



CR Gas 2022 Annual Results Announcement

March 31, 2023



CR Gas

2022
Final Results Presentation

March 31, 2023

C ONTENTS

1 Results Highlights

2 Company Development

3 Financial & Operational Highlights



Core City Gas Business

Number of Project

273 projects ▲ **+7**

Gas Sales Volume

35.89B m³ ▲ **+5.3%**

Connected Customer

54.367M ▲ **+18.5%**



Comprehensive Services

Turnover

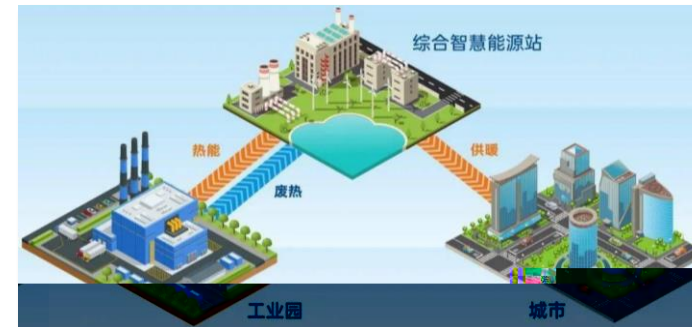
HK\$**3.19**B ▲ **+42.5%**

Gross Profit

HK\$**1.58**B ▲ **+52.8%**

Segment Results

HK\$**1.15**B ▲ **+60.4%**



Integrated Energy

Project in operations

121 projects ▲ **+55**

Energy Sales

1.59B kWh ▲ **+58.0%**

Turnover

HK\$**0.95**B ▲ **+45.5%**

Key Results	2021	2022	Growth Rate
Gas sales volume (billion m ³)	34.08	35.89	5.3%
Number of customers (million)	45.874	54.367	18.5%
Turnover (HK\$ billion)	79.64	94.34	18.5%
Profit for the year (HK\$ billion)	8.44	6.31	-25.3%
Profit attributable to shareholders (HK\$ billion)	6.40	4.73	-26.0%
Net cash from operating activities (HK\$ billion)	8.39	4.35	-48.1%
Basic EPS (HK\$)	2.82	2.09	-25.9%
Proposed final dividend per share (HK\$)	1.12	0.90	-19.6%
Proposed total dividend per share (HK\$)	1.27	1.05	-17.3%

Gas Sales Volume

35.89 B m³

Residential & Commercial Maintain Double-Digit Growth

YoY Change

+5.3%

+11.0%

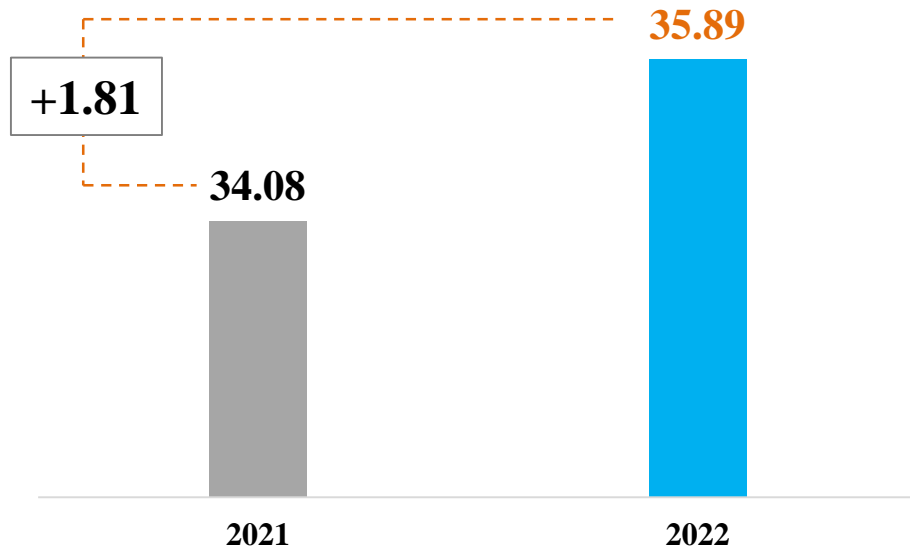
+3.0%

+10.0%

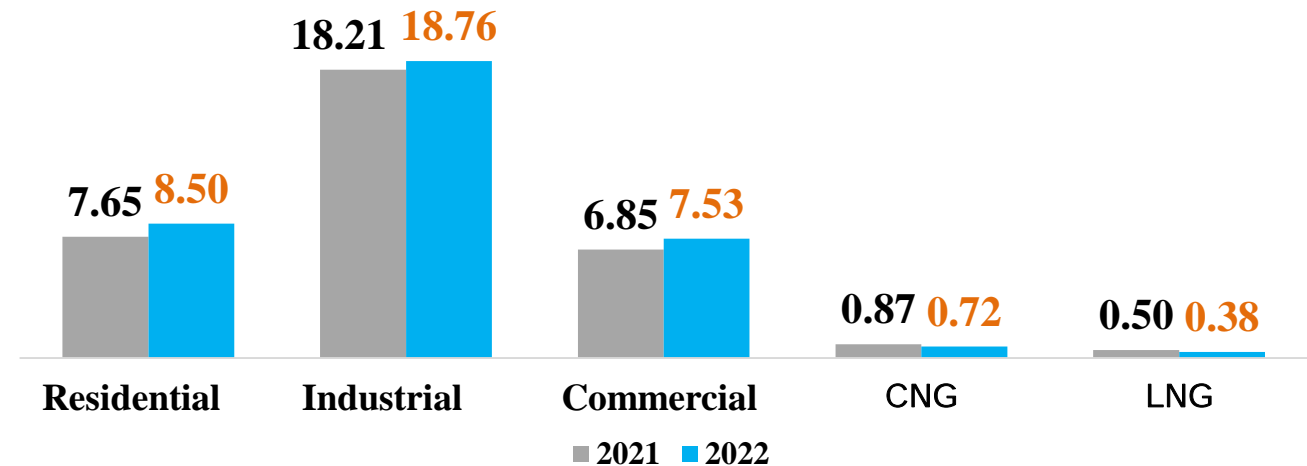
-17.7%

-23.0%

Billion m³



Billion m³



Note: 2022 China Natural Gas Consumption data from NDRC.

Industry Challenges

- Increase gas cost due to geopolitical conflict
- Sluggish ultimate demand due to COVID Pandemic
- Increase pressure on guarantee gas supply
- Enforcement on industry regulation
- Compressed margins and earnings

Unit Gas Margin

0.45_{RMB}

Unit gas gross margin was RMB0.45/m³ in 2022, same as 1H2022, lower than that in 2021.

 RMB per m³

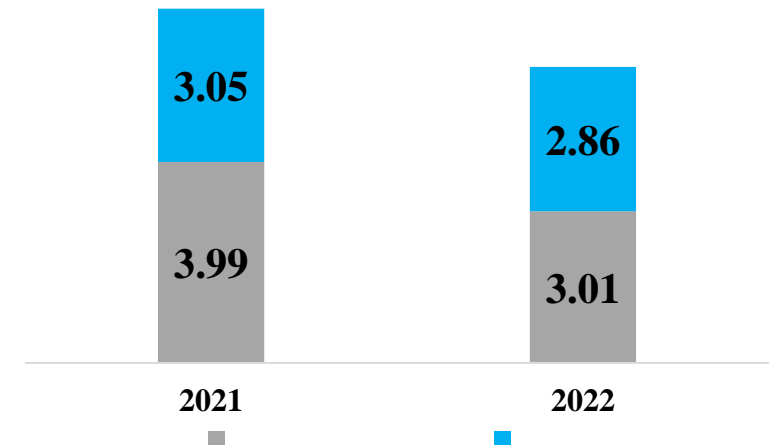
Customer (excluding tax)	2021	1H2022	2022
Residential	2.36	2.39	2.41
C&I	3.06	3.94	3.85
Gas Station	3.42	4.14	4.16
Average Tariff	2.93	3.55	3.52
Average Cost	2.41	3.10	3.07
Unit Margin	0.52	0.45	0.45

Gas Sales Contribution

HK\$5.87_B

Contribution from gas sales was HK\$5.87 billion, a decrease of 16.5%:

- 1H2022: HK\$3.01 billion, a decrease of 24.6%;
- 2H2022: HK\$2.86 billion, a decrease of 6.0%.



New household

4.077_M

New household mix

Customer

54.367_M

YoY Change

+15.7%

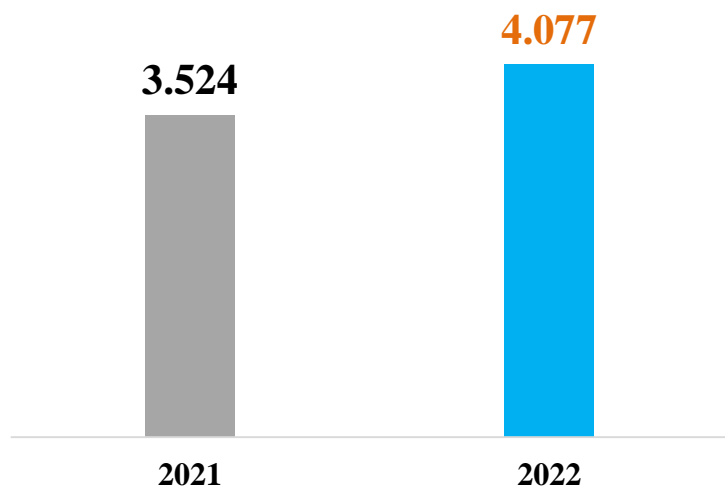
+0.602

-0.011

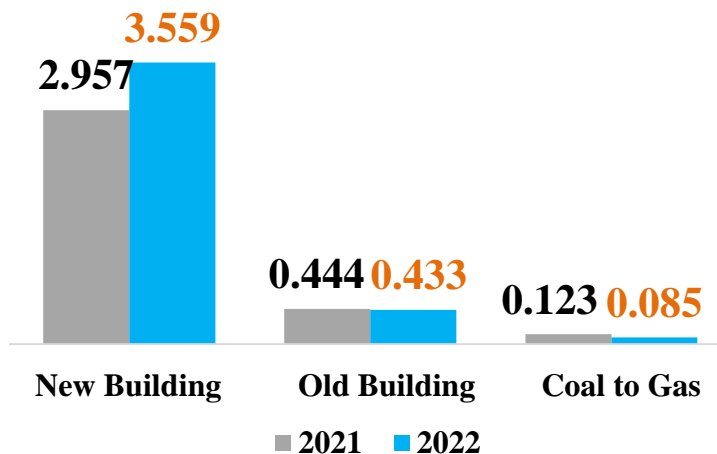
-0.038

- Residential: 8.436 million increase;
- C&I: 57,000 increase.

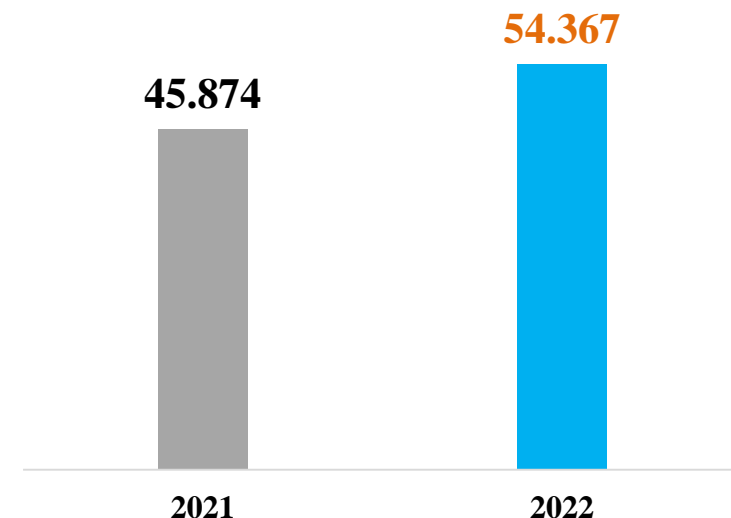
Million



Million



Million



Profit from Operation

HK\$ **8.66** B

Net Profit

HK\$ **6.31** B

Attributable Profit

HK\$ **4.73** B

YoY Change

-17.3%

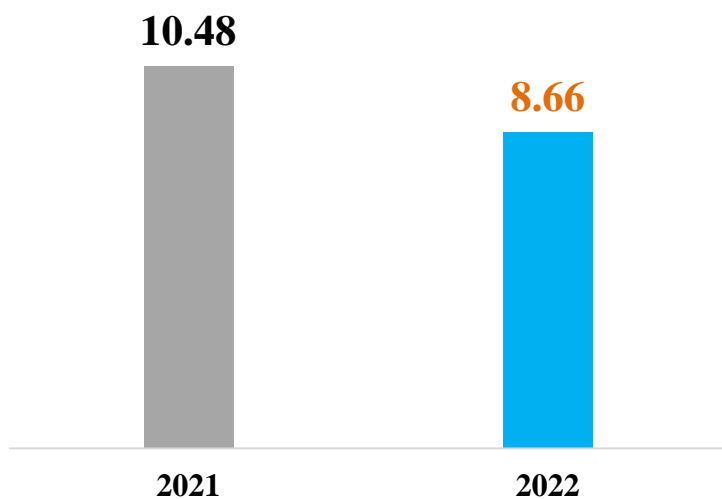
YoY Change

-25.3%

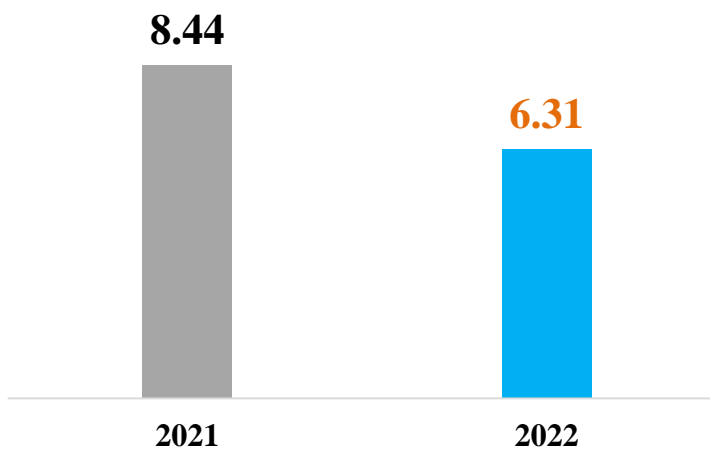
YoY Change

-26.0%

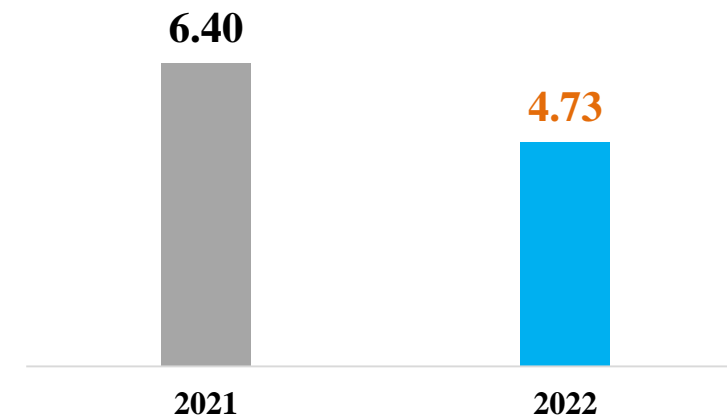
HK\$ Billion



HK\$ Billion



HK\$ Billion



Note: Profit from Operation before finance costs and share of JVs and associates results.

Capital Expenditure

HK\$ **14.70** B

Financing Cost

2.4%

Debt Ratio

30.1%

YoY Change

+40.1%

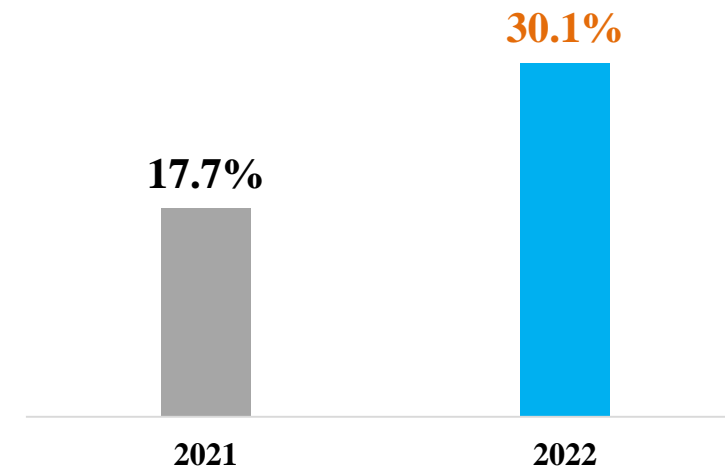
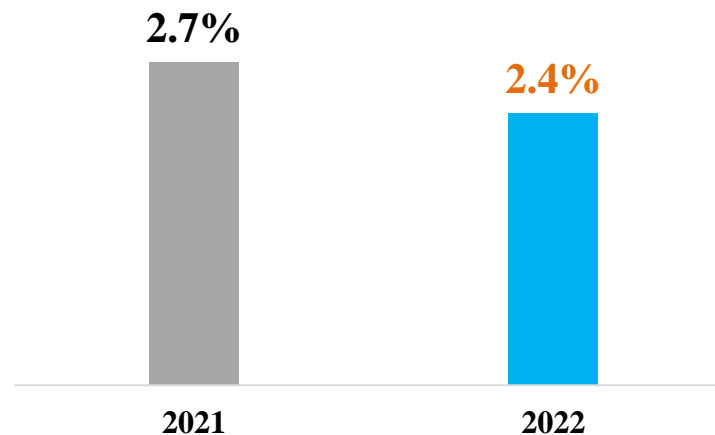
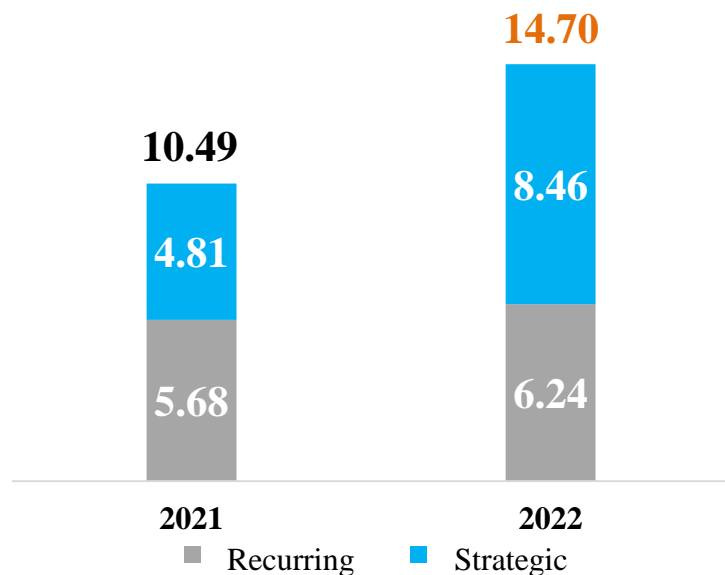
YoY Change

-0.3PPT

YoY Change

+12.4PPT




HK\$ Billion



Maintain Leading Credit Ratings

3 leading international credit agencies, S&P Global, and Fitch, re-affirmed CR Gas the leading credit rating granted to the Chinese city gas operators. The credit ratings are A- , A2 and A- respectively.

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Agency	Status	2022 Credit Rating
	Maintain	A-
	Maintain	A2
	Maintain	A-

Dividend Payout Ratio

50.0%

2022 proposed final dividend is HK\$0.9/share, 2022 proposed

C ONTENTS

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Environmental

Comprehensive Energy Consumption
(ton std. coal/RMB10,000 turnover)

↓ 23.6%

Comprehensive Energy Consumption
(ton std. coal/RMB10,000 value added)

↓ 10.4%

CO₂ Emission
(ton std. coal/RMB10,000 asset)

↓ 32.2%

Total CO₂ Emission
(ton)

↓ 13.2%

Social

Aging Pipeline Replacement
(2021-2022)

Total Investment **5.4B RMB**
Total Replacement **7600 km**

Female Middle and Top Management
(2021: 23.2%)

24.6%

Charity and Public Welfare

76,429 recipients
252,808 hours

Customer Satisfaction Score
(2021: 91.0)

95.7

Governance

Safety Training Participation
(2021: 338,874 staff-times)

357,763 staff-times

Standard Safety Operation Certificate
(2021: 67 companies)

108

Integrity and Compliance
Declaration Signing Rate

100%

Anti-corruption Training

40,040 staff-times



Constituent Stock of Hang Seng
Corporate Sustainability Index



Central Enterprise ESG
Leading 50 Index



Gold Award of HK Green
Awards Large Corporate EHS
Award in 4 consecutive years



High Standard Completion of National Assignment

■ Formulation of 5 gas safety standards

Measures for the Administration of Natural Gas Business Licenses

Pros and Cons of Renewal and Retrofitting for Aging Natural Gas Pipelines

Standards for Major Hazardous Risk of Natural Gas

Guidelines for Aging Natural Gas Pipeline Assessment

Standards for Natural Gas Anti-Terrorism

■ Work on 4 key gas topics

Indoor equipment safe application

Alcohol-based fuel safety impact, etc.

Bottle LPG regulator

Installation and use of flammable gas alarm

Continuous Retrofitting of Aging Pipeline

■ High Priority on Pipeline Operation Safety

2022 investment: **RMB350 million**

Pipeline retrofitting: **387.1km**

2012-2022 investment: **RMB5.4 billion**

Pipeline retrofitting: **7,600km**

■ Strive for Pipeline Retrofitting Policy Support

2022 special project subsidy was **RMB1.89 billion**, fees and expenses waived **RMB28 million**.

Persistence in Strengthening Customer Safety

■ Promote Flexible Hose

2022: **5.94 million households**

2015-2022: **23.18 million households**

■ Promote Shut-off Valve

2022: **4.02 million households**

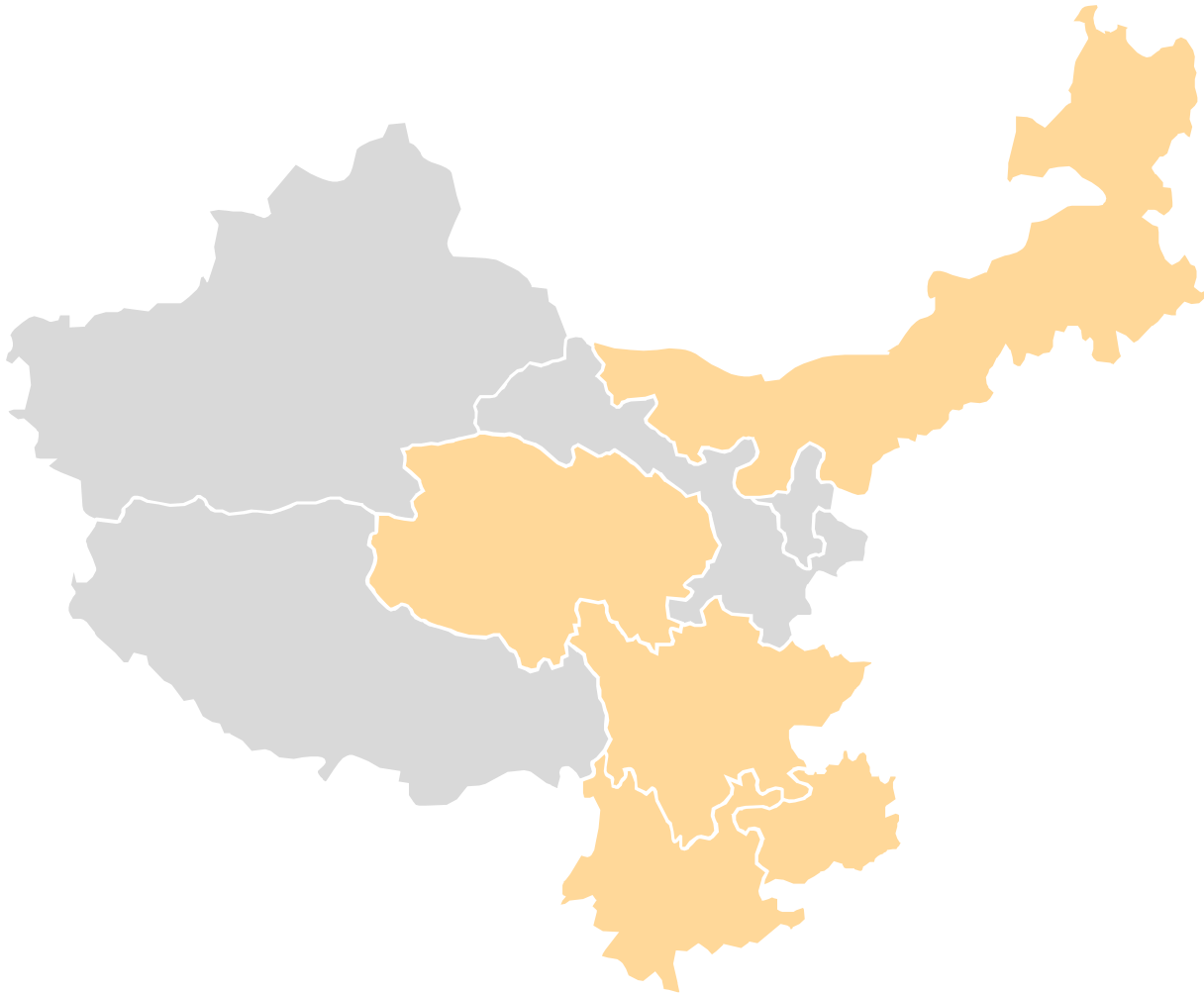
Total valve: **7.03 million units**

■ Promote Alarm & Detector

2022: **22,000 units**

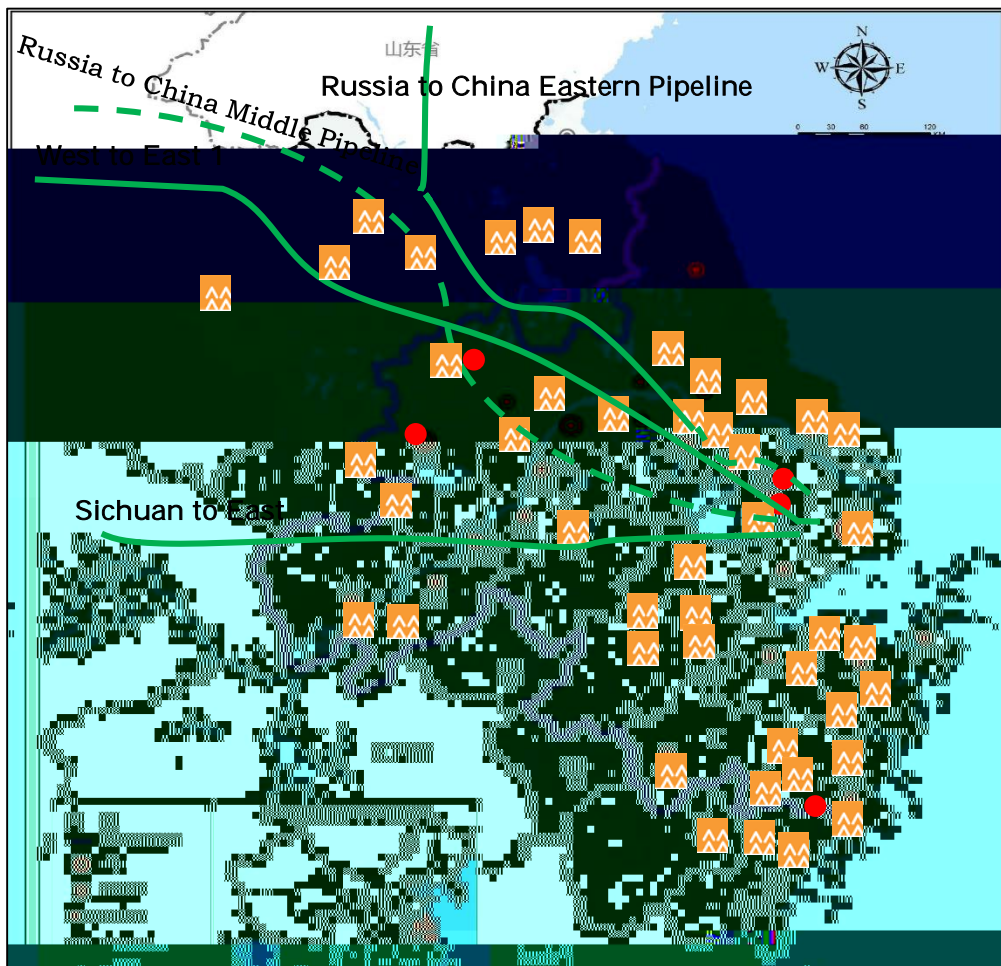
Installation rate: **60.1%**

Customer Safety Investment: RMB5 billion





Projects in Yangtze River Delta



● 2022 M&A Projects Note: Only Group Level Projects shown

Regional Synergy Enhancement

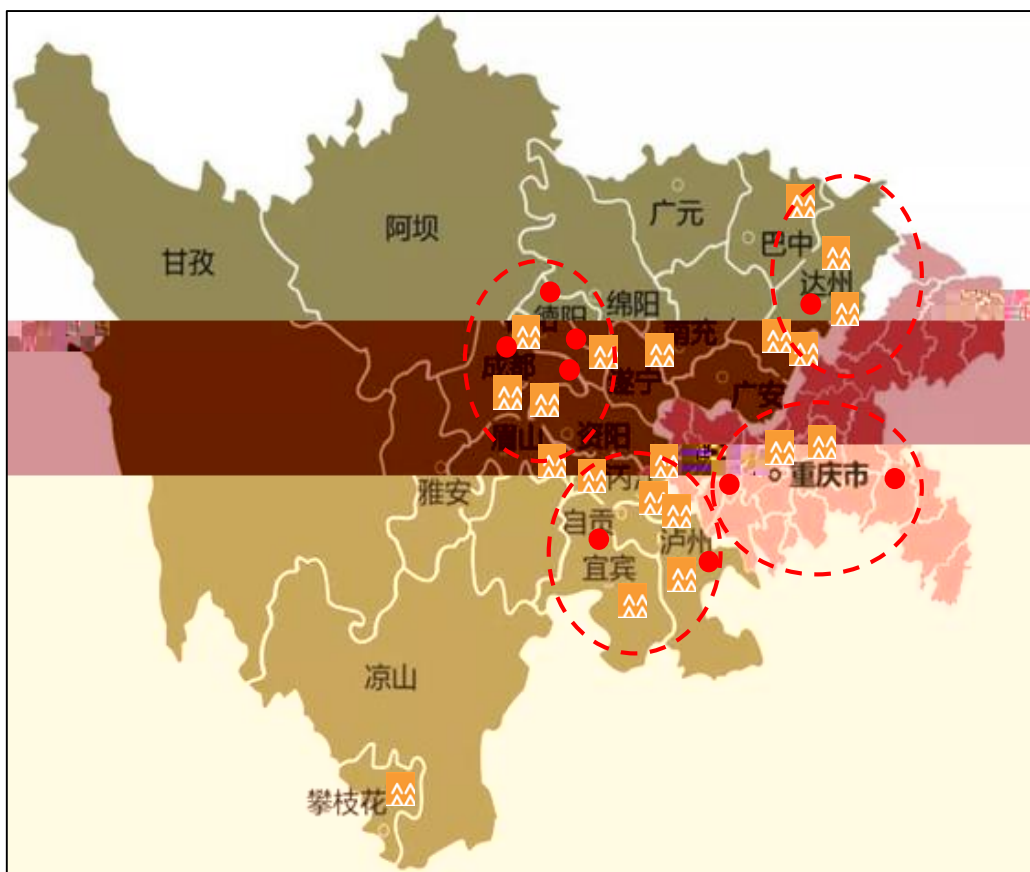
- **Large Potential Market:** Located in the most economically developed area in PRC;
- **Optimised Gas Structure:** Swap arrangement with upstream, pipeline and gas companies, gas cost synergy with gas usage of Rudong terminal;
- **Gas Supply Security:** Interconnection of pipeline between projects to enhance gas supply security.

New Investment in 2022

Project	2022 Volume (Million m ³)	Household (Million)
Hefei	1,178.23	2.07
Taicang	330.61	0.24
Kunshan	595.55	0.53
Dingyuan	0.83	0.005
Taizhou	71.17	0.12
Total	2,176.39	2.965

Project Scale in 2022	
Volume	9.34 B m³
Household	10.676 M

Projects in Sichuan-Chongqing Region



● 2022 M&A Projects

Note: Only Group Level Projects shown

Regional Consolidation Enrichment

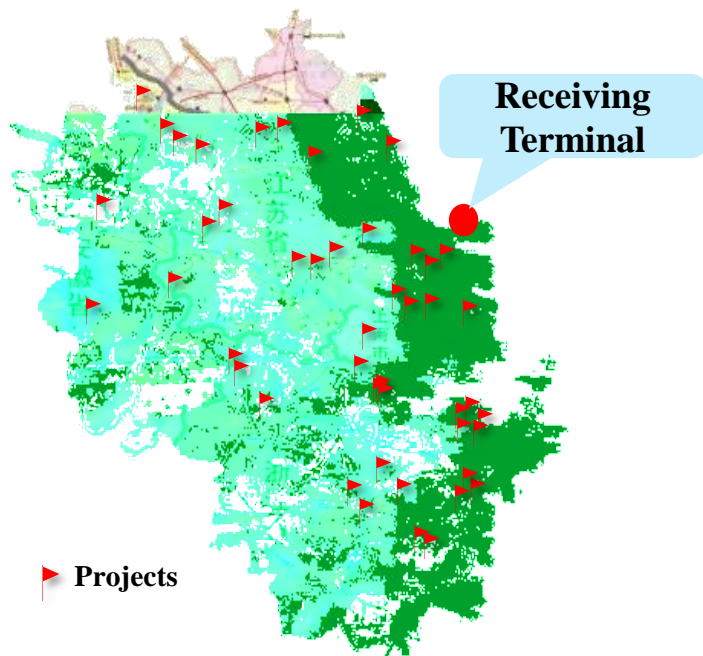
Chengdu	M&A Longquan and Pengzhou Chuangang projects, new operational area was 153km ² and new gas volume was 99.41M m ³ .	Deyang	Acquired 100% stake of Deyang projects, new operational area was 1,634km ² and new gas volume was 220M m ³ .
Dazhou	M&A Dazhou Chuangang project, new operational area was 643km ² .	Yibin	M&A Yibin Gangdong project, new operational area was 220km ² and new gas volume was 2.94M m ³ .
Luzhou	Acquired assets of Luzhou Sitong projects, new operational area was 39km ² and new gas volume was 3.56M m ³ .	Chongqing	M&A Bishan and Pengshui projects, new operational area was 210km ² and new gas volume was 11.68M m ³ .

2,899km² new area, 330 million m³ gas volume, 442,000 households in 2022.

Permission of Rudong LNG Terminal

Location: Yangguang island of Yangkou port, Rudong, Nantong, Jiangsu province.

Progress: Shoreline approval obtained from Ministry of Transport, permission received from Jiangsu NDRC, construction commences in 1H2023.



Huge Potential in Yangtze River Delta

- 80+ CR Gas projects are within 500km radius of the terminal.

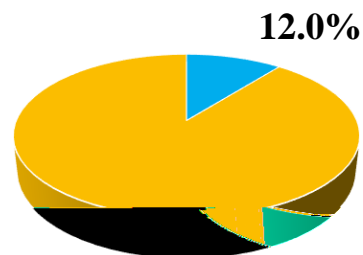


2022 gas sales volume



Connected Customer

- Cover Jiangsu, Zhejiang, Anhui, Henan and Shandong Provinces



■ Consumption of projects in 2025 ■ Consumption of five provinces in 2025

Estimated Gas Consumption from these 5 provinces in 2025

139.3B m³

Volume from these 5 provinces in 2025

16.7B m³

Turnover Capacity

6.50 M ton (1st phase 9B m³)

10.00 M ton
(13.8B m³ future expansion)

Quay Line

80-260 K m³ Ship Type

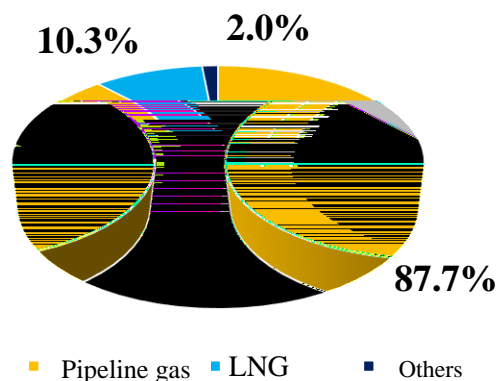
Storage Capacity

6x 20 Km³ Tank

Connection

Jiangsu Costal Pipeline
National Pipeline

2022 Gas Supply Structure



01 Continuously cooperate with the big 3 oil and gas companies

- Deepen the cooperation and increase purchase from the 3 big oil and gas companies;
- Increase individual account purchase, annual total gas purchase **1.78 B m³**.

03 Strengthen the cooperation with national pipeline company

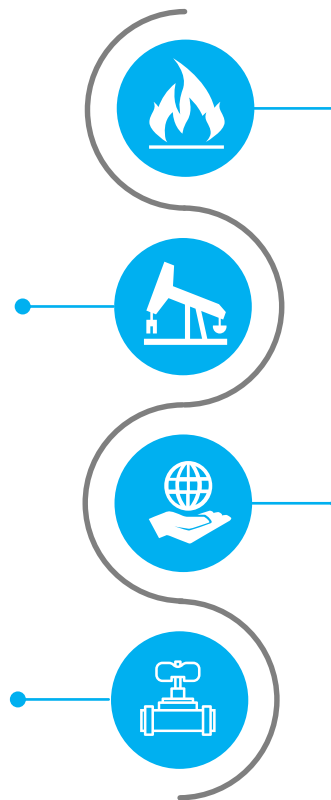
- Increase gas offload points and gas supply channels;
- Try purchase and storage model with storage tank owner to achieve Gas Winter .

02 Explore other quality gas supply sources

- Source coal gas and coalbed methane as supplemental gas **1.90 M m³/day**;
- Leverage on downstream advantages for long-term contract negotiation.

04 Start to approach overseas gas suppliers

- Start to approach overseas suppliers such as Novatek, Total and Mitsui;
- Leverage on Rudong terminal to stablish overseas purchase capacity.



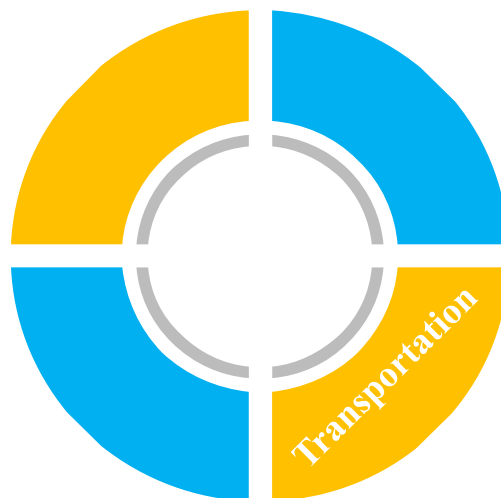
Speed up the new house connection and old house renovation market development.

New Households

2.96 million

Contribution

560 million m³/year



Promote key industrial development and explore potential customers undergoing technology reform and coal to gas plans.

New Industrial

3,550 customers

Contribution

1.4 billion m³/year

Formulate detail action plan for key potential projects.

conversion. Looking for policy support and prompt execution.

New Bottle to Gas

10,400 customers

Contribution

200 million m³/year

- Formulate action plan to explore new markets;
- Transform to charging or hydrogen refueling stations.

Close or Exit in 2022

15 stations

Station Transformed

30 stations



CS Log
Call Log
Automation

New CSB Retail Platform

Aim

Create On/Off Line New Retail Platform

Enhance Customer Value and Loyalty

Promote Business Positioning and Contribution

Enlarge Corporate Branding and Benchmarking

Path

On/Off Line Integration: Request made offline and solution provide online



On/Off Line Integration

1 Integration

Top-Down

Level by level top down penetration strategies

HQ
Region
District
Grid

Support



2 Penetrations



Brand: Professional, Safe, Reliable;



Business: Kitchen Safety, Quality of Life Services;



Capability: Professional Household Safety Consultant;



Organisation: Digital driven management new retail model

4 Expansions

■ **Business Driver**

Start with feasible business planning

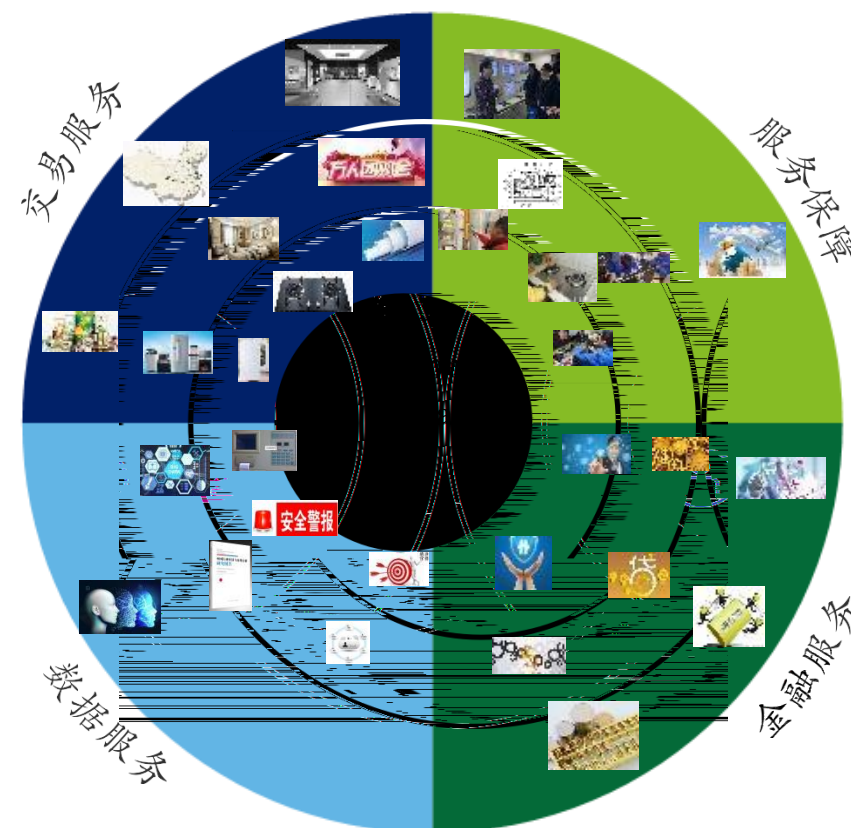
■ **Resources Integration**

Fully consider the utilization and integration of existing resources

■ **Parallel Development**

Execute by phase once ready and develop in parallel

Comprehensive Services Ecosystem



Development

Fast Growing Comprehensive Services Business



Focus on park & public utility

Industrial Park Potential

Market Size: RMB560-840 billion

No. of parks: 19,000 PRC

CR Gas: 553 (park)

Market Size: RMB16-24 billion

Developed: 89 incl. factory

Public Utility Potential

Market Size: RMB1,670 billion

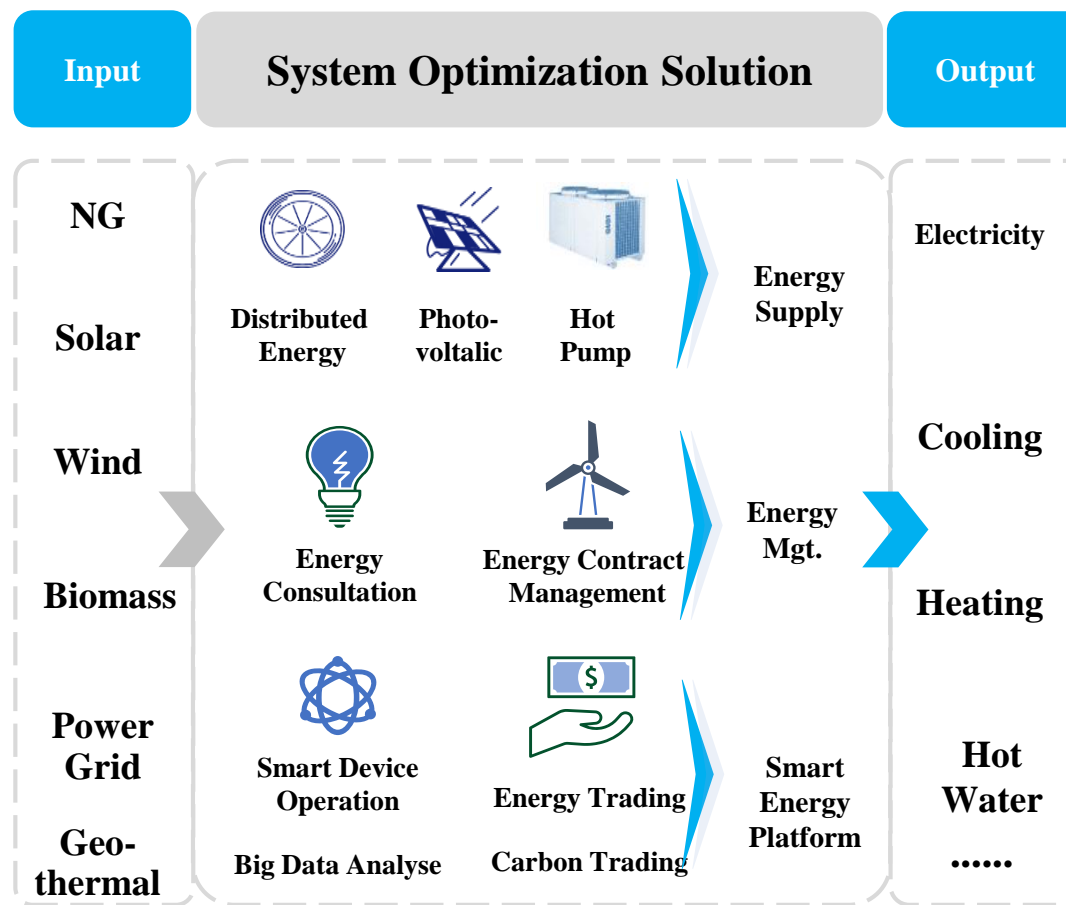
No. of public utilities: 1.67 million

CR Gas: 2,292 (hospital)

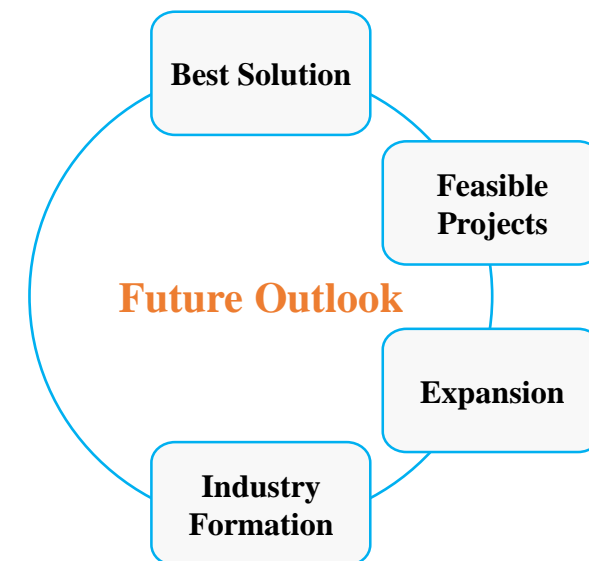
Market Size: app. RMB4.3 billion

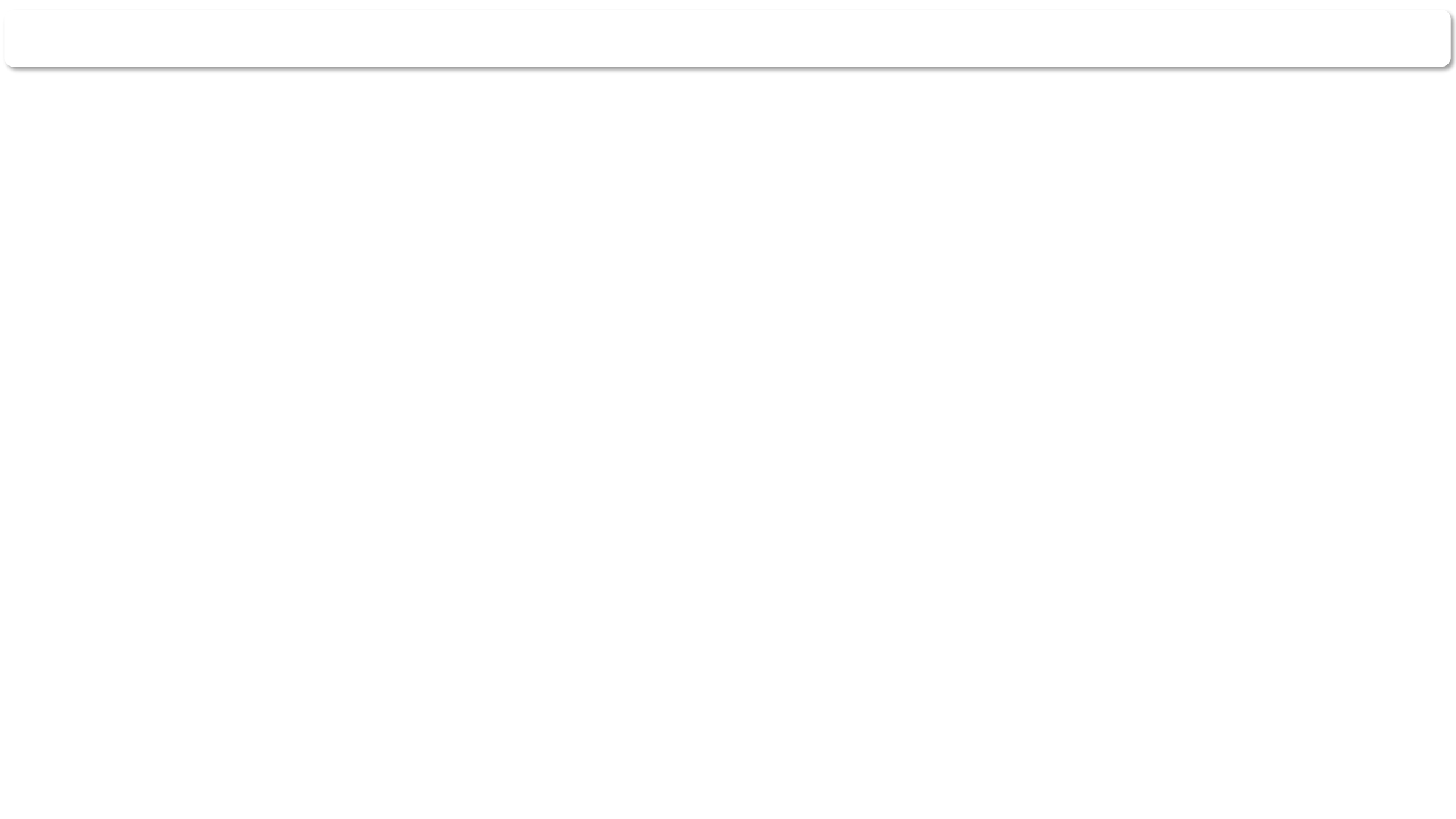
Developed: 69 incl. hospital

Establish Integrated Energy Core Capability



Form a New Business Model

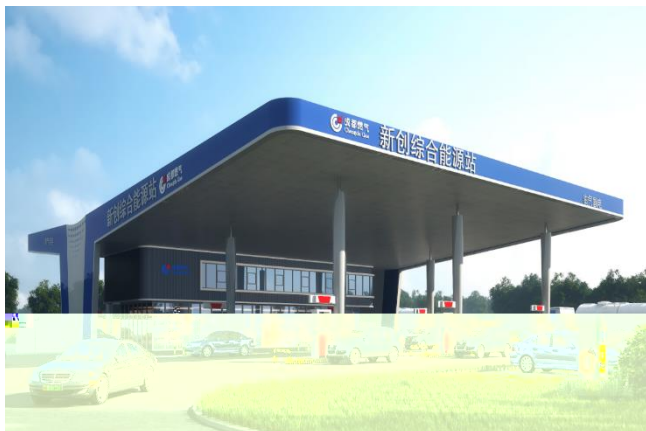




Electricity Charging Business



Integrated Energy Station Model



Battery Charging/Swap Model

- Secure franchise stations for public transportation;
- Utilise exiting resources to trial run the private transportation markets;
- Explore Solar, Storage and Charging combined station;
- Study charging and battery swap business model.



Hydrogen Refueling Model

- Establish a proven model with policy support;
- Explore the feasibility of pipeline distribution of hydrogen;
- Accelerate hydrogen refueling station development;
- Study integrated energy station model.

5,189

Contracted Vehicles

171

Operating Charging Station

270M kWh +20.6%

Electricity Sold

280M HK\$ +12.1%

Turnover

7

Operating Hydrogen Station

15

Construction Hydrogen Station

219 tons +102.3%

Hydrogen Sold

4.55M HK\$ +29.3%

Turnover

Shandong Hydrogen Pilot Project

Pilot project in Shandong to study hydrogen and combined hydrogen pipeline, electricity and heating combined distribution technology and application.

Expected Results

Construct 30km hydrogen pipeline

Study the technology and equipment to combine 5%-20% hydrogen with natural gas

Pilot oil-hydrogen-electricity combined station and 600m² heating-electricity supply application.

附件1
山东省2022年重点研发计划
（“氢进万家”科技示范工程二期定向项目
配套）省级资金分配表
单位：万元

单位名称	省级配套经费（拟）	2022年度经费
华电潍坊发电有限公司	2300	956.8
山东省燃料电池技术创新中心有限公司	1750	728
山东省特种装备制造研究院集团有限公司	1500	624
山东海化鲁碱树脂有限公司	1000	416
潍坊港华燃气有限公司	800	332.8
潍坊市公共事业服务中心	600	249.6
潍坊新源华创燃气有限公司	600	249.6
山东大学	400	166.4
青岛大学	200	83.2
山东能源集团科技中心	100	41.6
合计	10000	4000

- ✓ Provincial sponsorship:
RMB6 million
- ✓ 2022 sponsorship:
RMB2.496 million

New Energy Technology Cultivation

Set up Combustion Technology Laboratory with Tongji University

Focus on hydrogen combustion application, energy saving and efficiency on natural gas, recent achievement on 10% improvement target for combustion efficiency.

Prepare to build CR Gas Research Institute

Carry out industry frontier study and benchmarking, focus on key technologies for natural gas, integrated energy, photovoltaic, near zero carbon, hydrogen, energy storage, etc.

Explore hydrogen production from gas technology

Plan to set up a co-laboratory with CR Scientific and Research Institute and Shenzhen Tsinghua University to study hydrogen production from gas via liquid metal catalyst and Graphene technology application and commercialisation, memorandum has been prepared.

C ONTENTS

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As at 31 December	2021 & I " ...	2022 & I " ...	Increase/(Decrease)
Turnover	79,642,030	94,338,329	18.5%
Gross profit	19,176,192	18,081,851	(5.7%)
Profit from operation ⁽¹⁾	10,475,175	8,663,040	(17.3%)
Profit for the year	8,439,832	6,308,519	(25.3%)
Profit attributable to the equity holders	6,395,368	4,733,455	(26.0%)
Net cash from operating activities	8,390,058	4,351,390	(48.1%)
Basic EPS ⁽²⁾ (HK\$)	2.82	2.09	(25.9%)
Interim & proposed final dividend per share (HK\$)	1.27	1.05	(17.3%)

Note: (1) Before finance costs and share of JVs and associates results;

(2) Basic EPS is calculated based on weighted average number of issued shares, excluding incentive award scheme.

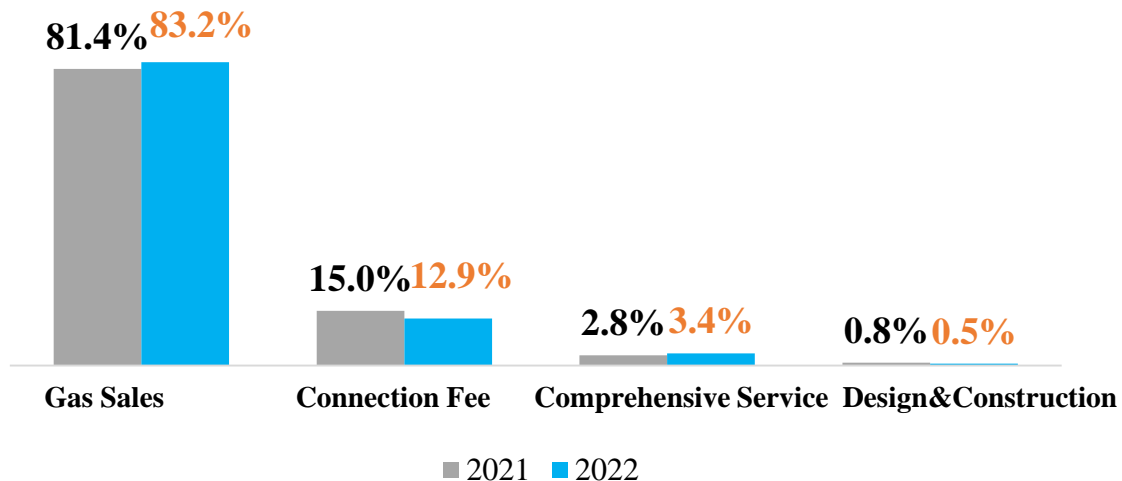


Financial Indicators	31 December 2021	31 December 2022	Increase/(Decrease)
Gross profit margin	24.1%	19.2%	(4.9PPT)
Net profit margin	10.6%	6.7%	(3.9PPT)
Net profit margin attributable to the owner of the Company	8.0%	5.0%	(3.0PPT)
Debt to capitalization ratio ⁽¹⁾	17.6%	29.9%	+12.3PPT
Debt to asset ratio ⁽²⁾	10.8%	20.1%	+9.3PPT
Return to equity	15.5%	12.0%	(3.5PPT)

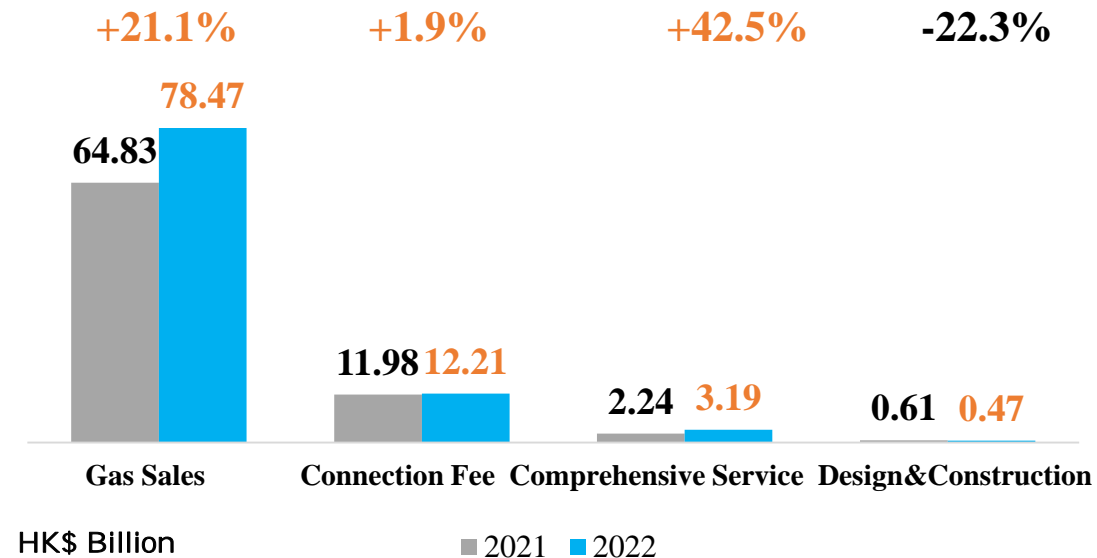
Note: (1) Debt/capitalization gearing ratio is the ratio of total bank, note and other borrowings to total bank, note and other borrowings and total equity;

(2) Debt/asset gearing ratio is the ratio of total bank and note borrowings to total assets.

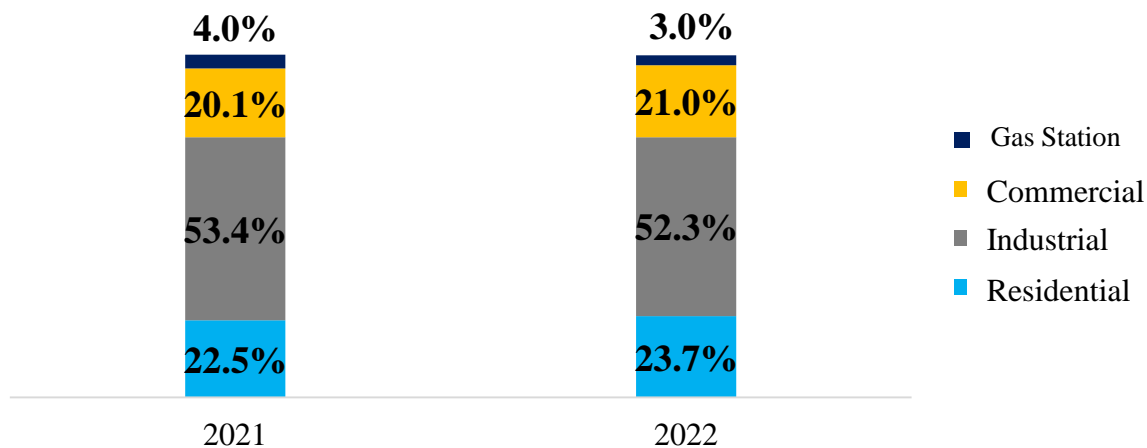
Revenue Mix



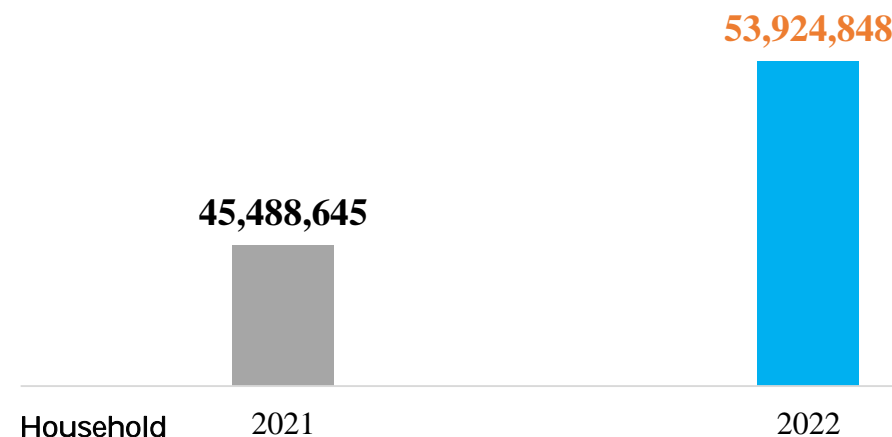
Revenue Growth



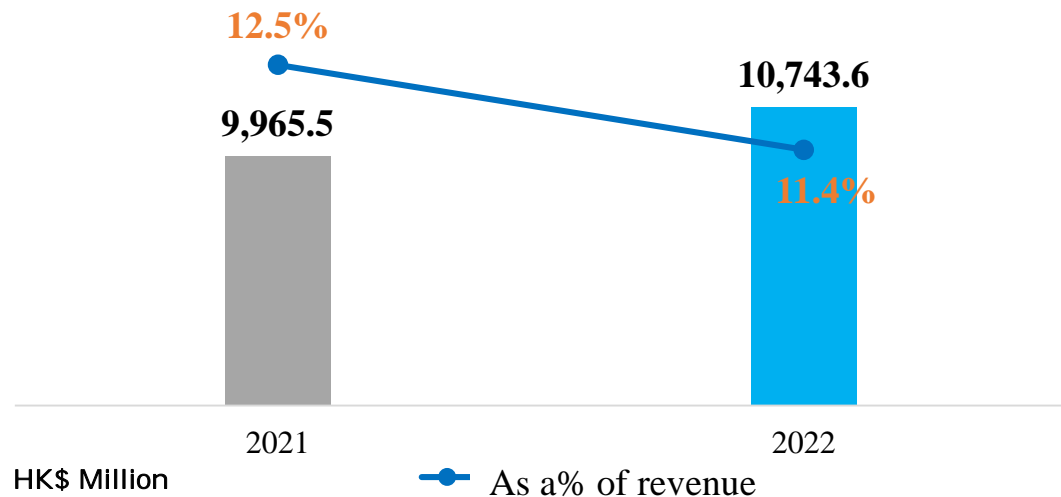
Volume Mix



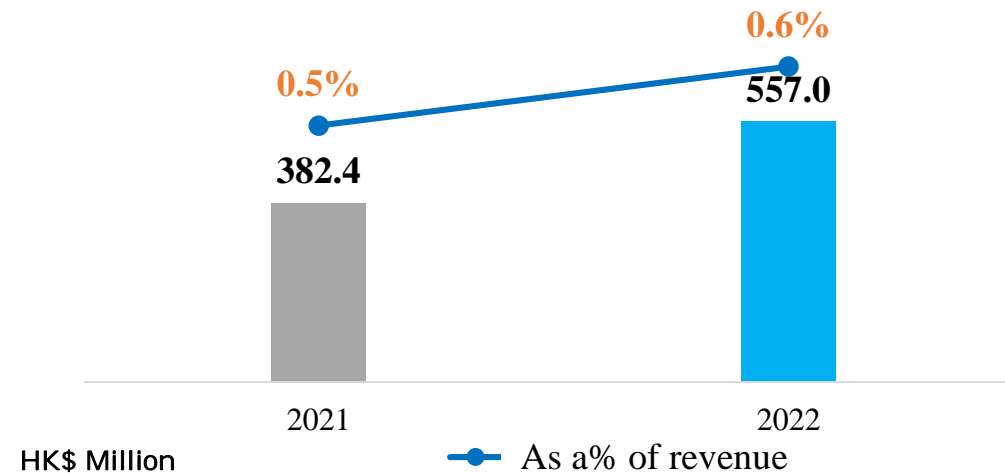
Residential Customer



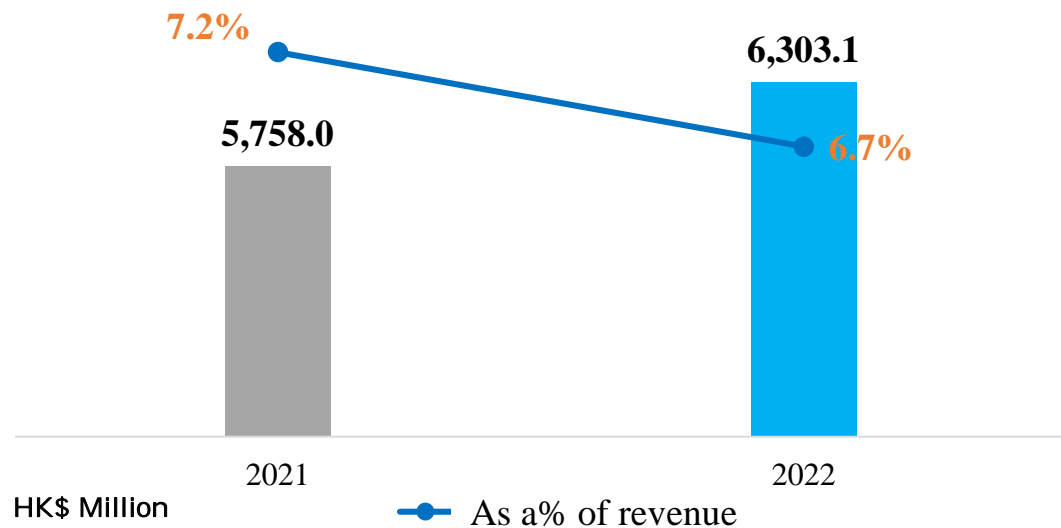
Total Costs



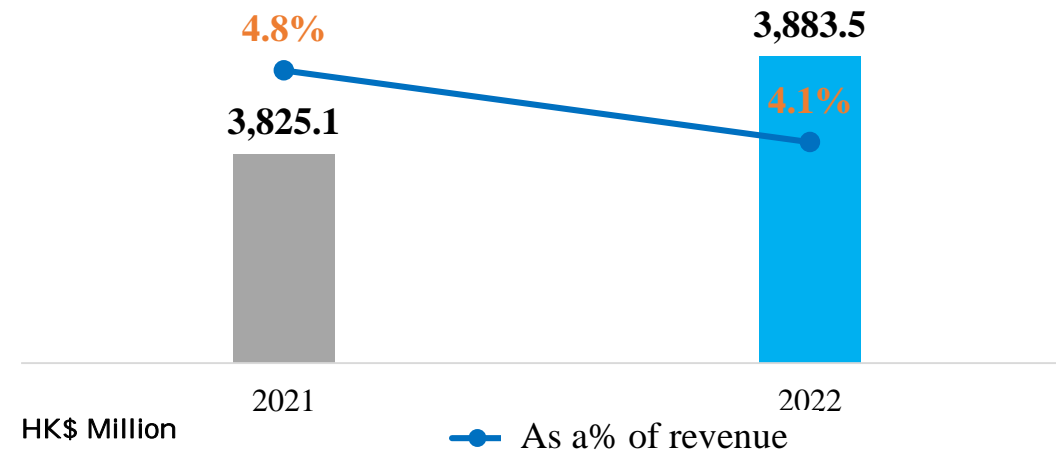
Finance Costs



Selling & Distribution Expenses

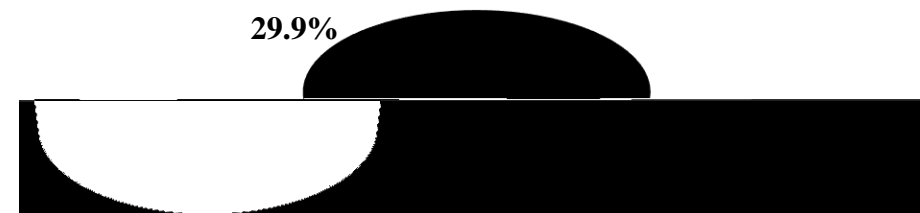


Administrative Expenses



Equity & Debt

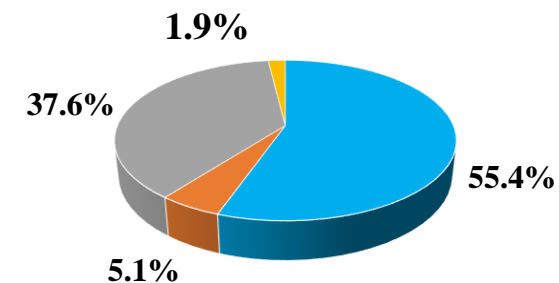
	FI " ...	%
Total equity	52,540,466	70.1%
Total bank & other borrowings	22,462,820	29.9%
Total capital	75,003,286	100.0%



■ Equity ■ Borrowings

Long & Short Term Borrowings

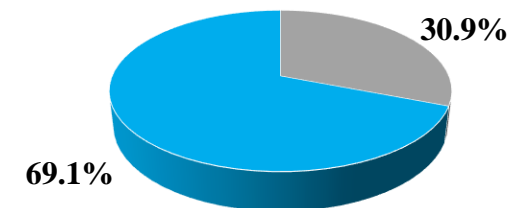
	FI " ...	%
Less than 1 year	12,442,174	55.4%
1-2 years	1,139,631	5.1%
2-5 years	8,447,410	37.6%
More than 5 years	433,605	1.9%
Total	22,462,820	100.0%



■ Less than 1 year ■ 1-2 years ■ 2-5 years ■ More than 5 years

Fixed & Floating Borrowings

	FI " ...	%
Floating rate	6,940,229	30.9%
Fixed rate	15,522,591	69.1%
Total	22,462,820	100.0%



■ Floating Rate ■ Fixed Rate

	31 December 2021	31 December 2022	Change
Number of projects	266	273	7
Connectable householders (million)	83.16	93.02	11.9%
Connectable population (million)	306.62	334.87	9.2%
Penetration rate of residential household	55.0%	58.2%	3.2PPT
Gross gas sales volume (million m ³)	34,082	35,889	5.3%
Residential	7,654	8,497	11.0%
Industrial	18,212	18,762	3.0%
Commercial	6,851	7,533	10.0%
CNG Station	870	716	(17.7%)
LNG Station	495	381	(23.0%)
Average gas tariff / cost / gross margin (RMB per m ³)	2.93/2.41/0.52	3.52/3.07/0.45	0.59/0.66/(0.07)

	31 December 2021	31 December 2022	Change
Total length of pipeline (km)	229,362	291,605	62,243
Connected customers	45,873,609	54,367,130	8,493,522
Residential	45,488,645	53,924,848	8,436,203
Industrial	28,443	36,819	8,376
Commercial	356,520	405,463	48,943
Average residential connection fee (RMB)	2,675	2,663	(12)
New C&I with paid connection fee	39,024	43,286	4,262
New residential with paid connection fee			
Gross basis	3,524,027	4,076,574	552,547
Consolidated basis	2,770,945	3,076,036	305,091
Gas stations (CNG/LNG/L-CNG)	347(212/85/50)	332(202/76/54)	(15)/((10)/(9)/4)

Sustainable Scale and Earnings Growth

1 City Gas Distribution

- Gas distribution to residential and C&I
- CNG/LNG gas station
- Gas connection

2 Comprehensive Service & Integrated Energy

- Provide end users with kitchen appliances; insurance and household safety
- Leverage on regional resources support, provide integrated clean energy solution

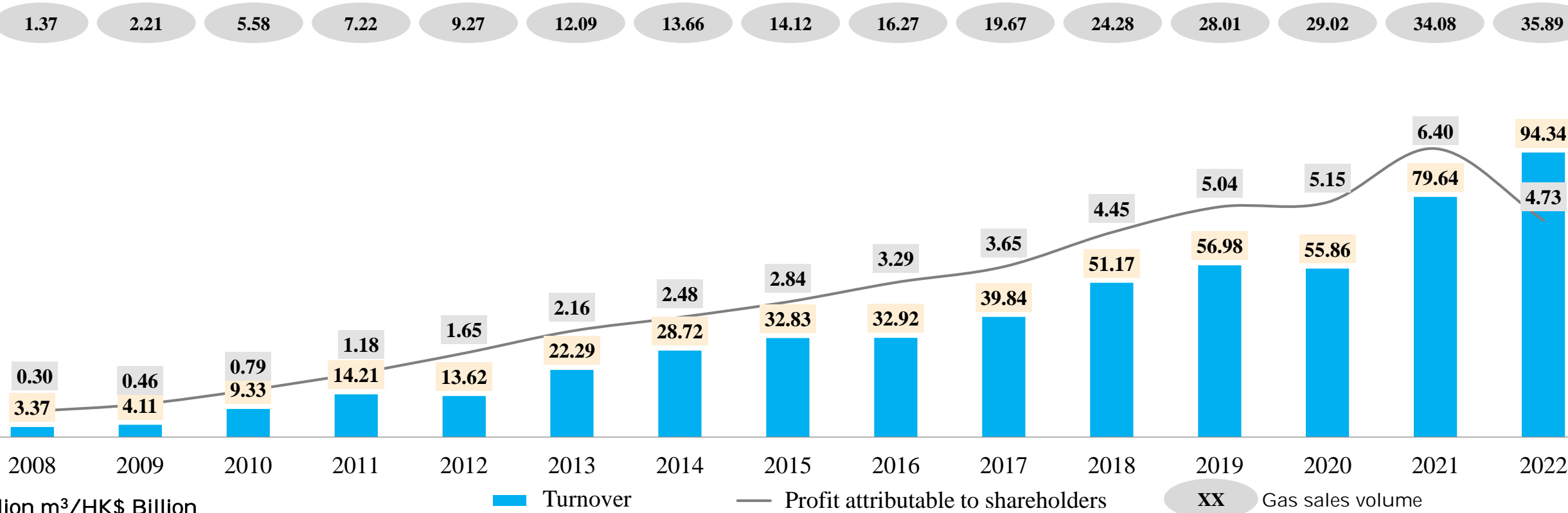
N New Businesses

- Vehicle electricity charging
- Hydrogen refueling
- Vessel gas refueling

2008-2022 Volume CAGR: 26.3%

2008-2022 Turnover CAGR: 26.9%

2008-2022 Profit attributable to shareholders CAGR: 21.9%



Disclaimer and Contact:

This presentation and subsequent discussion may contain certain forward-looking statements, including statements regarding our intent, belief or current expectations with respect to China Resources Gas (CR) businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements in relation to holding, purchasing or selling securities or other financial products or instruments. CR Gas does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Past performance cannot be relied on as a guide for future performance.

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2022 Final Results Presentation

