



**CR GAS 2020**  
**Interim Results Presentation**

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1H 2020, due to the impact of the COVID-19 pandemic, CR Gas key financial and operational indicators faced pressure and challenge; business scale, earning and return recorded a slight decrease.

	30 Jun 2020	30 Jun 2019	Growth Rate
<b>Gas sales volume (billion m<sup>3</sup>)</b>	<b>13.25</b>	<b>14.00</b>	<b>-5.3%</b>
<b>Number of customers (million)</b>	<b>38.70</b>	<b>35.88</b>	<b>7.9%</b>
<b>Turnover (HK\$ billion)</b>	<b>22.57</b>	<b>28.17</b>	<b>-19.9%</b>
<b>Profit for the period (HK\$ billion)</b>	<b>3.06</b>	<b>3.69</b>	<b>-17.1%</b>
<b>Profit attributable to shareholders (HK\$ billion)</b>	<b>2.40</b>	<b>2.93</b>	<b>-18.2%</b>
<b>Interim dividend proposed/paid per share (HK\$ cents)</b>	<b>15</b>	<b>15</b>	<b>—</b>

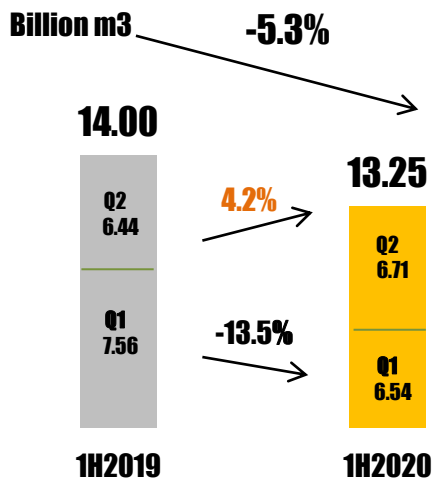


1H 2020, gas sales volume (13.25 billion m<sup>3</sup>) dropped 5.3%; Q1 dropped 13.5% while Q2 increased 4.2%. Number of customers reached 38.7 million and turnover was HK\$22.6 billion.

➔ Volume **13.3B m<sup>3</sup>**

a decrease of **5.3%** :

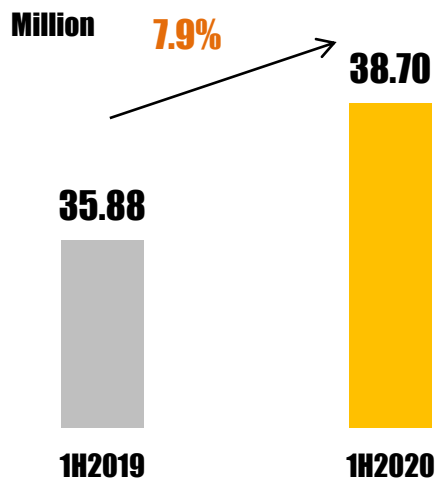
- Q1: decreased **13.5%**;
- Q2: increased **4.2%**.



➔ Customer **38.7 M**

an increase of **2.82 million** new customers:

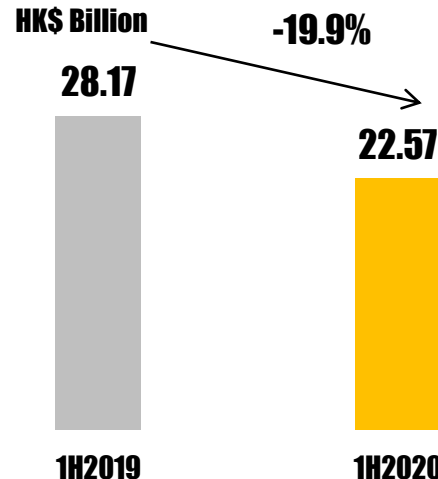
- Residential: **2.80 million**;
- C&I: **20,000**.



➔ Turnover **HK\$ 22.6B**

a decrease of **19.9%** :

- Gas sales: decreased **15.9%**;
- Connection fee: decreased **42.0%**.



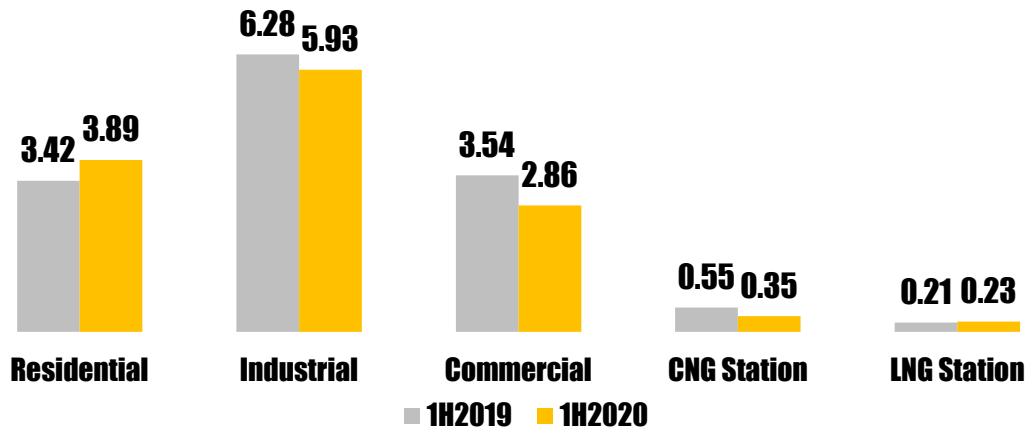


1H 2020, gas sales volume dropped 5.3% mainly due to the decrease in C&I gas sales volume. Strong recovery for C&I in Q2, industrial gas volume turnaround from drop at 16.6% in Q1 to grow at 3.2% in Q2, while the drop in commercial gas volume narrowed.

### Gas Sales Volume Decrease from C&I in 1H 2020

Due to the impact of the global COVID-19 pandemic, gas sales volume from C&I customer decreased in 1H2020, industrial gas volume dropped **5.6%**, commercial gas volume dropped **19.1%**.

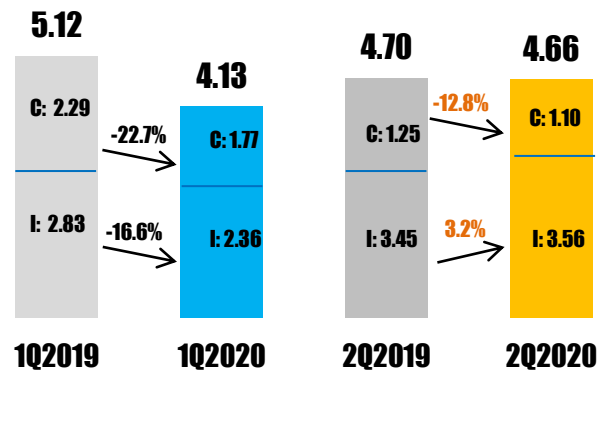
**+13.5%**      **-5.6%**      **-19.1%**      **-36.1%**      **+8.1%**



### Strong Recovery from C&I in Q2

- Industrial: increased **3.2%** in Q2;
- Commercial: decrease narrowed substantially in Q2

**-19.4%**      **-0.8%**





1H2020, connection business was slowing down due to the city lockdown policy in PRC during the COVID-19 outbreak. Number of new connected residential household dropped 32.3%, connection fee revenue dropped 42.0%, CR Gas will make every effort to speed up the connection business in 2H 2020.

New Residential Household

0.992 M

Connection Revenue

HK\$ 2.57B

a decrease of **32.3%**.

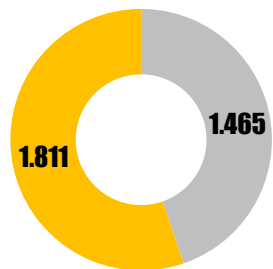
■ **2H 2020** will speed up the connection business

a decrease of **42.0%**.

■ **1H 2020** overall results impacted by the slow down connection business

2019 half yearly new residential household

-32.3%



1.465



1H2019

0.992



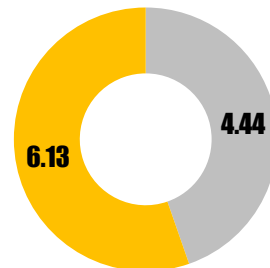
1H2020

■ 1H2019 ■ 2H2019

Million

2019 half yearly connection revenue

-42.0%



4.44



1H2019

2.57



1H2020

■ 1H2019 ■ 2H2019

HK\$ Billion



1H2020, profit attributable to shareholders was HK\$2.4 billion, a decrease of 18.2%, mainly due to the slow down of connection business as a result of the COVID-19 pandemic. RMB depreciated against HKD in 1H2020, excluding the exchange impact decreased 14.2%

➔ Total Profit

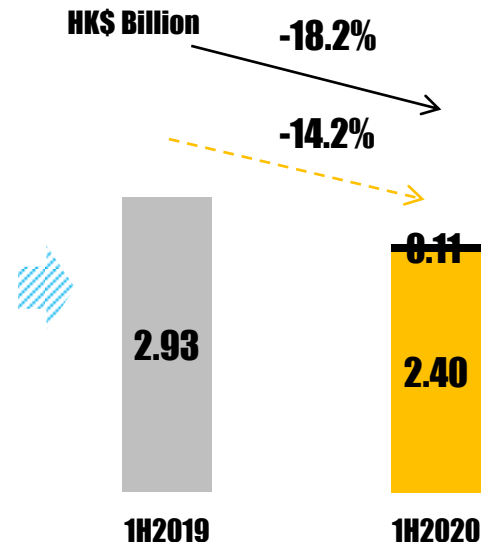
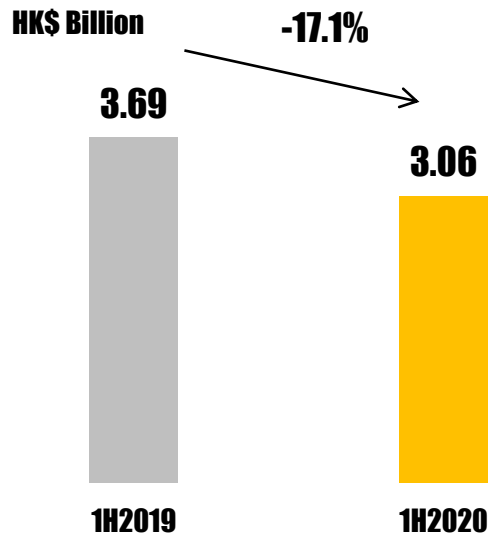
**HK\$ 3.06B**

➔ Net Profit

**HK\$ 2.40B**

a decrease of **17.1%**

a decrease of **18.2%**, excluding the exchange impact decreased **14.2%**.



Source: People's Bank of China



1H 2020, net cash flow from operating activities reached HK\$3.65 billion, bank balance and cash were HK\$16.53 billion, increased 22.6% and 39.2% respectively. Debt to capitalization ratio decreased 5.3ppt.

Op. Cash Flow

HK\$ 3.65 B

Debt/Cap. Ratio

21.8%

Bank and Cash

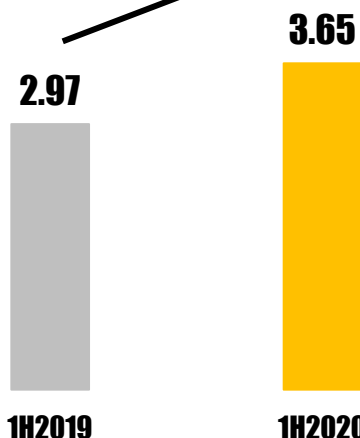
HK\$ 16.53 B

an increase of 22.6%

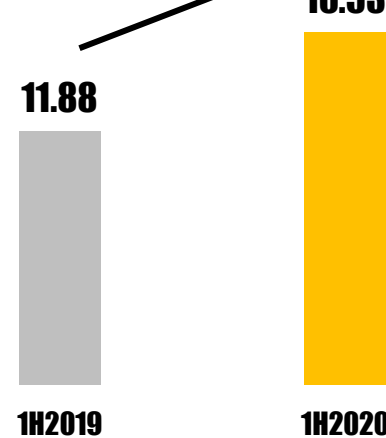
a decrease of 5.3ppt

an increase of 39.2%

HK\$ Billion 22.6%



HK\$ Billion 39.2%



Notes: Debt/capitalization gearing ratio is the ratio of total bank, note and other borrowings to total bank, note and other borrowings and total equity





To reflect the confirmation of CR Gas future growth prospect, international credit rating agencies Standard & Poor's, Moody's and Fitch Ratings re-affirmed CR Gas credit rating, the highest rating granted to the Chinese city gas operators.

## Maintain Highest Rating

International credit rating agencies Standard & Poor's, Moody's and Fitch Ratings re-affirmed CR Gas credit rating to A3, A- and A- respectively, the highest rating granted to the Chinese city gas operators.

Stable

**A3**

Stable

**A-**

Stable

**A-**

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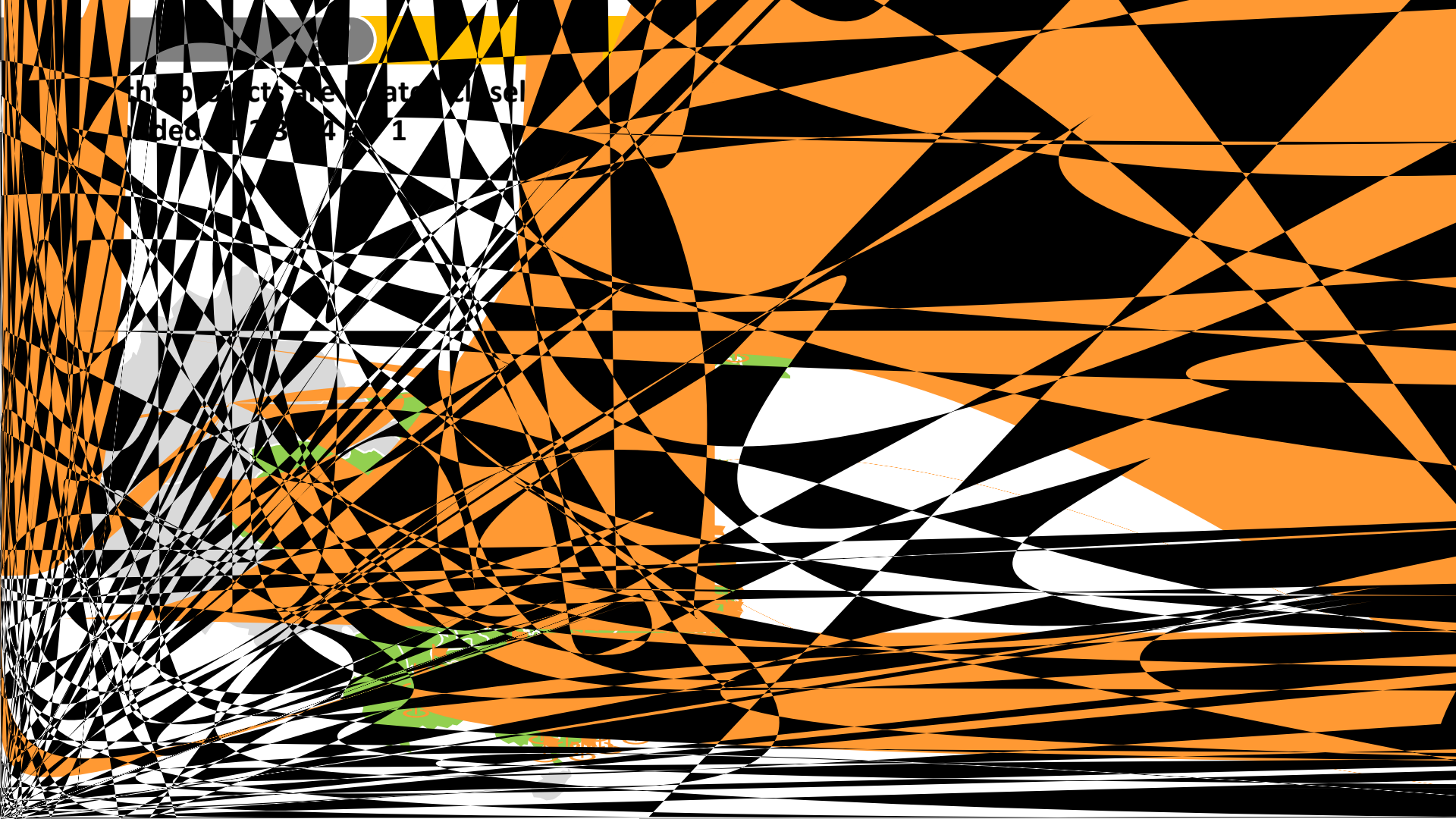
**2019 Results Highlights**

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The projects are available at: [class](#)  
dated 17/3/24 1



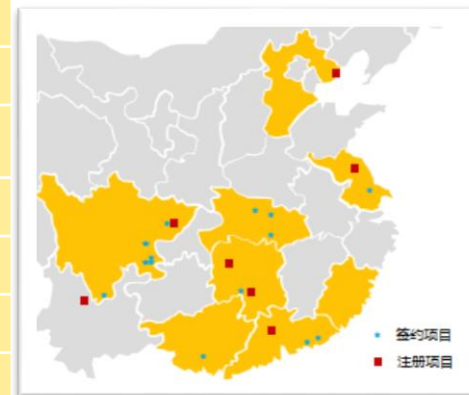


1H 2020, 14 projects were signed and 7 projects were registered at group and project level, including city gas projects; distributed energy projects and hydrogen refueling station. 14 km<sup>2</sup> new concession area, 1.31 million new households, 8.85 million new population and 1.5 billion m<sup>3</sup> gas sales were added.

New signed or registered projects in 1H 2020

Location	Project	Status	Population	Potential Volume	Location	Project	Status	Population	Potential Volume
江苏	无锡润氢	Registered	—	—	四川	达州润源	Registered	260,000	17.09 Mm <sup>3</sup>
浙江	宁波兴光	Registered (Aug., 2020)	3.00 M	1.02 Bm <sup>3</sup>		达州万源	Signed	420,000	2.26 Mm <sup>3</sup>
河北	秦皇岛聚能	Registered	24,000	80.00 Mm <sup>3</sup>		宜宾高县	Signed	550,000	33.55 Mm <sup>3</sup>
湖北	宜城人民医院	Signed	—	—		宜宾筠连	Signed	460,000	19.15 Mm <sup>3</sup>
	襄阳老河口加氢站	Signed	—	—		宜宾长宁	Signed	40,000	7.00 Mm <sup>3</sup>
	潜江张金镇	Signed	—	—		攀枝花煤气	Signed	620,000	50.00 Mm <sup>3</sup>
湖南	湘西吉凤区	Registered	—	—		泸州江阳区A标段	Signed	21,000	0.57 Mm <sup>3</sup>
	永州市	Registered	720,000	123.00 Mm <sup>3</sup>		德庆西江	Registered	—	10.00 Mm <sup>3</sup>
	永州道县	Signed	350,000	57.00 Mm <sup>3</sup>		汕头潮南区	Signed	1.43 M	42.71 Mm <sup>3</sup>
云南	楚雄牟定县	Registered	200,000	15.00 Mm <sup>3</sup>		广东	汕尾高新区	Signed	—
广西	宾阳县	Signed	750,000	30.00 Mm <sup>3</sup>					

1H 2020, 14 and 7 projects were signed and registered respectively under the COVID-19 pandemic.

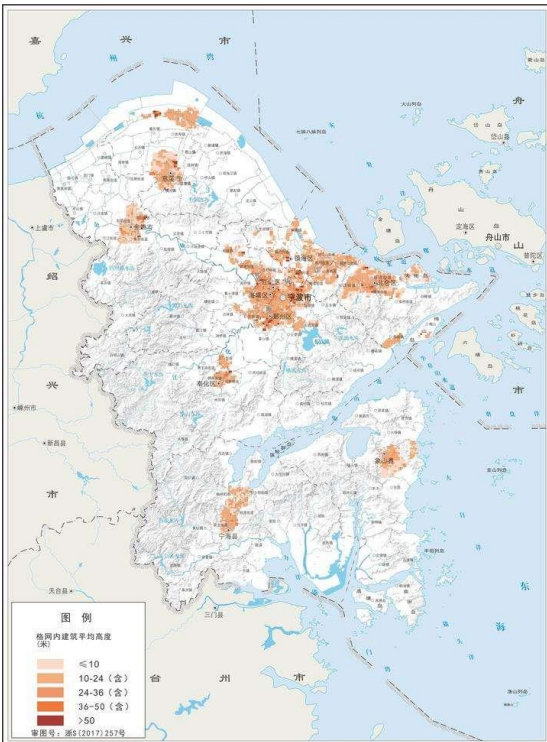


Note: Registered projects include projects at group and project level.



Ningbo project, one of the largest M&A in 2020, completed capital injection in July 2020, commenced operations in August 2020.

Ningbo City



Investment: **RMB2.751 billion**



% stake: **48.12%**

**Ningbo:**

- Vice-provincial city; specially designated in the state plan; major port city in the south-east coast.
- **2019 GDP: RMB1,198.5 billion**
- Population: **8.54 million**

**2019 Highlight:**

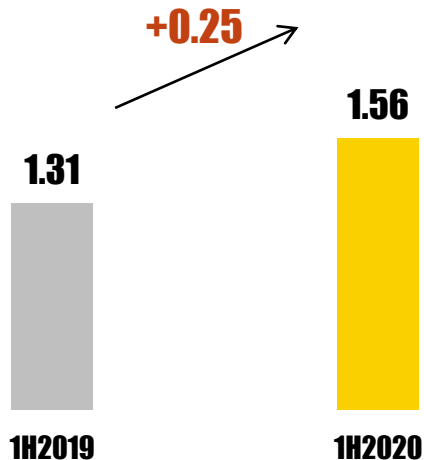
- Customer: Pipeline **710,000**, Bottle **500,000**
- Gas Volume: NG **900 million**, LNG **84,000 ton**
- Turnover: **RMB2.7 billion**
- Net Profit: **RMB310 million**



1H 2020, sufficient gas supply from upstream, LNG price maintained at a low range, CR Gas increased LNG sourcing to help margin expansion. Leverage on the low LNG cost, earnings of Tianjin project improved significantly.

### Increase in Proportion of LNG

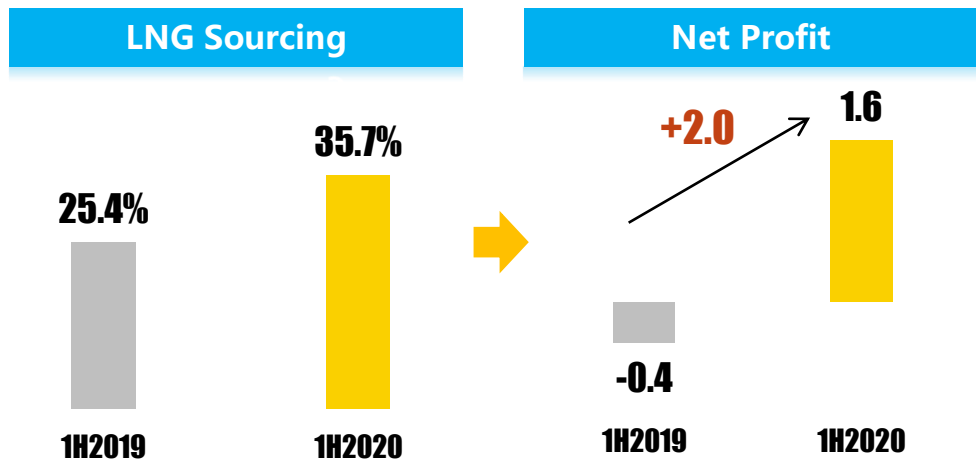
- LNG sourcing increased **250 million m<sup>3</sup>** in **1H 2020**, proportion increased from **10.3%** in **1H2019** to **11.4%**, and helped margin expansion.



Billion m<sup>3</sup>

### Earnings Improvement of Tianjin Project

- 1H 2020**, LNG sourcing increased **10.3ppt** from **25.4%** **1H 2019** to **35.7%**, gas sourcing cost improved significantly.
- Tianjin project recorded a profit of **RMB160 million** in **1H 2020**.



RMB Hundred Million



Continuously invest in the integrated energy projects, 3 new projects were signed in 1H 2020, total investment of HK\$150 million. A total of 35 projects were signed, total designed capacity is 343MW. 2 projects commenced operations in 1H 2020, total investment of HK\$88.44 million.



**New and Commenced Projects in 1H 2020**

**New Project in 1H 2020**

Project	Estimated Investment	Type
郴州三九药厂	<b>HK\$110.44 million</b>	Monomer
蔡家自贸区总部	<b>HK\$24.58 million</b>	Monomer
临空产业园	<b>HK\$10.89 million</b>	Region

**Projects Commenced operations in 1H 2020**

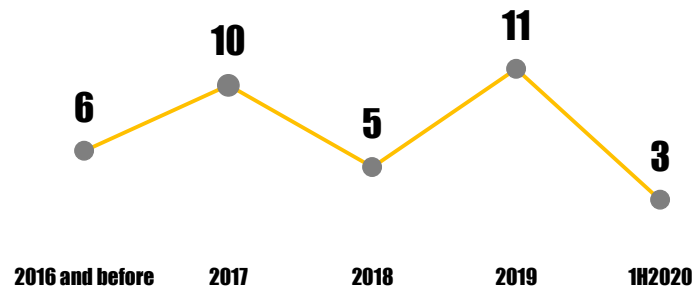
Project	Investment	Capacity	Status
普宁纺织工业园	<b>HK\$88 million</b>	<b>80MW</b>	Phase I steam operation
襄阳传染病医院	<b>HK\$440,000</b>	<b>22KW</b>	A test run

**Steadily Tap into the Integrated Energy Market**



- Continue to tap into the integrated energy market in order to provide a total energy solution to our customer.
- 1H 2020, 3 new projects were signed, total investment of HK\$150 million. A total of 35 projects were signed, total designed capacity is 343MW.

**Integrated Energy Projects**

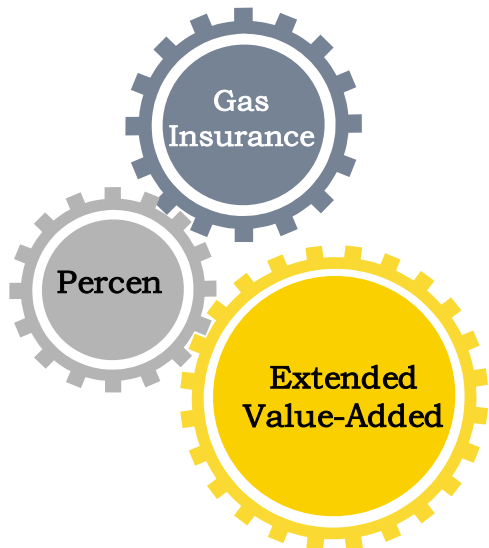




“1+1+N” value-added services are available to our customers to eliminate the impact of COVID-19. 1H 2020, revenue from value-added business reached HK\$590 million, Q2 has a clear sign for recovery, of extended value-added business revenue increased 13.9% to HK\$350 million.

### “1+1+N” VAS

- ◆ Promote integrated insurance product
- ◆ Re-branding of “Percen” gas appliance
- ◆ Develop multiple VAS products



### Specified Measures to Tackle COVID-19

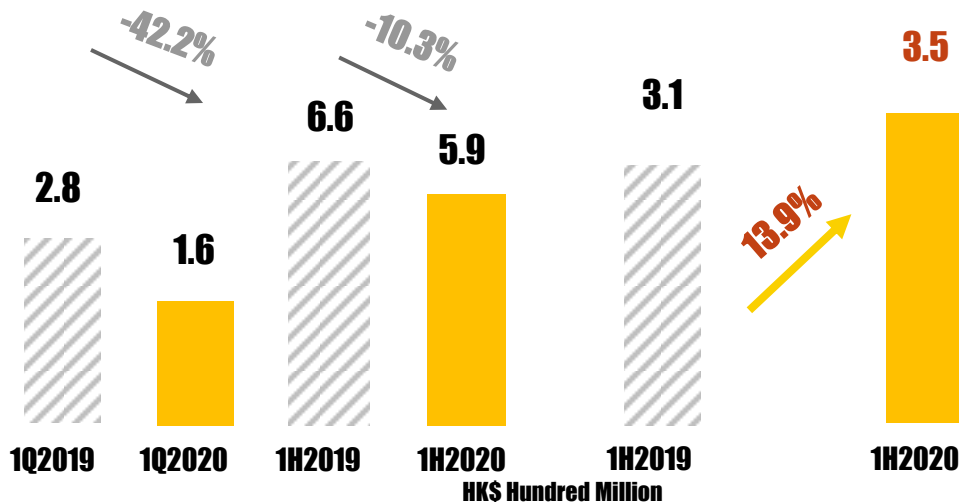
- Measures have been introduced to eliminate the impact of COVID-19, 1H 2020, revenue from value-added business reached HK\$590 million, Q2 has a clear sign for recovery, of which extended value-added business revenue increased 13.9% to HK\$350 million.



#### Value-Added Business Revenue



#### Extended value-added business Revenue



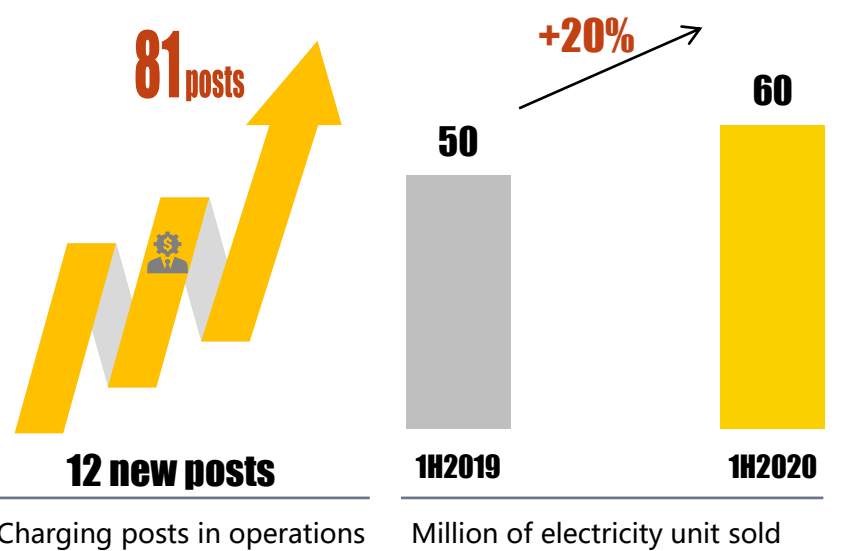




During the COVID-19 in 1H 2020, CR Gas continued to expand the transportation refueling market in the form of electricity, gas and hydrogen. 12 electricity charging posts were added, 81 posts in operations, 60 million units of electricity sold.

### Expand the Transportation Charging Post Market

Charging post projects in Hangzhou, Nanjing, Zhenjiang and Suzhou are in operations. A Total of 81 posts with 60 million units of electricity sold, an increase of 20%.



### Explore the Hydrogen Refueling Market

1H 2020, 1 new hydrogen station approved, a total of 6 approved. Exploring the possibility to turn gas station into gas-hydrogen combined station.



- in Weifang, Wuxi, Wuhan and Xiangyang

### New Duo-Fuel Vessel LNG Refueling Business



- Plan to refuel six 23000TEU duo-fuel container vessels
- Gain experience and track record by promoting vessel LNG refueling business

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As at	30 Jun 2020	30 Jun 2019	Increase/(Decrease)
	HK\$'000	HK\$'000	
Turnover	22,571,764	28,172,527	(19.9%)
Gross profit	6,083,142	7,029,871	(13.5%)
Profit from operation (before finance costs and share of JVs & associates results)	3,734,846	4,448,846	(16.0%)
Profit for the year	3,063,178	3,686,473	(16.9%)
Profit attributable to the equity holders	2,396,479	2,928,087	(18.2%)
Net cash from operating activities	3,645,498	2,973,934	22.6%
Basic EPS <sup>(1)</sup> (HK\$)	1.09	1.34	(18.7%)
Interim dividend proposed/paid per share (HK\$ cents)	15	15	—

Note: (1) Basic earnings per share is calculated based on weighted average number of issued shares, excluding restricted award shares held by trustee.



As at	30 Jun 2020	31 Dec 2019	Increase/(Decrease)
	HK\$'000	HK\$'000	
<b>Total assets</b>	<b>82,743,117</b>	<b>81,023,956</b>	<b>2.1%</b>
<b>Bank balance and cash</b>	<b>16,532,697</b>	<b>13,236,655</b>	<b>24.9%</b>
<b>Total bank, note and other borrowings <sup>(1)</sup></b>	<b>10,976,836</b>	<b>12,889,152</b>	<b>(14.8%)</b>
<b>Net borrowings (Net Cash)</b>	<b>-5,555,861</b>	<b>-347,503</b>	<b>—</b>
<b>Equity attributable to the equity holders</b>	<b>30,794,949</b>	<b>26,795,437</b>	<b>14.9%</b>
<b>Non-controlling interests</b>	<b>8,615,431</b>	<b>8,561,347</b>	<b>0.6%</b>
<b>Total equity</b>	<b>39,410,380</b>	<b>35,356,783</b>	<b>11.5%</b>

Note: (1) The amount due to an intermediate holding company (1H 2020: HK\$2,518,598, 2019: HK\$5,027,140,000) is included in bank, notes and other borrowing.



Financial Indicators	30 Jun 2020	30 Jun 2019	Increase/(Decrease)
Gross profit margin	27.0%	25.0%	2.0ppt
Net profit margin	13.6%	13.1%	0.5ppt
Net profit margin attributable to owners of the Company	10.6%	10.4%	0.2ppt
Debt to capitalization ratio <sup>(2)</sup>	21.8%	26.7% <sup>(1)</sup>	(4.9ppt)
Debt to asset ratio <sup>(3)</sup>	13.3%	15.9% <sup>(1)</sup>	(2.6ppt)
Return on equity (annualised)	15.6%	22.9%	(7.3ppt)

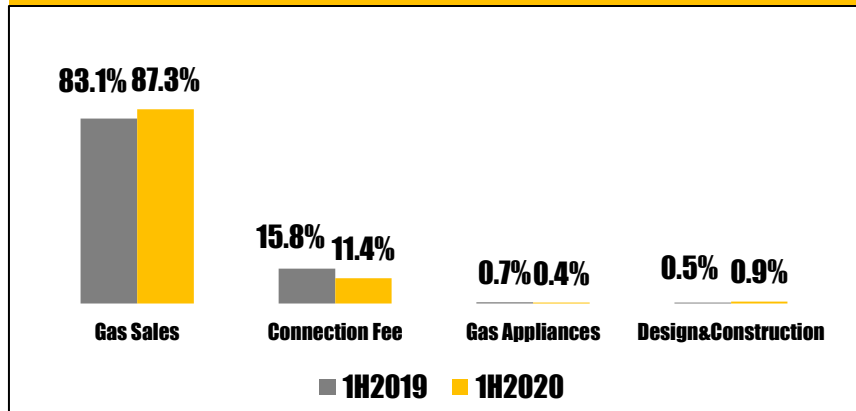
Notes: (1) Debt ratio as at 31 Dec 2019

(2) Debt/capitalization gearing ratio is the ratio of total bank, note and other borrowings to total bank, note and other borrowings and total equity

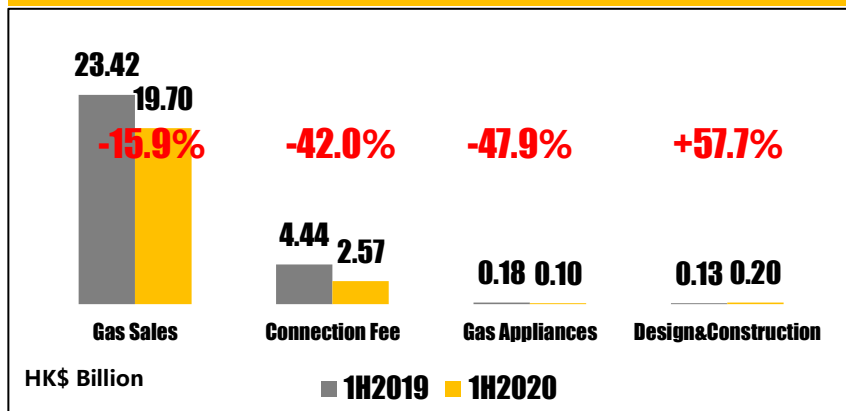
(3) Debt/asset gearing ratio is the ratio of total bank and note borrowings to total assets



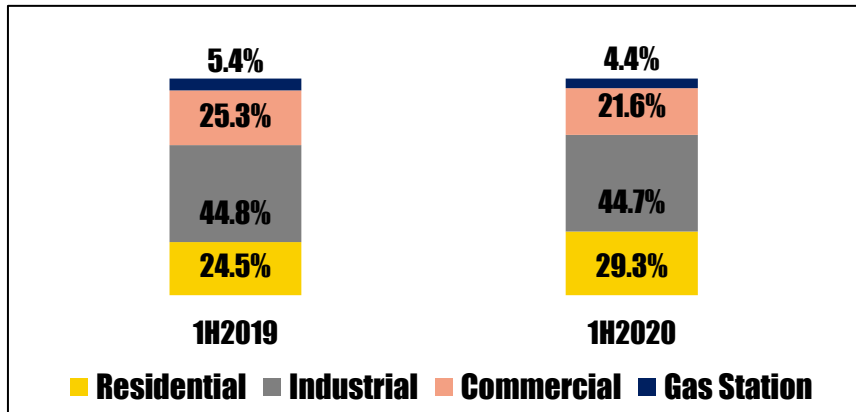
### Revenue Mix



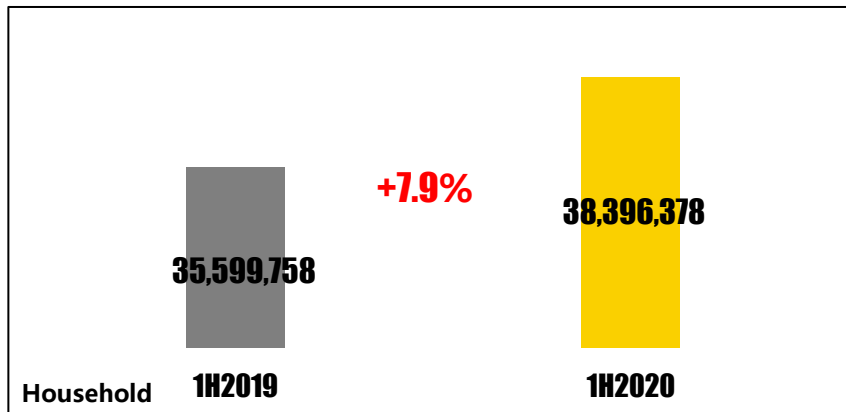
### Revenue Growth Rate



### Gas Sales Volume

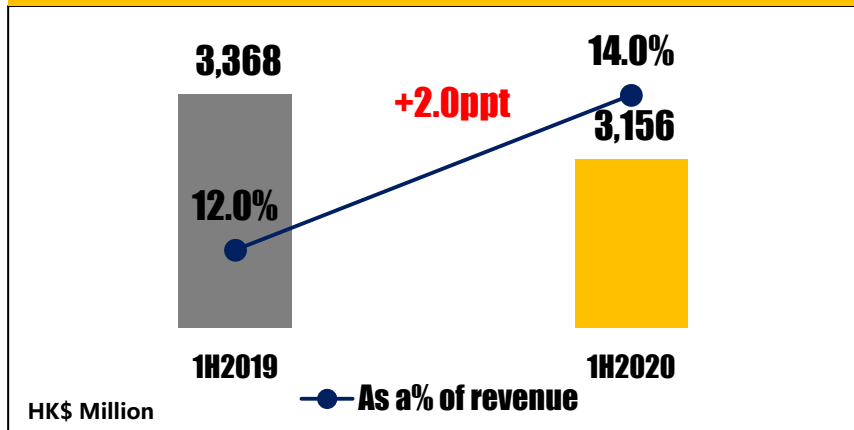


### Residential Customer

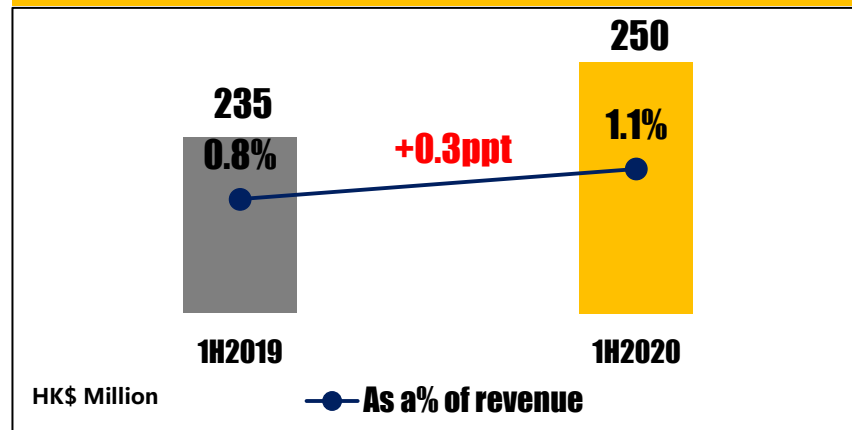




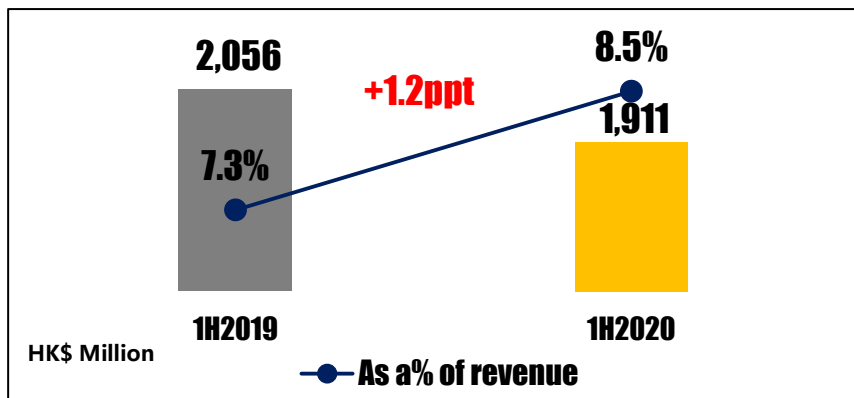
### Total Costs



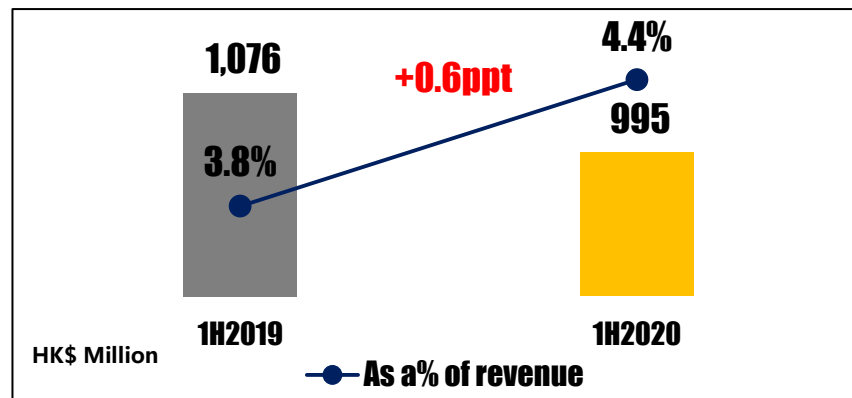
### Finance Costs



### Selling & Distribution Expenses



### General & Administrative Expenses





## Equity &amp; Debt

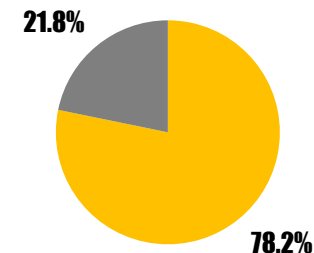
	HK\$'000	%
Total equity	39,410,380	78.2%
Total bank, note & other borrowing	10,976,836	21.8%
Total capital	50,387,216	100.0%

## Long &amp; Short Term Borrowings

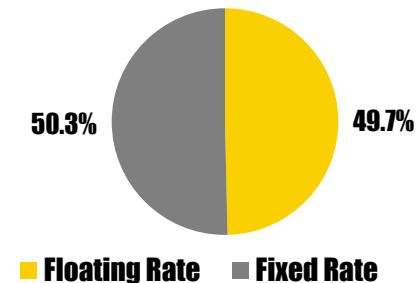
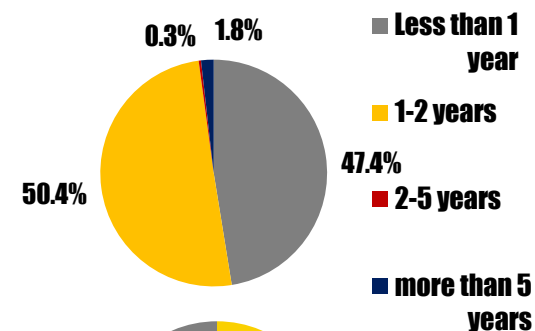
	HK\$'000	%
Less than 1 year	5,208,451	47.4%
1-2 years	5,535,457	50.4%
2-5 years	36,697	0.3%
More than 5 years	196,231	1.8%
Total	10,976,836	100.0%

## Fixed &amp; Floating Borrowings

	HK\$'000	%
Floating rate	5,450,532	49.7%
Fixed rate	5,526,304	50.3%
Total	10,976,836	100.0%



Equity Borrowing



Floating Rate Fixed Rate





	As at 30 Jun 2020	As at 30 Jun 2019	Change
Number of projects	252	249	3
Connectable householders (million)	73.01	68.99	5.8%
Connectable population (million)	227.06	206.80	9.8%
Penetration rate of residential household	53.8%	51.6%	2.2ppt
Gross gas sales volume (million m <sup>3</sup> )	13,253	13,998	(5.3%)
Residential	3,885	3,423	13.5%
Industrial	5,926	6,276	(5.6%)
Commercial	2,863	3,539	(19.1%)
CNG station	352	551	(36.1%)
LNG station	227	210	8.1%
Average gas tariff / cost / gross margin (RMB per m <sup>3</sup> )	2.63/2.03/0.60	2.78/2.20/0.58	(0.15)/(0.17)/0.02



	As at 30 Jun 2020	As at 30 Jun 2019	Change
<b>Total length of pipeline (km)</b>	<b>186,399</b>	<b>169,587</b>	<b>16,812</b>
<b>Connected customers</b>	<b>38,695,971</b>	<b>35,877,087</b>	<b>2,818,884</b>
<b>Residential</b>	<b>38,396,378</b>	<b>35,599,758</b>	<b>2,796,620</b>
<b>Industrial</b>	<b>21,398</b>	<b>19,019</b>	<b>2,379</b>
<b>Commercial</b>	<b>278,195</b>	<b>258,310</b>	<b>19,885</b>
<b>Average residential connection fee (RMB)</b>	<b>2,700</b>	<b>2,730</b>	<b>-30</b>
<b>New C&amp;I customer with paid connection fee</b>	<b>12,424</b>	<b>12,957</b>	<b>-533</b>
<b>New residential with paid connection fee</b>			
<b>Gross</b>	<b>991,561</b>	<b>1,464,735</b>	<b>-473,174</b>
<b>Consolidated basis</b>	<b>617,248</b>	<b>1,008,753</b>	<b>-391,505</b>
<b>Gas stations (CNG/LNG/L-CNG)</b>	<b>355(223/84/48)</b>	<b>353(227/83/43)</b>	<b>2((-4)/1/5)</b>

## 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 Gas)'s 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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2020 Interim Results Presentation

A stylized line-art illustration of a city skyline at the bottom of the slide, featuring various skyscrapers, wind turbines, and industrial structures.