets		
Derivatives (under hedge accounting)		
Cash flow hedge – cross currency swap contract under non-current assets	70,628	16,927
Cash flow hedge – cross currency interest rate swap contract under current assets	10,708	–
Other financial liabilities		
Derivatives (under hedge accounting)		
Cash flow hedge – cross currency interest rate swap contract under non-current liabilities	–	175

The classification of the measurement of the derivative financial instruments at 31 December 2023 and 2022 using the fair value hierarchy is Level 2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Cash flow hedge

In prior years, the Group entered into a cross currency interest rate swap contract with notional amount of USD50,000,000 to minimise the exposure to fluctuations in foreign currency exchange rates and interest rates of the USD bank loan with principal amount of USD50,000,000. During the year ended 31 December 2022, the Group also entered into cross currency swap contracts with total notional amounts of USD200,000,000 to minimise the exposure to fluctuations in foreign currency exchange rates of the USD borrowings with total principal amount of USD200,000,000. The critical terms of the cross currency interest rate swap and cross currency swap and the corresponding USD borrowings were closely aligned and the Directors considered that the cross currency interest rate swap and cross currency swap were highly effective hedging instruments and qualified as cash flow hedge. During the year ended 31 December 2023, the fair value change of HK$64,585,000 (2022: HK$44,734,000) on derivative instruments designated as cash flow hedge was recorded in hedge reserve, and a fair value change of HK$54,579,000 (2022: HK$151,211,000) on derivative instrument designated as cash flow hedge reclassified to finance costs as a debit of HK$6,699,000 (2022: HK$8,275,000) and to exchange differences (included in other gains, net) as a credit of HK$54,579,000 (2022: HK$91,789,000) in profit or loss.

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30. OTHER FINANCIAL ASSETS/LIABILITIES *(Continued)*

Cash flow hedge *(Continued)*

For the purpose of reclassifying the amount of gains and losses accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

The major terms of the cross currency interest rate swap and cross currency swap as at 31 December 2023 and 2022 were set out below:

Notional amount	Maturity	Exchange rate	Interest rate	
			Receive	**Pay**
Cross currency interest rate swap				
USD50,000,000	2024	USD1 to RMB6.9270	SOFR+1.06% (2022: LIBOR+0.80%) (note)	4.05%
Cross currency swaps				
USD100,000,000	2027	USD1 to RMB6.3885	N/A	N/A
USD100,000,000	2027	USD1 to RMB6.3760	N/A	N/A

note: During the year, the Company transited from USD London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR") due to the interest rate benchmark reform.

31. DISPOSAL GROUP HELD FOR SALE

On 22 November 2023, Chao Sheng Investments Limited ("Chaosheng"), a wholly-owned subsidiary of the Company which holds 60% equity interest in Chaozhou Fengxi Hong Kong and China Gas Co., Ltd. ("Fengxi Gas"), entered into a joint venture agreement with an independent third party and two wholly-owned subsidiaries of HKCG. Pursuant to the joint venture agreement, each of the shareholders agreed to contribute the initial registered capital by cash and additional capital by equity interests in certain subsidiaries. Chaosheng will contribute RMB149,500 in cash as initial registered capital of the joint venture company and further contribute 60% equity interest in Fengxi Gas to the joint venture company and will hold an equity interest of 14.95% in the joint venture company. Upon completion of the transaction, the Company will cease to have control in Fengxi Gas. Fengxi Gas forms part of the segments of sales of piped gas business, gas connection and extended business. Details are set out in the Company's announcement dated 22 November 2023.

In the opinion of the Directors, the completion of the transaction is considered to be highly probable and hence the assets and liabilities attributable to Fengxi Gas have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position. The fair value of attributable interest in the joint venture company is expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of Fengxi Gas classified as held for sale are as follows:

	HK$'000
Property, plant and equipment	54,693
Right-of-use assets	34
Goodwill	90,171
Inventories	1,265
Trade and other receivables	26,838
Bank balances and cash	3,582
Total assets classified as held for sale	176,583
Trade and other payables	7,842
Contract liabilities	1,940
Deferred tax liabilities	308
Total liabilities classified as held for sale	10,090

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32. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	2023 HK$'000	2022 HK$'000
Trade payables	2,140,337	1,682,468
Consideration payable for acquisitions of businesses	176,968	74,464
Other payables and accruals	1,385,681	1,308,972
Amount due to ultimate holding company (note)	2,670	1,276
	3,705,656	3,067,180

note: The amount is unsecured, interest-free and repayable on demand.

The Group normally receives credit terms of 0 to 60 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
0 to 90 days	1,100,516	945,467
91 to 180 days	376,030	209,601
181 to 360 days	299,408	204,877
Over 360 days	364,383	322,523
	2,140,337	1,682,468

33. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000 (restated)
Sales of piped gas business	1,514,038	1,445,027
Gas connection	2,034,779	2,299,899
Renewable energy business	7,630	9,831
Extended business	75,695	95,377
	3,632,142	3,850,134

At 1 January 2022, contract liabilities amounted to HK$3,939,179,000.

33. CONTRACT LIABILITIES *(Continued)*

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Sales of piped gas business HK$'000	Gas connection HK$'000	Renewable energy business HK$'000	Extended business HK$'000
For the year ended 31 December 2023				
Revenue recognised that was included in the contract liability balance at the beginning of the year	**1,445,027**	**748,050**	**9,831**	**95,377**
For the year ended 31 December 2022				
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,412,023	873,318	–	76,197

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Sales of piped gas business

The Group typically receives deposits or prepayments from customers for piped gas and other gas-related energy before the respective sales and distribution, and this will give rise to contract liabilities at the start of a contract.

Gas connection

The Group receives deposits from customers before the construction work commences, and this will give rise to contract liabilities at the start of a contract.

Renewable energy business

The Group may receive prepayments from certain customers for renewable energy and other related energy before the respective sales and distribution, and this will give rise to contract liabilities at the start of a contract.

Extended business

The Group may receive deposits from customers for sales of gas related household appliances and related products, and other related value-added services at the start of a contract, and this will give rise to contract liabilities at the start of a contract. Balance payments will be received after delivery of goods and services.

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34. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
Within one year	48,433	23,687
Within a period of more than one year but not more than two years	43,032	21,055
Within a period of more than two years but not more than five years	87,788	35,350
Within a period of more than five years	76,026	7,757
	255,279	87,849
Less: Amounts due for settlement with 12 months shown under current liabilities	(48,433)	(23,687)
Amounts due for settlement after 12 months shown under non-current liabilities	206,846	64,162

35. BORROWINGS

	2023 HK$'000	2022 HK$'000
Bank loans – unsecured	12,238,142	15,166,516
Other loans – unsecured	6,281	8,073
MTN – unsecured	825,083	847,553
SLB – unsecured (note a)	1,562,400	1,560,400
Panda Bonds – unsecured (note b)	1,650,165	–
	16,282,071	17,582,542
Carrying amount repayable:		
On demand or within one year	5,499,842	9,018,808
Within a period of more than one year but not exceeding two years	5,414,097	2,221,594
Within a period of more than two years but not exceeding five years	4,624,321	6,315,538
Within a period of more than five years	743,811	26,602
	16,282,071	17,582,542
Less: Amount due within one year shown under current liabilities	(5,499,842)	(9,018,808)
Amount due after one year shown under non-current liabilities	10,782,229	8,563,734

35. BORROWINGS *(Continued)*

notes:

(a) The USD200 million guaranteed SLB is listed in the Stock Exchange for professional investors, due in 2027, guaranteed by the Company and carries interest at a fixed rate of 4% subject to an interest rate adjustment mechanism based on the achievement of sustainability performance targets. The sustainability performance targets represent the photovoltaic installed capacity and the ratio of solar energy sales to total energy sales of the Group by 31 December 2025. If the Group fails to meet these targets, additional interests will be paid.

(b) During the year ended 31 December 2023, TCCL (Finance) Limited, a wholly-owned subsidiary of the Company, issued Panda Bonds of RMB1,500 million, which are guaranteed by the Company, to the institutional investors in the interbank market in the PRC. Included in the RMB1,500 million Panda Bonds are RMB1,000 million which is due in 2024 and carries interest at 3.10% per annum and RMB500 million due in 2026 and carries interest at 3.60% per annum subject to an interest rate adjustment mechanism based on the achievement of sustainability performance targets. The sustainability performance targets represent increasing the total photovoltaic installed capacity and increasing solar energy sales to total energy sales ratio of the Group by 31 December 2024. If the Group fails to meet these targets, additional interests will be paid.

The borrowings mainly comprise of:

	Effective interest rate		Carrying amount 2023 HK$'000	2022 HK$'000
Floating-rate loans:				
Unsecured RMB bank loans	3.26%	(2022: 2.86%)	**3,499,097**	4,837,878
Unsecured USD bank loans	6.36%	(2022: 2.60%)	**390,600**	390,100
Fixed-rate loans:				
Unsecured RMB bank loans	3.96%	(2022: 3.31%)	**8,348,445**	9,938,538
Unsecured other loans	1.15%	(2022: 1.15%)	**6,281**	8,073
Unsecured RMB MTN	3.43%	(2022: 3.40%)	**825,083**	847,553
Unsecured USD SLB	4.04%	(2022: 4.00%)	**1,562,400**	1,560,400
Unsecured RMB Panda Bonds	3.40%	(2022: N/A)	**1,650,165**	–
Total bank loans and other loans			**16,282,071**	17,582,542

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36. LOANS FROM ULTIMATE HOLDING COMPANY, NON-CONTROLLING SHAREHOLDERS, AN ASSOCIATE AND JOINT VENTURES

At the end of the reporting period, the loan from ultimate holding company carries interest at a fixed rate of 3.70% (2022: 4.35%) per annum and is unsecured and repayable on demand.

At the end of the reporting period, the loans from joint ventures carry interest at a fixed rate of 1.80% (2022: 2.15%) per annum and are unsecured and repayable on demand.

At the end of the reporting period, the loan from an associate carries interest at a fixed rate of 1.80% (2022: nil) per annum and is unsecured and repayable on demand.

At the end of the reporting period, the loans from non-controlling shareholders carry interest at a fixed rate of 4.99% (2022: ranging from 1% to 4.99%) per annum and are unsecured. Other than an amount of nil (2022: HK$7,379,000) repayable within one year, the remaining amount of HK$15,187,000 (2022: HK$15,601,000) repayable after one year.

37. DEFERRED TAXATION

The following is the major deferred tax liabilities (assets) recognised and movements thereon during the current year:

	Intangible assets HK$'000	Undistributed profits of joint ventures/ associates/ subsidiaries HK$'000	Fair value revaluation of equity instruments at FVTOCI HK$'000	Right-of-use assets HK$'000	Lease liabilities HK$'000	Others HK$'000	Total HK$'000
At 1 January 2022 (as originally stated)	116,322	359,648	299,091	–	–	55,778	830,839
Adjustments (Note 2)	–	–	–	18,024	(18,871)	847	–
At 1 January 2022 (restated)	116,322	359,648	299,091	18,024	(18,871)	56,625	830,839
Currency realignment	(6,119)	(56,170)	(22,929)	(485)	382	(3,333)	(88,654)
(Credit) charge to profit or loss	(4,690)	73,176	–	2,942	(3,473)	(15,843)	52,112
Credit to other comprehensive income	–	–	(36,112)	–	–	–	(36,112)
Withholding tax paid	–	(38,548)	–	–	–	–	(38,548)
At 31 December 2022 (restated)	105,513	338,106	240,050	20,481	(21,962)	37,449	719,637
Currency realignment	(3,165)	(10,143)	(7,202)	(820)	869	(1,728)	(22,189)
(Credit) charge to profit or loss	(5,044)	59,957	–	41,287	(42,726)	108,188	161,662
Charge to other comprehensive income	–	–	35,880	–	–	–	35,880
Deemed disposal of a subsidiary (Note 42)	–	–	–	–	–	(3,348)	(3,348)
Reclassified as held for sale (Note 31)	–	–	–	–	–	(308)	(308)
Withholding tax paid	–	(51,351)	–	–	–	–	(51,351)
At 31 December 2023	97,304	336,569	268,728	60,948	(63,819)	140,253	839,983

Others mainly include accelerated tax depreciation and ECL provision.

At the end of the reporting period, the Group has unused tax losses of HK$388,695,000 (2022: HK$461,316,000) available for offsetting against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Such unrecognised tax losses will expire progressively until the year 2028 (2022: year 2027).

At the end of the reporting period, the Group has certain temporary differences associated with undistributed earnings of subsidiaries for which no deferred tax liabilities have been recognised as the Group is able to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

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38. CONVERTIBLE BONDS

Pursuant to a subscription agreement dated 25 October 2021 entered into by the Company and Clean Energy Ecosystem Pte. Ltd. (the "Investor"), the Company issued and allotted 116,783,333 shares at HK$5.0 per share and convertible bonds due 2026 of principal amount of RMB1,835,603,000 (equivalent to HK$2,217,716,000 at an agreed exchange rate) on 18 November 2021. Details of the transactions were disclosed in the Company's announcements dated 25 October 2021 and 18 November 2021.

There was no movement in the number of the convertible bonds during the years ended 31 December 2023 and 2022. The convertible bonds entitle the Investor to convert them into ordinary shares of the Company in whole or in part at any time during the conversion period at a conversion price of HK$6.33 per share, subject to adjustments. Effective from 12 July 2022, the conversion price of the convertible bonds has been adjusted from HK$6.33 per share to HK$6.26 per share as a result of distributions of scrip shares at HK$4.028 per share made by the Company to the shareholders for the year ended 31 December 2021. Effective from 11 July 2023, the conversion price of the convertible bonds has been further adjusted from HK$6.26 per share to HK$6.18 per share as a result of distributions of scrip shares at HK$3.49 per share made by the Company to the shareholders for the year ended 31 December 2022. The conversion period commences from the date of issue and will expire on the close of business on the earlier of (i) the date which is 5 business days prior to the maturity date, i.e. 18 November 2026, and (ii) if the convertible bonds shall have been called for redemption prior to the maturity date, the date which is 5 business days prior to the date fixed for redemption. The convertible bonds carry interest at a rate of 1% per annum, which is payable annually in arrears.

The convertible bonds comprise two components:

(a) The debt component was initially measured at fair value and subsequently measured at amortised cost using the effective interest method after considering the effect of the transaction costs. The effective interest rate of the debt component is 4% (2022: 4%) per annum.

(b) The embedded derivative component comprises conversion options, which were initially measured at fair value at date of issuance and the end of each reporting period.

38. CONVERTIBLE BONDS *(Continued)*

	Debt component HK$'000	Embedded derivative component HK$'000	Total HK$'000
As at 1 January 2022	1,956,598	776,639	2,733,237
Currency realignment	(156,607)	(44,471)	(201,078)
Interest expense	77,125	–	77,125
Interest paid	(22,177)	–	(22,177)
Gain arising on change of fair value	–	(531,488)	(531,488)
As at 31 December 2022	**1,854,939**	**200,680**	**2,055,619**
Currency realignment	**(54,290)**	**(4,638)**	**(58,928)**
Interest expense	**79,323**	**–**	**79,323**
Interest paid	**(22,177)**	**–**	**(22,177)**
Gain arising on change of fair value	**–**	**(101,573)**	**(101,573)**
As at 31 December 2023	**1,857,795**	**94,469**	**1,952,264**

39. SHARE CAPITAL

	Number of shares	HK$'000
At 31 December 2023		
– Authorised:		
Shares of HK$0.10 each	5,000,000,000	500,000
– Issued and fully paid:		
Shares of HK$0.10 each	3,354,500,581	335,450

Details of the authorised share capital are as follows:

	Number of shares	HK$'000
At 1 January 2022, 31 December 2022 and 31 December 2023	5,000,000,000	500,000

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39. SHARE CAPITAL *(Continued)*

A summary of the movements in the issued and fully paid capital of the Company is as follows:

	Number of shares	HK$'000
At 1 January 2022	3,159,895,343	315,989
Issue of subscription shares (note a)	11,553,000	1,156
Issue of shares upon scrip dividend scheme (note b)	87,167,183	8,717
At 31 December 2022	**3,258,615,526**	**325,862**
Issue of subscription shares (note a)	**110,000**	**11**
Issue of shares upon scrip dividend scheme (note c)	**95,775,055**	**9,577**
At 31 December 2023	**3,354,500,581**	**335,450**

notes:

(a) On 18 March 2022, the Company entered into a number of subscription agreements with the subscribers pursuant to which the subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to issue, in aggregate 11,663,000 subscription shares at the subscription price of HK$3.69 per subscription share in cash. During the year ended 31 December 2022, 11,553,000 subscription shares were allotted and issued in respect of these subscription agreements with total proceed of HK$42,630,000. During the year ended 31 December 2023, the remaining 110,000 subscription shares were allotted and issued with total proceed of HK$406,000. Details of the subscription shares were disclosed in the announcements of the Company dated 18 March 2022 and 6 June 2022.

(b) On 17 March 2022, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 26 May 2022. On 12 July 2022, 87,167,183 shares of HK$0.10 each were allotted and issued at HK$4.028 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2021 final dividend under the scrip dividend scheme.

(c) On 16 March 2023, a scrip dividend scheme was proposed by the Board, which offers the shareholders of the Company may elect to receive the dividend wholly or partly by the allotment of new shares in lieu of cash. This proposal was approved at the Company's annual general meeting held on 25 May 2023. On 11 July 2023, 95,775,055 shares of HK$0.10 each were allotted and issued at HK$3.49 each to shareholders who had elected to receive new shares in lieu of cash dividend in respect of the 2022 final dividend under the scrip dividend scheme.

All the shares which were issued during the years ended 31 December 2022 and 2023 rank pari passu with the then existing shares in all respects.

40. RESERVES

General reserves represent the Enterprise Expansion Fund and General Reserve Fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the PRC. They are not available for distribution.

41. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

On 17 August 2021, the Company adopted the share award scheme (the "Scheme") for the purposes of (a) recognising the contributions by certain directors or employees of the Group (the "eligible participants") and providing them with incentives in order to retain them for the continual operation and development of the Group; and (b) attracting suitable personnel for the further development of the Group and to contribute to the long-term growth of the Group. Unless terminated earlier by the Board pursuant to the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on 17 August 2021. Tricor Trust (Hong Kong) Limited was appointed as a trustee of the Scheme. Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions, the award shares held by the trustee on behalf of a selected participant shall vest in such selected participant and the trustee shall transfer the award shares to such selected participant. Details of the Scheme were disclosed in the announcement of the Company dated 17 August 2021.

At 31 December 2023, there are 24,000 shares (2022: 10,737,000 shares) held by the trustee. During the year ended 31 December 2023, an additional 950,000 shares (2022: 6,965,000 shares) were purchased by the trustee from the market at an average price of approximately HK$3.34 per share (2022: HK$4.29 per share), with an aggregate amount of approximately HK$3,172,000 (2022: approximately HK$29,897,000). During the year ended 31 December 2023, 11,663,000 shares (2022: nil) were granted to the selected eligible employees with amount of HK$39,596,000 (2022: nil) recognised as share-based payment expenses and included in staff costs when vested during the year.

Share option scheme

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 26 May 2022 and the Share Option Scheme was also approved by ordinary resolution of the shareholders of HKCG, the parent company of the Company, at HKCG's annual general meeting on 6 June 2022. The participants include employees and directors of the Group, consultants and other advisors to members of the Group who are also directors and/or senior management staff of subsidiaries of HKCG. The Share Option Scheme is valid and effective for a period of ten years commencing on 26 May 2022.

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants, attracting and retaining persons with the right calibre and experience to work for or make contribution to the Group, fostering a sense of belonging with the Group, and allowing the participants to enjoy the results of the Company achieved through their contributions to the Group.

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For the year ended 31 December 2023

41. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme *(Continued)*

The maximum number of shares which may be issued under the Share Option Scheme must not (when aggregate with any shares to be issued under any other share option schemes of the Company) exceed 10% of the total number of shares in issue at the date of adoption of the Share Option Scheme. The number of shares in respect of which options may be granted under the Share Option Scheme as at 31 December 2023 was 304,326,534 (2022: 304,326,534).

The maximum number of shares issuable upon the exercise of the share options granted to each eligible participant of the Share Option Scheme within any 12-month period, is limited to 1% of the total number of shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting of the Company with such grantee and his associate(s) abstaining from voting.

The exercise period of the share options under Share Option Scheme is determined by the board of directors of the Company and shall end on a date which is not later than ten years from the date of grant of the options. At the time of grant of the share options, the Company must (a) specify the minimum period(s), if any, for which a share option must be held before it can be exercised in whole or in part, and (b) specify the minimum performance target(s), if any, which must be achieved before the share options can be exercised in whole or in past. The amount payable on acceptance of an offer for grant of share options is HK$1.00.

The exercise price in respect of any particular option of the Share Option Scheme may be determined by the board of directors of the Company in its absolute discretion and notified to each offeree but may be at least the highest of (i) the closing price of the Company's shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets on the date of offer, which must be a business day; (ii) the average closing price of the Company's shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of a share.

At 31 December 2023, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 11,663,000 (2022: 11,663,000), representing 0.35% (2022: 0.36%) of the shares of the Company in issue at that date.

Details of options granted under the Share Option Scheme are as follows:

Date of grant	Vesting date	Exercise period	Exercise price
			HK$
25 November 2022	25 November 2023	25 November 2023 – 24 November 2025	3.40

41. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme *(Continued)*

The following table discloses movements of the Company's share options held by the participants pursuant to the Share Option Scheme during the year:

	Date of grant	Exercise price HK$	Number of share options: Outstanding at beginning of the year	Granted during the year	Outstanding at end of the year
For the year ended 31 December 2023					
Directors	25.11.2022	3.40	4,950,000	–	4,950,000
Others (note)	25.11.2022	3.40	6,713,000	–	6,713,000
			11,663,000	–	11,663,000
Exercisable at the end of the year					11,663,000
Weighted average exercise price (HK$)			3.40	–	3.40

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41. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme *(Continued)*

	Date of grant	Exercise price HK$	Number of share options: Outstanding at beginning of the year	Granted during the year	Outstanding at end of the year
For the year ended 31 December 2022					
Directors	25.11.2022	3.40	–	4,950,000	4,950,000
Others (note)	25.11.2022	3.40	–	6,713,000	6,713,000
			–	11,663,000	11,663,000
Exercisable at the end of the year					–
Weighted average exercise price (HK$)			–	3.40	3.40

The closing price per share immediately before 25 November 2022 was HK$3.42.

note:

Other participants represent:

(i) directors or senior management staff of the subsidiaries of the Company; and

(ii) directors of both subsidiaries of the Company and of HKCG.

During the year ended 31 December 2022, 11,663,000 options were granted pursuant to the Share Option Scheme on 25 November 2022. The estimated fair value of the options granted on that date was HK$10,247,000.

41. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share option scheme *(Continued)*

These fair values were calculated using the Trinomial option pricing model. The inputs into the model were as follows:

Grant date	25 November 2022
Share price (HK$)	3.40
Exercise price (HK$)	3.40
Expected volatility	42.67%
Expected life (years)	3
Risk-free rate	4.26%
Expected dividend yield	4.41%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Change in the subjective input may materially affect the fair value estimates.

The Group recognised a total expense of HK$9,240,000 (2022: HK$1,007,000) for the year ended 31 December 2023 in relation to share options granted by the Company.

42. ACQUISITION/DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2023

(i) Acquisition of assets through acquisition of renewable energy companies

During the year ended 31 December 2023, the Group has acquired 100% interests in numerous entities which are principally engaged in the business of photovoltaics in the PRC, at the aggregate consideration of RMB511,801,000 (equivalent to HK$563,037,000). The primary reason for the acquisition is for the expansion of the Group's renewable energy business and to increase returns to its shareholders. The acquisitions are individually immaterial and therefore presented on an aggregated basis.

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For the year ended 31 December 2023

42. ACQUISITION/DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2023 *(Continued)*

(i) Acquisition of assets through acquisition of renewable energy companies *(Continued)*

The net identifiable assets acquired in the acquisition are as follows:

	HK$'000
Property, plant and equipment	1,961,542
Right-of-use assets	455,667
Trade and other receivables	328,801
Bank balances and cash	43,067
Trade and other payables	(1,518,874)
Taxation payable	(13,742)
Contract liabilities	(401)
Bank borrowings	(149,227)
Lease liabilities	(543,796)
	563,037
Result on the acquisition:	
Consideration paid	281,250
Deposits paid at 31 December 2022	183,296
Consideration payable for acquisition of subsidiaries	98,491
Acquirees' fair values of net identifiable assets	(563,037)
	–
Net cash outflow on acquisition:	
Consideration paid	(281,250)
Bank balances and cash acquired	43,067
	(238,183)

The Group elected to apply the optional concentration test for these acquisitions in accordance with HKFRS 3 "Business Combinations" and concluded that the photovoltaic equipment together with the in-place lease are considered a single identifiable asset. Consequently, the Group determined that substantially all of the fair values of the gross assets acquired are concentrated in property, plant and equipment and right-of-use assets and concluded that the acquired set of activities and assets are not businesses.

42. ACQUISITION/DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2023 *(Continued)*

(ii) Acquisition of a gas company

During the year ended 31 December 2023, the Group acquired 100% equity interest in 達茂港華燃氣有限公司 ("達茂港華") at a consideration of RMB70,000,000 (equivalent to HK$79,945,000), RMB63,000,000 (equivalent to HK$71,951,000) was settled during the year while the remaining amount of RMB7,000,000 (equivalent to HK$7,994,000) was recorded as consideration payable. 達茂港華 is principally engaged in the provision for natural gas and related services.

The net identifiable assets acquired in the acquisition are as follows:

	HK$'000
Property, plant and equipment	33,144
Right-of-use asset	9,237
Inventories	143
Trade and other receivables	4,843
Bank balances and cash	533
Trade and other payables	(21,428)
Contract liabilities	(1,848)
Taxation payable	(166)
Bank borrowings	(6,772)
	17,686

Goodwill arising on acquisition:	
Consideration paid	71,951
Consideration payable for acquisition of a subsidiary	7,994
Acquiree's fair value of net identifiable assets	(17,686)
	62,259

Net cash outflow on acquisition:	
Consideration paid	(71,951)
Less: Bank balances and cash acquired	533
	(71,418)

No proforma information of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023 is presented as contributions are insignificant.

The goodwill recognised above mainly consists of the expected synergies from combining operations of 達茂港華 and the Group. None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

42. ACQUISITION/DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2023 *(Continued)*

(iii) Deemed disposal of interest in a subsidiary

During the year ended 31 December 2023, an independent third party has made an additional capital injection of RMB100,000,000 (equivalent to HK$106,575,000) to 蕪湖江北港華燃氣有限公司 ("蕪湖江北"), a subsidiary of the Group. The shareholding held by the Group decreased from 100% to 50% and 蕪湖江北 ceased to be a subsidiary and became a joint venture of the Group.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	124,493
Right-of-use assets	1,676
Inventories	565
Trade and other receivables	5,635
Bank balances and cash	7,064
Amount due from a shareholder	32,033
Trade and other payables	(26,795)
Deferred taxation	(3,348)
Contract liabilities	(30,151)
	111,172

Loss on deemed disposal of a subsidiary:	
Retained interest in a joint venture	106,575
Net assets disposed of	(111,172)
	(4,597)

Net cash outflow on deemed disposal:	
Bank balances and cash disposed	(7,064)

42. ACQUISITION/DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2022

(i) Acquisition of renewable energy companies

During the year ended 31 December 2022, Towngas China Energy Investment Limited, an indirectly wholly-owned subsidiary of the Group, has acquired the controlling interests in six companies which are principally engaged in the business of encompassing photovoltaics, energy conservation, charging and Zero Carbon Smart City in the PRC from Hong Kong and China Integrated Power Investment (Shenzhen) Limited, an indirect wholly-owned subsidiary of HKCG, at the aggregate consideration of HK$97,795,000. The primary reason for the acquisition is for the expansion of the Group's renewable energy business and to increase returns to its shareholders.

The net identifiable assets acquired in the acquisition are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	82,646
Trade and other receivables	11,677
Bank balances and cash	17,017
Trade and other payables	(13,545)
	97,795
Result on the acquisition:	
Deposit paid at 31 December 2021	97,795
Acquirees' fair values of net identifiable assets	(97,795)
	–
Net cash inflow on acquisition:	
Bank balances and cash acquired	17,017

No proforma information of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022 is presented as contributions are insignificant.

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42. ACQUISITION/DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2022 *(Continued)*

(ii) Disposal of a subsidiary

On 5 December 2022, 南京高淳港華燃氣有限公司("Nanjing Gaochun"), an indirect wholly-owned subsidiary of the Company, and Hong Kong and China Gas International Energy Trading Co., Ltd. ("HKCG International Energy"), an indirect wholly-owned subsidiary of HKCG, entered into the Equity Transfer Agreement, pursuant to which Nanjing Gaochun has agreed to sell and HKCG International Energy has agreed to purchase the entire equity interest in 南京淳港能源科技有限公司 at the consideration of RMB2,000,000 (approximately HK$2,340,000), resulting in loss of control.

Analysis of assets and liabilities over which control was lost:

	HK$'000
Inventories	3,837
Trade and other receivables	130,578
Bank balances and cash	4,529
Trade and other payables	(136,604)
	2,340
Result on disposal of a subsidiary:	
Consideration	2,340
Net assets disposed of	(2,340)
	–
Satisfied by:	
Cash consideration received	2,340
Net cash outflow on disposal:	
Consideration received	2,340
Bank balances and cash disposed	(4,529)
	(2,189)

42. ACQUISITION/DISPOSAL OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2022 *(Continued)*

(iii) Deemed disposal of interest in a subsidiary

During the year ended 31 December 2022, Towngas Lifestyle (Shenzhen) Information Services Co., Ltd., an indirect wholly-owned subsidiary of HKCG, has completed the capital injection of RMB15,000,000 (equivalent to HK$17,641,000) to Towngas Cosy Home (Chengdu) Technological Services Co., Ltd. ("Cosy Home (Chengdu)"), a subsidiary of the Group. The shareholding held by the Group decreased from 100% to 40% and Cosy Home (Chengdu) ceased to be a subsidiary of the Company.

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	9,978
Right-of-use assets	949
Inventories	32,689
Trade and other receivables	21,009
Bank balances and cash	68,368
Trade and other payables	(46,585)
Lease liabilities	(1,025)
Contract liabilities	(41,308)
	44,075
Loss on deemed disposal of a subsidiary:	
Retained interest in an associate	43,798
Net assets disposed of	(44,075)
	(277)
Net cash outflow on deemed disposal:	
Bank balances and cash disposed	(68,368)

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43. MAJOR NON-CASH TRANSACTIONS

The Group issued additional shares as scrip dividends during both years as set out in Note 39.

During the year ended 31 December 2023, the Group entered into new lease agreements for the use of offices, warehouses, staff dormitory and equipment for 2 to 30 years (2022: 2 to 18 years) while for leasehold land for 15 to 50 years (2022: 15 to 50 years). On the lease commencement, the Group recognised HK$36,071,000 (2022: HK$42,377,000) of right-of-use assets and HK$36,071,000 (2022: HK$42,377,000) of lease liabilities.

During the year ended 31 December 2023, the Group exercised options to purchase certain leased assets for use in its operations. Accordingly, right-of-use assets of HK$281,763,000 was transferred to property, plant and equipment (2022: nil).

During the year ended 31 December 2022, the Group has acquired additional interest in a subsidiary, 徐州港華能源有限公司, from the non-controlling shareholders. The consideration of HK$25,793,000 was settled through amounts due from non-controlling shareholders.

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other loans HK$'000	Loans from non-controlling shareholders HK$'000	Loan from an associate HK$'000	Loans from joint ventures HK$'000	Loan from ultimate holding company HK$'000	Dividend payable HK$'000	Debt component of convertible bonds HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2022	16,623,412	37,518	–	730	66,617	–	1,956,598	75,486	18,760,361
Financing cash flows	2,291,771	(11,843)	–	17,280	1,509	(267,256)	–	(28,057)	2,003,404
New leases entered	–	–	–	–	–	–	–	42,377	42,377
Interest expenses	–	–	–	–	–	–	77,125	4,608	81,733
Interest paid	–	–	–	–	–	–	(22,177)	–	(22,177)
Exchange differences	(1,332,641)	(2,695)	–	(606)	(5,310)	–	(156,607)	(5,540)	(1,503,399)
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	(1,025)	(1,025)
Dividend declaration									
– shareholders of the Company	–	–	–	–	–	473,419	–	–	473,419
– non-controlling shareholders	–	–	–	–	–	144,947	–	–	144,947
Issue of shares upon scrip dividend scheme	–	–	–	–	–	(351,110)	–	–	(351,110)
At 31 December 2022	**17,582,542**	**22,980**	**–**	**17,404**	**62,816**	**–**	**1,854,939**	**87,849**	**19,628,530**
Financing cash flows	**(976,983)**	**(7,135)**	**25**	**10,596**	**(32,919)**	**(342,609)**	**–**	**(412,014)**	**(1,761,039)**
New leases entered	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36,071**	**36,071**
Interest expenses	**–**	**–**	**–**	**–**	**–**	**–**	**79,323**	**17,723**	**97,046**
Interest paid	**–**	**–**	**–**	**–**	**–**	**–**	**(22,177)**	**–**	**(22,177)**
Exchange differences	**(479,487)**	**(658)**	**(1)**	**(533)**	**(1,444)**	**–**	**(54,290)**	**(18,146)**	**(554,559)**
Acquisition of subsidiaries	**155,999**	**–**	**–**	**–**	**–**	**–**	**–**	**543,796**	**699,795**
Dividend declaration									
– shareholders of the Company	**–**	**–**	**–**	**–**	**–**	**487,182**	**–**	**–**	**487,182**
– non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**189,682**	**–**	**–**	**189,682**
Issue of shares upon scrip dividend scheme	**–**	**–**	**–**	**–**	**–**	**(334,255)**	**–**	**–**	**(334,255)**
At 31 December 2023	**16,282,071**	**15,187**	**24**	**27,467**	**28,453**	**–**	**1,857,795**	**255,279**	**18,466,276**

note: The amounts reclassified from hedge reserve are excluded in the reconciliation.

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45. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group has the following transactions with related parties:

	2023 HK$'000	2022 HK$'000
Transactions with fellow subsidiaries (note a):		
Purchase of goods and services	**363,850**	315,515
Sale of goods and services	**93,919**	28,499
Transactions with associates of ultimate controlling shareholder (note b):		
Purchase of goods and services	**27,358**	55,167
Sales of goods and services	**23,496**	3,764
Transactions with a joint venture (note c):		
Purchase of goods	**48,531**	15,842
Transactions with associates (note d):		
Purchase of goods	**104,734**	161,567
Sale of goods	**12,032**	10,752

notes:

(a) HKCG has controlling interests in these companies.

(b) HKCG has significant influences in these companies.

(c) The Group jointly controlled this company with an independent third party.

(d) The Group has significant influences in these companies.

During the year ended 31 December 2022, the Group acquired 100% interest in nine companies from an indirect wholly-owned subsidiary of HKCG with nil consideration. These companies have no assets and liabilities on the acquisition date. The Group also acquired 49% interest in an associate from an indirect wholly-owned subsidiary of HKCG at a consideration of RMB65,709,000 (equivalent to HK$76,970,000). During the year ended 31 December 2023, the Group acquired 100% interest in Towngas Renewable Energy (HK) Company Limited from a wholly-owned subsidiary of HKCG at a consideration of HK$27,507,000.

Emoluments paid to the key management personnel of the Company which represents the Executive Directors, Non-Executive Directors and Independent Non-Executive Directors are set out in Note 14.

46. COMMITMENTS

	2023 HK$'000	2022 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**267,179**	484,710
– Investments	**–**	27,684

47. RETIREMENT BENEFIT SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. The Group is required to make specific contributions to the retirement schemes at a rate of 12 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made. Pursuant to these arrangements, the retirement plan contributions charge for the year ended 31 December 2023 amounted to HK$113,291,000 (2022: HK$101,229,000).

The Group has joined a MPF Scheme for all its non-PRC employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme. For the year ended 31 December 2023, the Group made retirement benefit scheme contributions amounting to HK$2,028,000 (2022: HK$2,254,000). At 31 December 2023 and 2022, no forfeited contributions are available to reduce the contribution payable in future years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of the financial position of the Company:

	2023 HK$'000	2022 HK$'000
Non-current assets		
Property, plant and equipment	630	409
Investments in subsidiaries	2,117,855	2,175,534
Investment in an associate	–	4,665,487
Loan to subsidiaries	17,102,297	13,601,800
	19,220,782	20,443,230
Current assets		
Amounts due from subsidiaries	1,159,195	1,696,017
Other financial assets	10,708	–
Bank balances and cash	364,767	543,325
	1,534,670	2,239,342
Current liabilities		
Other payables and accrued charges	19,037	24,323
Amounts due to subsidiaries	791,967	132,302
Amount due to ultimate holding company	2,439	753
Borrowings – amounts due within one year	775,639	3,265,906
	1,589,082	3,423,284
Net current liabilities	(54,412)	(1,183,942)
Total assets less current liabilities	19,166,370	19,259,288
Non-current liabilities		
Loan from a subsidiary	11,448,623	11,007,737
Borrowings – amounts due after one year	–	390,100
Convertible bonds	1,952,264	2,055,619
Other financial liability	–	175
	13,400,887	13,453,631
Net assets	5,765,483	5,805,657
Capital and reserves		
Share capital	335,450	325,862
Reserves	5,430,033	5,479,795
Total equity	5,765,483	5,805,657

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

(b) Movement of share capital and reserves of the Company:

	Share capital HK$'000	Share premium HK$'000	Share-based payment reserve HK$'000	Shares held for share award scheme HK$'000	Others* HK$'000	Total HK$'000
At 1 January 2022	315,989	6,315,127	–	(19,928)	289,021	6,900,209
Total comprehensive expense for the year	–	–	–	–	(990,924)	(990,924)
Issue of shares upon scrip dividend scheme	8,717	342,393	–	–	–	351,110
Dividends declared to shareholders	–	(473,419)	–	–	–	(473,419)
Issue of subscription shares	1,156	46,392	(4,918)	–	–	42,630
Recognition of share-based payments upon grant of share options	–	–	1,007	–	–	1,007
Recognition of share-based payments upon grant of subscription shares	–	–	4,941	–	–	4,941
Purchase of shares under share award scheme	–	–	–	(29,897)	–	(29,897)
At 31 December 2022	**325,862**	**6,230,493**	**1,030**	**(49,825)**	**(701,903)**	**5,805,657**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**66,683**	**66,683**
Issue of shares upon scrip dividend scheme	**9,577**	**324,678**	**–**	**–**	**–**	**334,255**
Dividends declared to shareholders	**–**	**(487,182)**	**–**	**–**	**–**	**(487,182)**
Issue of subscription shares	**11**	**418**	**(23)**	**–**	**–**	**406**
Recognition of share-based payments upon grant of share options	**–**	**–**	**9,240**	**–**	**–**	**9,240**
Recognition of share-based payments upon grant of shares under share award scheme	**–**	**–**	**–**	**52,889**	**(13,293)**	**39,596**
Purchase of shares under share award scheme	**–**	**–**	**–**	**(3,172)**	**–**	**(3,172)**
At 31 December 2023	**335,450**	**6,068,407**	**10,247**	**(108)**	**(648,513)**	**5,765,483**

* Others represent hedge reserve, exchange reserve and accumulated losses.

(c) Amounts due from/to subsidiaries

The amounts due from/to subsidiaries are unsecured, interest-free and are repayable on demand.

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows:

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2023	2022	
Directly-owned subsidiaries					
Hong Kong & China Gas (Anqing) Limited	British Virgin Islands ("BVI") – Limited liability company/Hong Kong ("HK")	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Maanshan) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Qingdao) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Taian) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Weifang) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Weihai) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Yantai) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Zibo) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
TCCL (Finance) Limited	HK – Public company limited by shares	HK$1	100.0%	100.0%	Financing
Towngas China Group Limited	BVI – Limited liability company/HK	US$12,821	100.0%	100.0%	Investment holding

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Directly-owned subsidiaries *(Continued)*					
Towngas China Holdings Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
TSEL (Gas) Holdings Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
TSEL (Gas) Investment Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
Indirectly-owned subsidiaries					
An Shan Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	US$20,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Baotou Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB20,000,000	85.0%	85.0%	Provision of natural gas and related services and gas pipeline construction
Beipiao Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB56,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
Ben Xi Hongkong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB335,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
本溪滿族自治縣港華天然氣有限公司	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

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For the year ended 31 December 2023

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Boxing Hongkong & China Gas Co., Ltd	PRC – Sino-foreign equity joint venture	RMB40,000,000	65.0%	65.0%	Provision of natural gas and related services and gas pipeline construction
博興港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB90,000,000	100.0%	100.0%	Renewable energy
Cang Xi Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB20,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Cangxian Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB10,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Changting Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB22,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Changzhou Towngas China Energy Co., Ltd. (note)	PRC – Sino-foreign equity joint venture	RMB31,000,000	45.0%	45.0%	Provision of natural gas distributed energy
Chao Sheng Investments Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
Chaoyang Hongkong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	US$10,791,838	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	Attributable equity interest of the Group 2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
潮州楓溪港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB60,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
成都新都港華燃氣有限公司	PRC – Limited liability company	RMB50,000,000	100.00%	100.00%	Provision of natural gas and related services and gas pipeline construction
Chi Ping Hongkong & China Gas Co. Ltd.	PRC – Sino-foreign equity joint venture	RMB40,000,000	85.0%	85.0%	Provision of natural gas and related services and gas pipeline construction
Chizhou Hong Kong and China Gas Company Ltd.	PRC – Wholly foreign-owned enterprise	RMB70,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Dafeng Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB80,000,000	51.0%	51.0%	Provision of natural gas and related services and gas pipeline construction
Dalian Changxing Hong Kong and China Gas Co. Ltd.	PRC – Wholly foreign-owned enterprise	US$14,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Dalian Lvshun Hong Kong and China Gas Co. Ltd.	PRC – Wholly foreign-owned enterprise	US$15,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Dalian Taipingwan Hongkong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	Attributable equity interest of the Group 2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
大連瓦房店港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB40,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
達茂港華燃氣有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	–	Provision of natural gas and related services
Dangtu Towngas China Energy Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB30,000,000	75.0%	75.0%	Renewable energy
Da Yi Hong Kong and China Gas Company Limited	PRC – Limited liability company	RMB20,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Feicheng Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB32,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Fuxin Hongkong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB77,200,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Fuxin Towngas China Energy Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB145,000,000	58.0%	58.0%	Renewable energy
阜新大力燃氣有限責任公司	PRC – Wholly foreign-owned enterprise	RMB13,900,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
阜新新邱港華燃氣有限公司	PRC – Wholly foreign-owned enterprise	RMB34,000,000	100.0%	100.0%	Provision of gas and related services

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Gao Chun Hong Kong and China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US$11,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Gongzhuling Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB88,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
廣西中威管道燃氣發展集團有限責任公司	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
廣西港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB10,000,000	100.0%	100.0%	Provision of natural gas distributed energy
Guilin Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Heilongjiang Hong Kong & China Lianfu New Energy Company Limited	PRC – Sino-foreign equity joint venture	RMB13,000,000	55.0%	55.0%	Vehicle gas refilling stations
Hong Kong and China Gas (Dalian) Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Hangzhou) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Huzhou) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2023	2022	
Indirectly-owned subsidiaries *(Continued)*					
Hong Kong & China Gas (Tongxiang) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong & China Gas (Yingkou) Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Hong Kong and China Gas (Zhumadian) Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
Huang Shan Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Huangshan Huizhou Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US$2,100,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Huang Shan Taiping Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US$3,500,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Huzhou Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	US$10,500,000	98.9%	98.9%	Provision of natural gas and related services and gas pipeline construction
Jiajiang Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB20,000,000	70.0%	70.0%	Provision of natural gas and related services and gas pipeline construction
Jianping Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB58,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
簡陽港華燃氣有限公司	PRC – Limited liability company	RMB150,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Ji Nan Ping Yin Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB200,000,000	82.2%	82.2%	Provision of natural gas and related services and gas pipeline construction
九江港華燃氣有限公司	PRC – Limited liability company	RMB10,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
Kazuo Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US$6,400,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Laiyang Hong Kong and China Gas Co. Ltd.	PRC – Wholly foreign-owned enterprise	US$11,520,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Lezhi Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Liuzhou Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Longkou Hongkong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	US$7,070,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Luliang Hong Kong & China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB52,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Maanshan Bowang Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	US$10,000,000	75.1%	75.1%	Provision of natural gas and related services and gas pipeline construction

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For the year ended 31 December 2023

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Maanshan Jiangbei Hong Kong and China Towngas Company Limited	PRC – Wholly foreign-owned enterprise	US$10,000,000	**100.0%**	100.0%	Provision of natural gas and related services and gas pipeline construction
Maanshan Towngas China Energy Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB50,000,000	**85.0%**	85.0%	Provision of natural gas distributed energy
Mengcun Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB10,000,000	**90.0%**	90.0%	Provision of natural gas and related services and gas pipeline construction
Mianyang Heqing Towngas Co., Ltd	PRC – Sino-foreign equity joint venture	RMB10,000,000	**80.0%**	80.0%	Provision of natural gas and related services and gas pipeline construction
Mianyang Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB90,000,000	**100.0%**	100.0%	Provision of natural gas and related services and gas pipeline construction
Mianzhu Hong Kong and China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB30,000,000	**80.0%**	80.0%	Provision of natural gas and related services and gas pipeline construction
Mianzhu Yuquan Hong Kong and China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB5,000,000	**80.0%**	80.0%	Provision of natural gas and related services and gas pipeline construction
Miluo Hong Kong and China Gas Co. Ltd	PRC – Sino-foreign equity joint venture	RMB50,000,000	**70.0%**	70.0%	Provision of natural gas and related services and gas pipeline construction
Meishan Peng Shan Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB20,000,000	**70.0%**	70.0%	Provision of natural gas and related services and gas pipeline construction

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Peng Xi Hong Kong and China Gas Company Limited	PRC – Limited liability company	RMB20,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
平昌港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB20,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Qingdao Dong Yi Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB30,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
Qingdao Towngas China Energy Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB15,380,000	62.4%	62.4%	Provision of natural gas distributed energy
青島嶗山灣港華能源有限公司	PRC – Sino-foreign equity joint venture	RMB30,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
Qingdao Zhongji Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB150,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
清遠港華燃氣有限公司	PRC – Limited liability company	RMB50,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
Qinhuangdao Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB15,000,000	51.0%	51.0%	Provision of natural gas and related services and gas pipeline construction
齊齊哈爾港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB128,561,800	61.7%	61.7%	Provision of natural gas and related services and gas pipeline construction

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Qiqihar Xingqixiang Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB60,000,000	100.0%	100.0%	Vehicle gas refilling stations
Santai Hong Kong & China Co., Ltd.	PRC – Limited liability company	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
韶關港華燃氣有限公司	PRC – Limited liability company	RMB50,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Shenyang Hong Kong & China Gas Company Limited	PRC – Wholly foreign-owned enterprise	US$24,532,434	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
瀋陽智慧能源系統科技有限公司	PRC – Sino-foreign equity joint venture	RMB100,000,000	55.0%	55.0%	Provision of natural gas distributed energy
Shenzhen Towngas China Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB6,000,000	100.00%	100.00%	Provision of natural gas distributed energy
四川港華合縱能源有限公司	PRC – Limited liability company	RMB230,000,000	98.8%	98.8%	Upstream project
Siping Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB45,000,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
松陽港華燃氣有限公司	PRC – Limited liability company	RMB80,000,000	51.4%	51.4%	Provision of natural gas and related services and gas pipeline construction
Songyang Towngas China Energy Co., Ltd	PRC – Sino-foreign equity joint venture	RMB30,000,000	85.4%	85.4%	Provision of natural gas distributed energy
唐山港能投智慧能源有限公司 (note)	PRC – Sino-foreign equity joint venture	RMB80,000,000	49.0%	49.0%	Provision of natural gas distributed energy

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Tangshan Fengnan Towngas China Energy Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB96,000,000	51.0%	51.0%	Provision of natural gas distributed energy
TCCL (Project Finance) Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Financing
Tie Ling Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB332,960,000	80.0%	80.0%	Provision of natural gas and related services and gas pipeline construction
Tongshan Hong Kong and China Gas Co. Ltd	PRC – Wholly foreign-owned enterprise	RMB124,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Tongxiang Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	US$7,000,000	76.0%	76.0%	Provision of natural gas and related services and gas pipeline construction
Towngas (BVI) Holdings Limited	BVI – Limited liability company/HK	US$1	100.0%	100.0%	Investment holding
Towngas China Energy Investment Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
Towngas China Energy Investment Limited	PRC – Wholly foreign-owned enterprise	RMB2,250,000,000	100.0%	100.0%	Investment holding
Towngas China (Fengxi) Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
Towngas China (Zhengpugang) Limited	HK – Limited liability company	HK$100	100.0%	100.0%	Investment holding
Towngas Investments Limited	PRC – Wholly foreign-owned enterprise	US$200,000,000	100.0%	100.0%	Investment holding

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For the year ended 31 December 2023

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Towngas Natural Gas Sales Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Procurement of natural gas sources
Towngas Renewable Energy (HK) Company Limited	HK – Limited liability company	HK$100	100.0%	–	Investment holding
U-Tech (Guang Dong) Engineering Construction Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB77,400,000	100.0%	100.0%	Provision of engineering work services
威遠港華燃氣有限公司	PRC – Limited liability company	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Wuning Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Wulian Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB20,000,000	70.0%	70.0%	Provision of natural gas and related services and gas pipeline construction
Xin Jin Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB40,000,000	60.0%	60.0%	Provision of natural gas and related services and gas pipeline construction
Xingyi Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB50,000,000	70.0%	70.0%	Provision of natural gas and related services and gas pipeline construction
徐州工業園區中港熱力有限公司 (note)	PRC – Sino-foreign equity joint venture	RMB160,000,000	49.8%	49.8%	Provision of natural gas distributed energy
Xuzhou Economic and Technological Development Zone Towngas China Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB56,000,000	100.0%	70.0%	Provision of natural gas distributed energy
修水港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB30,000,000	60.0%	80.0%	Provision of natural gas and related services and gas pipeline construction

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	Attributable equity interest of the Group 2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Yang Jiang Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
YanShan Hong Kong & China Gas Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB10,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Yangxin Hong Kong & China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB18,000,000	51.0%	51.0%	Provision of natural gas and related services and gas pipeline construction
陽信港能投智慧能源有限公司	PRC – Sino-foreign equity joint venture	RMB15,000,000	67.8%	67.8%	Provision of natural gas distributed energy
Yifeng Hong Kong and China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB32,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Yingkou Hong Kong and China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	US$9,400,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Yue Chi Hong Kong and China Gas Company Limited	PRC – Sino-foreign equity joint venture	RMB30,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
Zhao Yuan Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB22,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
Zhong Jiang Hong Kong and China Gas Company Limited	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Zhongxiang Hong Kong & China Gas Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB42,000,000	100.0%	100.0%	Provision of natural gas and related services and gas pipeline construction
資陽港華燃氣有限公司	PRC – Sino-foreign equity joint venture	RMB30,000,000	90.0%	90.0%	Provision of natural gas and related services and gas pipeline construction
內蒙古港億天然氣有限公司	PRC – Sino-foreign equity joint venture	RMB80,000,000	85.0%	85.0%	Midstream project
內蒙古港華天然氣有限公司	PRC – Wholly foreign-owned enterprise	RMB2,000,000	100.0%	100.0%	Gas related business
Anqiu Towngas China PV Power Generation Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB47,000,000	100.0%	100.0%	Renewable energy
Qingdao Towngas China PV Power Generation Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB29,000,000	100.0%	100.0%	Renewable energy
Shuyang Zhongye Shukai New Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB30,000,000	100.0%	100.0%	Renewable energy
Binzhou Xinrunfeng New Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB15,000,000	100.0%	100.0%	Renewable energy
Yancheng Towngas China Smart Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB60,000,000	100.0%	100.0%	Renewable energy
Maanshan Zhengpugang New District Towngas China Photovoltaic Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB3,500,000	100.0%	100.0%	Renewable energy
Qingdao Towngas China Photovoltaic Co, Ltd.	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	100.0%	Renewable energy

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	Attributable equity interest of the Group 2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Ben Xi Towngas China Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
Wuhan Towngas China Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB120,000,000	100.0%	100.0%	Renewable energy
Tangshan Towngas China Integrated Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB200,000,000	100.0%	100.0%	Renewable energy
Yangtze River Delta Integrated Development Demonstration Zone (Suzhou Wujiang) Towngas China Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB150,000,000	100.0%	100.0%	Renewable energy
Liyang Hengdian Towngas China PV Power Generation Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB22,500,000	60.0%	60.0%	Renewable energy
Danyang Towngas China Energy Storage Power Plant Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB30,000,000	90.0%	90.0%	Renewable energy
Suzhou Guangchen Towngas China PV Power Generation Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB15,000,000	80.0%	80.0%	Renewable energy
Taizhou Towngas China Energy Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB210,000,000	80.0%	80.0%	Renewable energy
聊城港能投光伏發電有限公司	PRC – Wholly foreign-owned enterprise	RMB60,000,000	100.0%	100.0%	Renewable energy
港華(深圳)碳資產運營有限公司	PRC – Wholly foreign-owned enterprise	RMB189,000,000	100.0%	100.0%	Renewable energy
濟寧港華智慧能源有限公司	PRC – Sino-foreign equity joint venture	RMB200,000,000	85.0%	85.0%	Renewable energy
Xinye Qidian Photovoltaic Technology Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB13,000,000	100.0%	100.0%	Renewable energy

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For the year ended 31 December 2023

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
Shenzhen Towngas China Integrated Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB94,000,000	100.0%	100.0%	Renewable energy
Jining Daohong New Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB11,000,000	100.0%	100.0%	Renewable energy
Guangzhou Towngas China Energy Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
Guangzhou Zhensen New Energy Co., Ltd.	PRC – Limited liability company	RMB19,540,000	100.0%	100.0%	Renewable energy
Cangzhou Towngas China Energy Co., Ltd.	PRC – Sino-foreign equity joint venture	RMB50,000,000	90.0%	100.0%	Renewable energy
陝西港華建能電力工程有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
中山港能智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
Xuzhou Jiawang Towngas China Energy Co., Ltd	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
池州港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB60,000,000	100.0%	100.0%	Renewable energy
Weihai Towngas Energy Investment Photovoltaic Power Generation Co., Ltd.	PRC – Wholly foreign-owned enterprise	RMB7,000,000	100.0%	100.0%	Renewable energy
馬鞍山市博望區港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB7,000,000	100.0%	100.0%	Renewable energy
石家莊港能新能源有限公司	PRC – Limited liability company	RMB100,000,000	100.0%	65.0%	Renewable energy

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
廈門港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
廣州晴盈新能源科技有限公司	PRC – Wholly foreign-owned enterprise	RMB12,000,000	100.0%	100.0%	Renewable energy
鐵嶺港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB150,000,000	100.0%	100.0%	Renewable energy
鞏義市港華新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
Nantong Towngas Electric Smart Energy Co., Ltd	PRC – Wholly foreign-owned enterprise	RMB210,000,000	100.0%	100.0%	Renewable energy
陝西港華智慧新能源有限公司 (formerly known as 陝西港華匯達智慧能源有限公司)	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
泰州姜堰港能投智慧能源有限公司	PRC – Sino-foreign equity joint venture	RMB75,000,000	90.0%	90.0%	Renewable energy
Towngas Energy Huai'an Smart Energy Co., Ltd	PRC – Wholly foreign-owned enterprise	RMB200,000,000	100.0%	100.0%	Renewable energy
揚州港華智慧能源有限公司	PRC – Limited liability company	RMB200,000,000	95.0%	95.0%	Renewable energy
Yingkou Towngas China Energy Co., Ltd.	PRC – Limited liability company	RMB60,000,000	100.0%	100.0%	Renewable energy
漳浦港能投新能源科技有限公司	PRC – Limited liability company	RMB50,000,000	100.0%	100.0%	Renewable energy
廣州森樂新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB14,000,000	100.0%	100.0%	Renewable energy

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	Attributable equity interest of the Group 2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
江門港華智慧能源有限公司 (formerly known as 江門天森新能源有限公司)	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
福州港能投新能源科技有限公司	PRC – Wholly foreign-owned enterprise	RMB128,000,000	100.0%	100.0%	Renewable energy
齊齊哈爾港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
佛山順德港投智慧能源有限公司 (formerly known as 佛山振森光能有限公司)	PRC – Wholly foreign-owned enterprise	RMB213,800,000	100.0%	100.0%	Renewable energy
鄭州港能清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB38,000,000	100.0%	100.0%	Renewable energy
遼寧撫順港能智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	100.0%	Renewable energy
港華(深圳)綠電有限公司	PRC – Wholly foreign-owned enterprise	RMB200,000,000	100.0%	100.0%	Renewable energy
漳州台商投資區港華智慧新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
洋浦港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB60,000,000	100.0%	100.0%	Renewable energy
Changsha Towngas China Energy Co., Ltd	PRC – Limited liability company	RMB14,550,000	100.0%	100.0%	Renewable energy
Guangdong Shenggui Electric Power Co., Ltd	PRC – Wholly foreign-owned enterprise	RMB15,000,000	100.0%	100.0%	Renewable energy
遼寧港能智慧能源科技有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
大連港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
楊凌港華綜能新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	100.0%	Renewable energy
南陽港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
南京港能智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB40,000,000	100.0%	100.0%	Renewable energy
濰坊港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB130,000,000	100.0%	100.0%	Renewable energy
株洲市國華智慧能源有限公司	PRC – Limited liability company	RMB92,870,000	55.0%	55.0%	Renewable energy
上海港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB3,800,000,000	100.0%	100.0%	Renewable energy
青島市萊西港能清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB140,000,000	100.0%	100.0%	Renewable energy
咸寧港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	100.0%	Renewable energy
Xuzhou gangran Intelligent Energy Co., Ltd	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
蘇州綠創港華太瓦時投資中心	PRC – Limited partnership	RMB283,000,000	95.0%	95.0%	Renewable energy
惠州港華能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
銅陵港華綜合智慧能源有限公司	PRC – Limited liability company	RMB70,000,000	90.0%	90.0%	Renewable energy
港華能源創科(深圳)有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
桐鄉港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB1,000,000	100.0%	100.0%	Renewable energy
西安港華新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	100.0%	Renewable energy
扶綏港能投智慧能源有限公司	PRC – Limited liability company	RMB110,000,000	100.0%	100.0%	Renewable energy
泰安港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	100.0%	Renewable energy
宜豐縣港能投新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB70,000,000	100.0%	100.0%	Renewable energy
莆田港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
東莞港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
Towngas Smart Energy Maanshan Comprehensive Co., Ltd.	PRC – Limited liability company	RMB74,500,000	90.0%	100.0%	Renewable energy
泉州港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	100.0%	Renewable energy
臨沂港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	100.0%	Renewable energy
漢川港能投智慧能源有限公司 (formerly known as 漢川港能投新能源科技有限公司)	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	100.0%	Renewable energy

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2023	2022	
Indirectly-owned subsidiaries *(Continued)*					
宿遷港華能源有限公司	PRC – Wholly foreign-owned enterprise	RMB84,500,000	100.0%	–	Renewable energy
龍口港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
淄博港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
徐州港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
張家港港電智慧能源有限公司	PRC – Limited liability company	RMB100,000,000	80.0%	–	Renewable energy
青島港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
上海浦東港華數智慧源發展有限公司	PRC – Wholly foreign-owned enterprise	RMB100,000,000	100.0%	–	Renewable energy
深圳坪山港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
濟南港能投清潔能源有限公司	PRC – Limited liability company	RMB74,500,000	100.0%	–	Renewable energy
泰州高港港電智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
清遠港能投智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
武漢經濟技術開發區港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy
開封市港華新能源有限公司	PRC – Wholly foreign-owned enterprise	RMB50,000,000	100.0%	–	Renewable energy

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2023 and 2022 are as follows: *(Continued)*

Name of company	Place/form of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group 2023	2022	Principal activities
Indirectly-owned subsidiaries *(Continued)*					
港華數智慧源科技(深圳)有限公司	PRC – Wholly foreign-owned enterprise	RMB90,000,000	100.0%	–	Renewable energy
長沙港華智慧能源有限公司	PRC – Limited liability company	RMB100,000,000	100.0%	–	Renewable energy
衡陽高新技術產業開發區港華能源有限公司	PRC – Wholly foreign-owned enterprise	RMB65,000,000	100.0%	–	Renewable energy
威海港能投清潔能源有限公司	PRC – Wholly foreign-owned enterprise	RMB24,500,000	100.0%	–	Renewable energy
滁州港華綜合能源有限公司	PRC – Wholly foreign-owned enterprise	RMB58,000,000	100.0%	–	Renewable energy
黃山港華智慧能源有限公司	PRC – Wholly foreign-owned enterprise	RMB60,000,000	100.0%	–	Renewable energy
汨羅港能投新能源科技有限公司	PRC – Wholly foreign-owned enterprise	RMB80,000,000	100.0%	–	Renewable energy

note: The Group is able to exercise power in making decisions over the relevant activities over these companies in accordance with memorandum of associations and able to appoint more than half of the board of directors of each of the companies. Accordingly, these companies are regarded as subsidiaries of the Group.

None of the subsidiaries had issued any debt securities at the end of the year except for TCCL (Finance) Limited which has issued SLB of approximately HK$1,562 million and Panda Bonds of approximately HK$1,650 million, in which the Group has no interest.

No financial information of the non-wholly owned subsidiaries is disclosed in the consolidated financial statements as the non-controlling interests are not individually material to the Group.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

50. EVENT AFTER THE REPORTING PERIOD

On 7 March 2024, the transfer of 60% equity interest in Fengxi Gas with details set out in Note 31 has been completed.