China Resources Gas

2023 Annual Results Presentation

March 28, 2024

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2023 Segment Results Highlights

Core City Gas Business

Volume Sold

38.78B m^3

Increased 8.1%

Unit Margin

RMB**0.51**/m^3

Increased RMB0.06/m^3

Customer

57.780M

Increased 3.413 million

Comprehensive Services

Turnover

HK$**4.04**B

Increased 27.0%

Gross Profit

HK$**1.72**B

Increased 9.4%

Segment Results

HK$**1.37**B

Increased 19.0%

Integrated Energy

Energy Sold

2.94B kWh

Increased 58.5%

Turnover

HK$**1.64**B

Increased 72.8%

Gross Profit

HK$**0.27**B

Increased 120.7%

Note: Cumulative customers includes customers from newly acquired projects.

2023 Key Results Summary

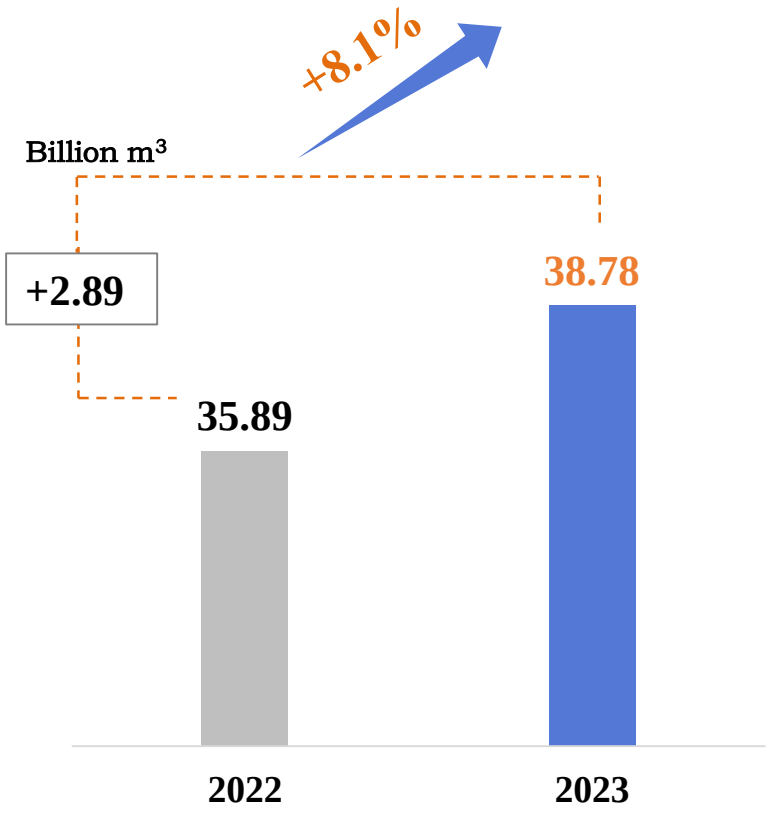
2023, China's economy continued to recover, CR Gas recorded a rapid growth in the key financial and operational indicators. Gas sales volume grew at 8.1%, turnover exceeded HK$100 billion, profit attributable to shareholders increased 10.4%, net cash from operating activities increased 133.4%. (HKD vs RMB appreciated an average of 4.7% in 2023, Profit attributable to shareholders increased 15.8% if the appreciation impact was excluded.)

Key Results	2022	2023	Growth Rate
Gas sales volume (billion m^3)	35.89	38.78	8.1%
Number of customers (million)	54.367	57.780	6.3%
Turnover (HK$ billion)	94.34	101.27	7.3%
Profit for the year (HK$ billion)	6.31	7.06	11.9%
Profit attributable to shareholders (HK$ billion)	4.73	5.22	10.4%
Net cash from operating activities (HK$ billion)	4.35	10.16	133.4%
Basic EPS (HK$)	2.09	2.30	10.0%
Proposed final dividend per share (HK$)	0.90	1.0069	11.9%
Proposed total dividend per share (HK$)	1.05	1.1569	10.2%

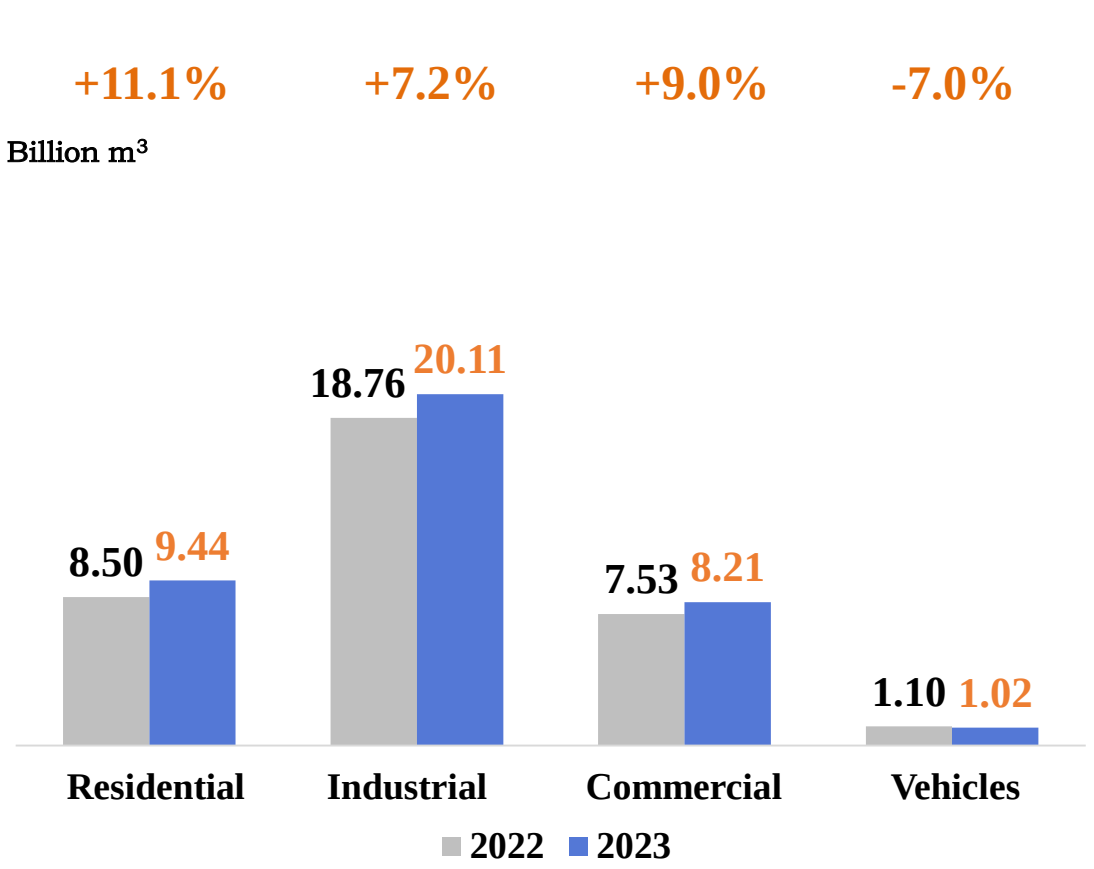
Sustainable Growth in Gas Sales Volume

In 2023, China's natural gas consumption was 394.53 billion m^3, an increase of 7.6%. Gas sales volume of CR Gas was 38.78 billion m^3, an increase of 8.1%. Residential and commercial gas sales volume increased 11.1% and 9.0% respectively.

Gas Sales Volume 38.78B m^3



Gas Sales Volume Mix



Change By Industry

☑ **Top 3 increase industry:**

① General equipment

② Electrical machinery and equipment

③ Automotive

☑ **Top 3 decrease industry:**

① Ceramics

② Glass

③ Iron and Steel

Note: 2022 China Natural Gas Consumption data from NDRC.

Significant Recovery in Gas Sales Earnings

In 2023, gas sales revenue accounted for 84.8% of the total revenue, an increase of 1.6 PPT, CR Gas has made every effort to pass through the cost increased, unit gas margin managed to increase to RMB0.51/m³, an increase of RMB0.06/m³, gas sales contribution increased 29.4% to HK$7.6 billion, of which the gas sales contribution increased 39.1% in 2H 2023, improvement in gas sales earnings accelerated.

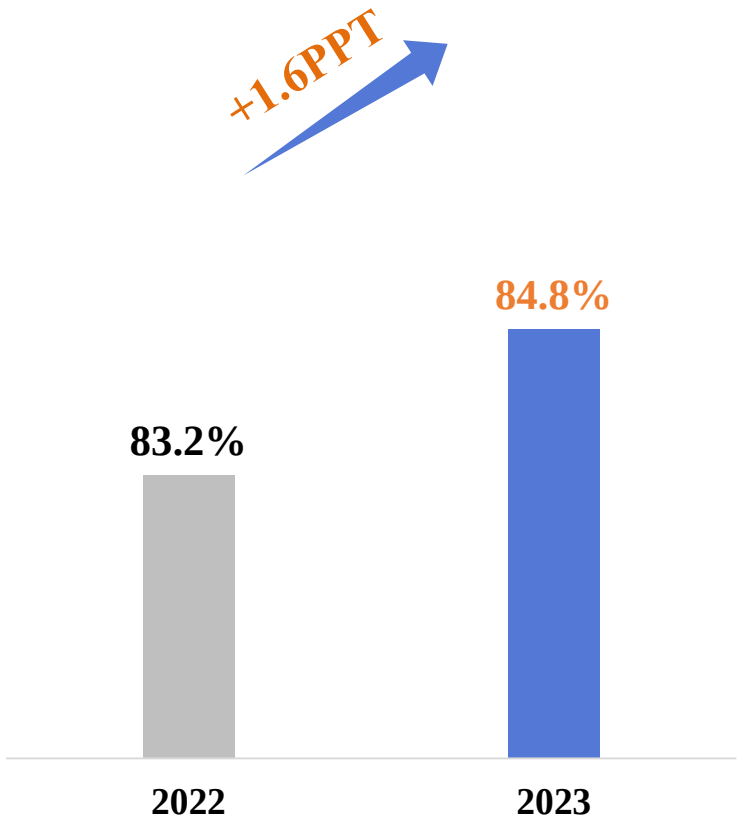
Gas Revenue Mix 84.8%

Unit Gas Margin RMB0.51

Gas Sales Contribution HK$7.6B

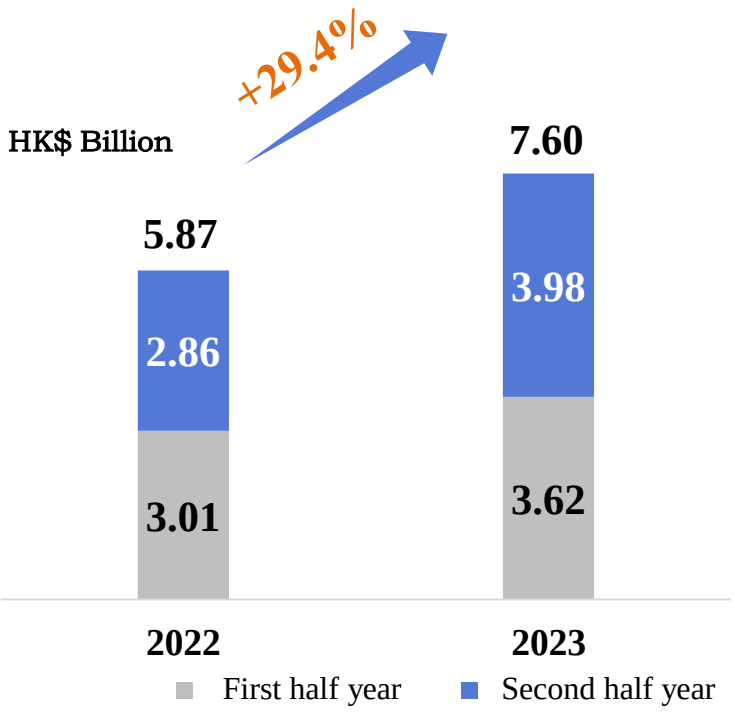
Contribution from gas sales was HK$7.6 billion, an increase of 29.4%:

- ☑ 1H2023: HK$3.62 billion, an increase of 20.2%;
- ☑ 2H2023: HK$3.98 billion, an increase of 39.1%.



RMB per m³

Customer (excl. tax)	2022	2023
Residential	2.41	**2.67**
C&I	3.85	**3.75**
Gas Station	4.16	**3.90**
Average Tariff	3.52	**3.50**
Average Cost	3.07	**2.99**
Unit Margin	**0.45**	**0.51**



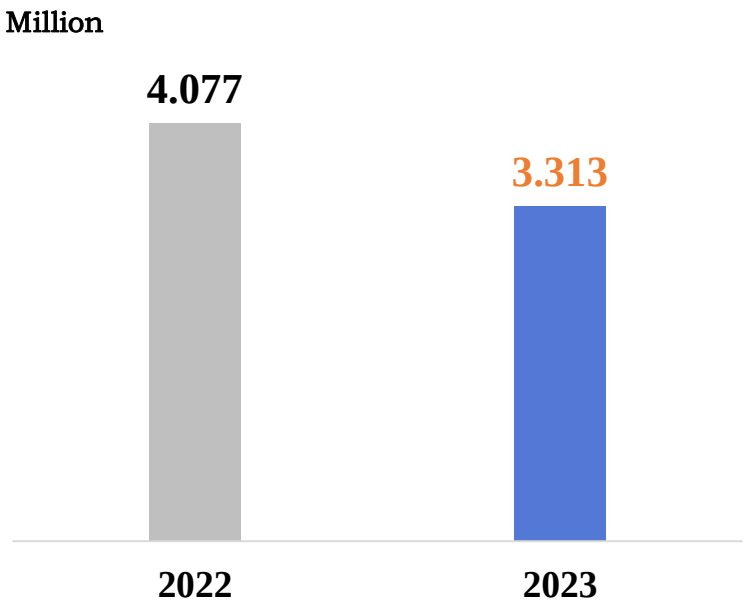
Continuous Growth in Connected Customers

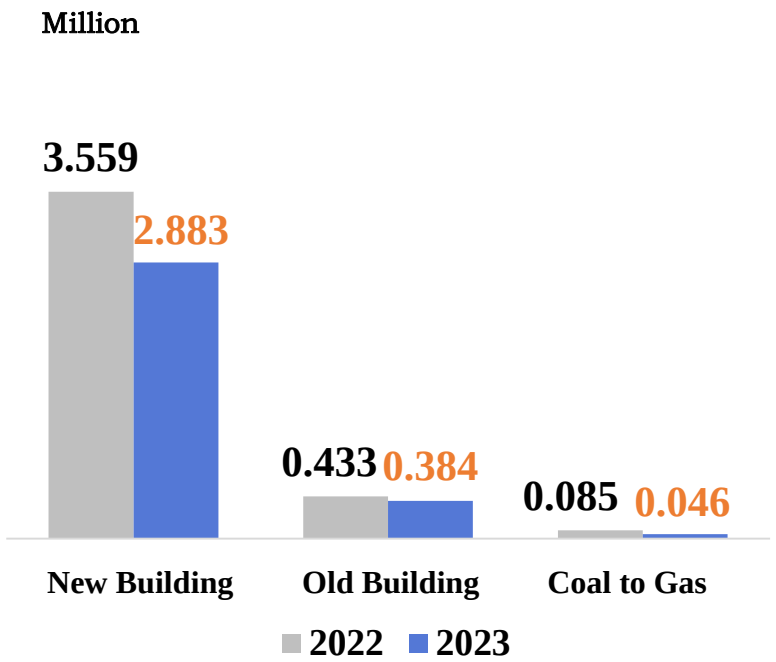
Leverage on the existing quality gas projects and the active market development strategy, newly connected households were 3.313 million in 2023, 87.0% was new building connection, cumulative connected customers increased to 57.780 million. Continuous growth in connected customers provide a huge market potentials to CR Gas's Comprehensive Services and Integrated Energy businesses.

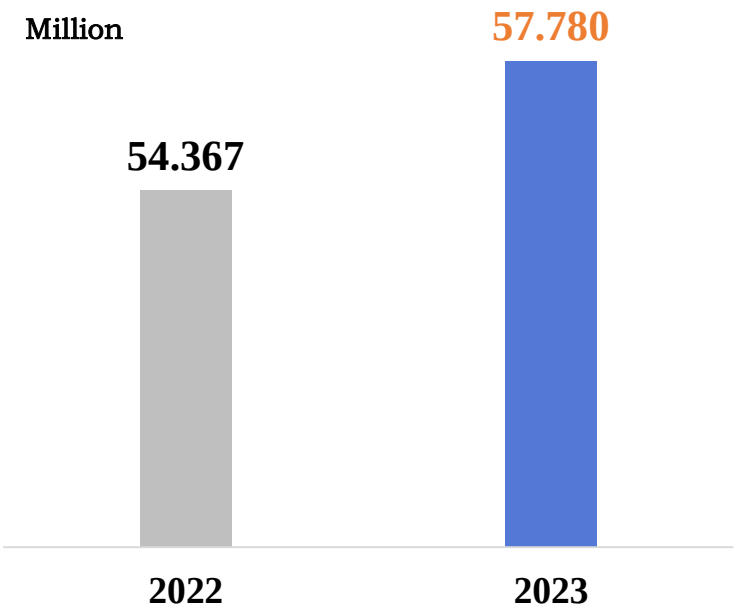
New household 3.313 M

New household mix

Customer 57.780 M







Significant Profitability Growth

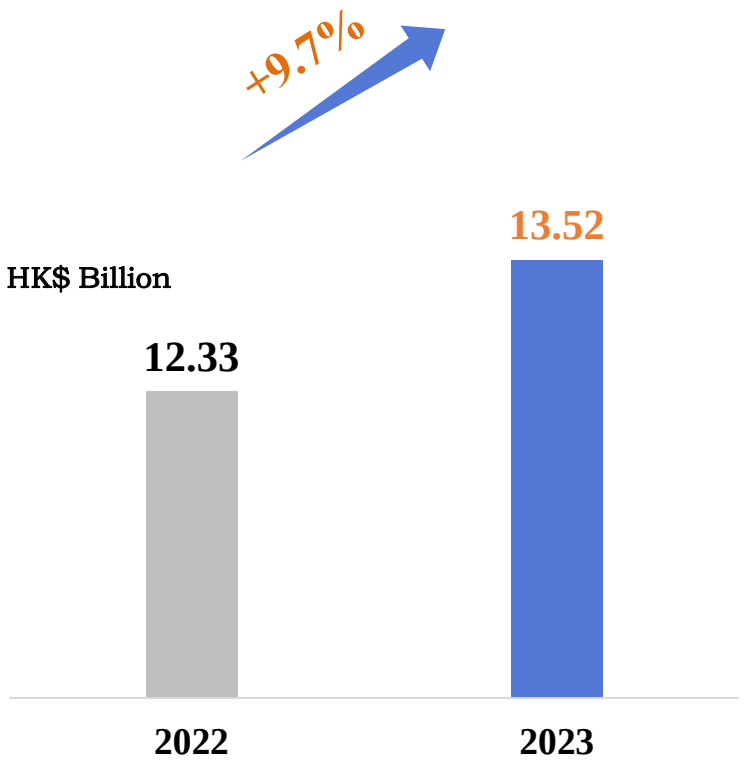
In 2023, net profit for the period reached HK$7.06 billion, an increase of 11.9%. Profit attributable to shareholders increased 10.4% to HK$5.22 billion.

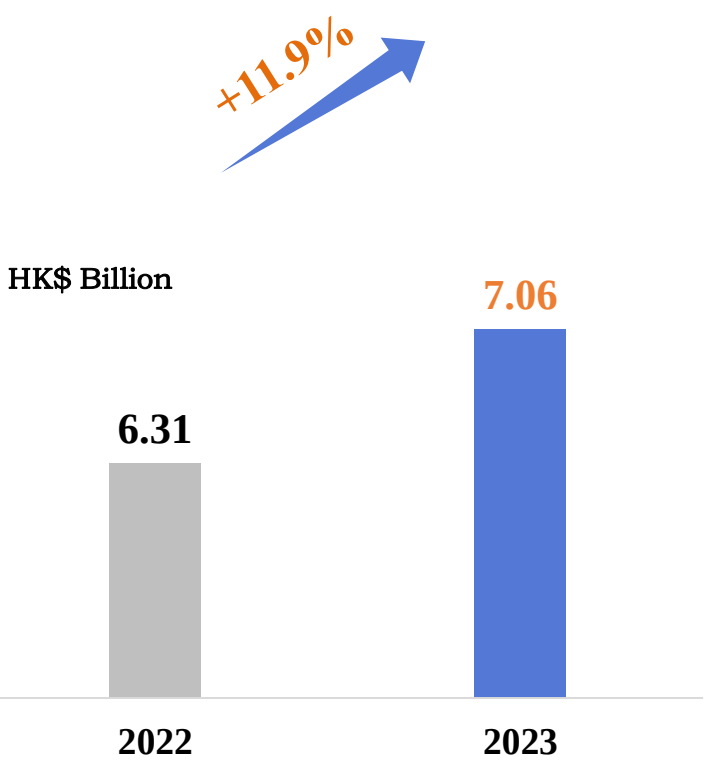
EBITDA HK$13.52 B

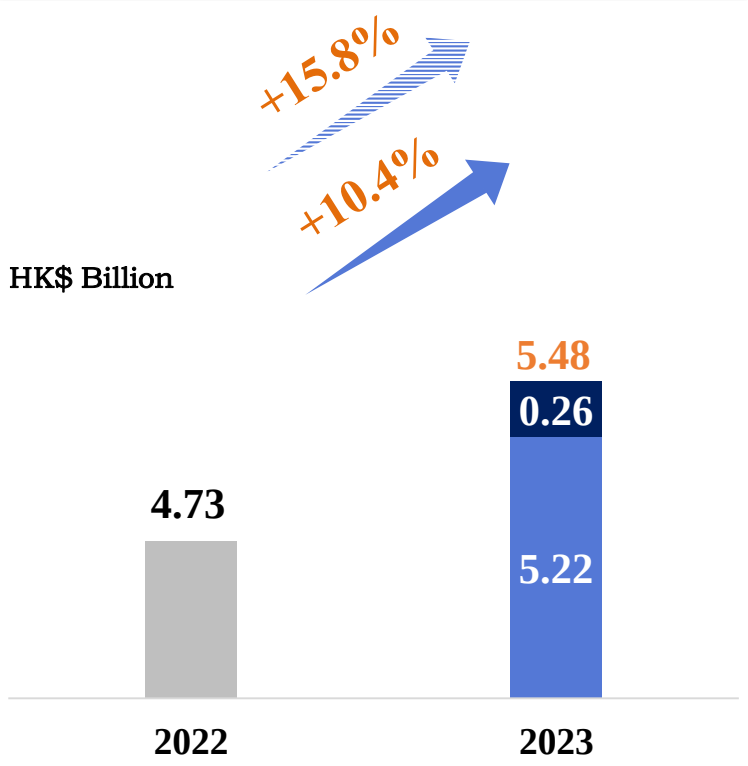
Net Profit HK$7.06 B

Attributable Profit HK$5.22 B

Excluding the appreciation impact of HKD vs RMB, attributable profit increased 15.8% to HK$5.48 billion in 2023.



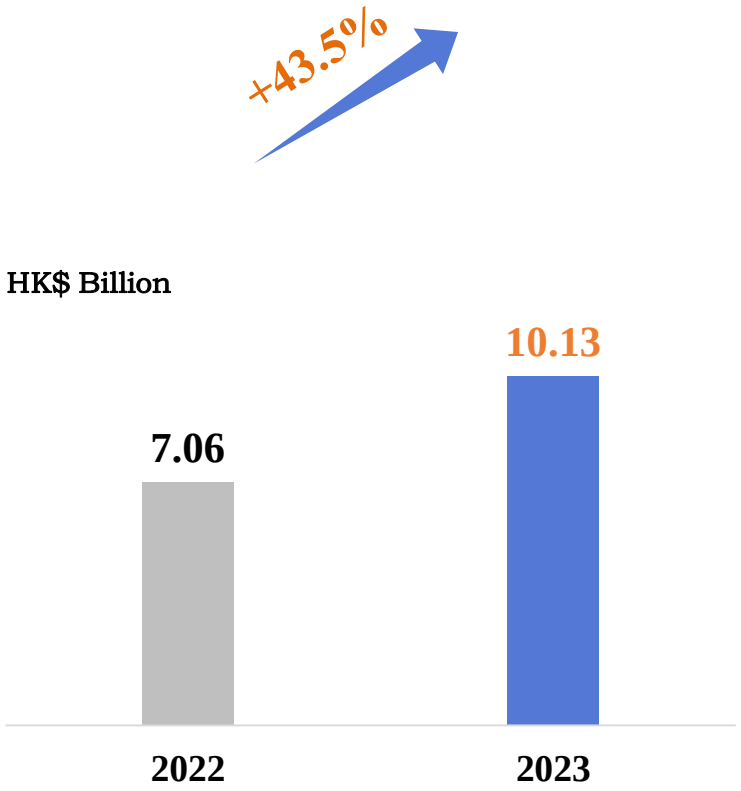




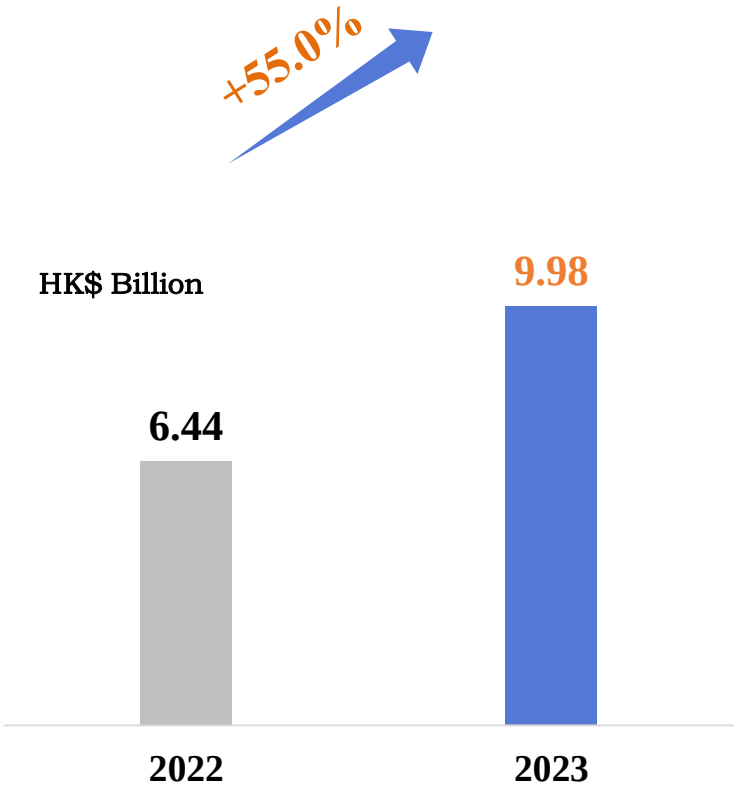
Sufficient Financial Liquidity

Receipts in advance further increased to HK$10.13 billion, an increase of 43.5%, bank and cash balance increased 55.0% to HK$9.98 billion, cashflow from operation improved substantially to HK$10.16 billion, an increase of 133.4%, maintained sufficient financial liquidity.

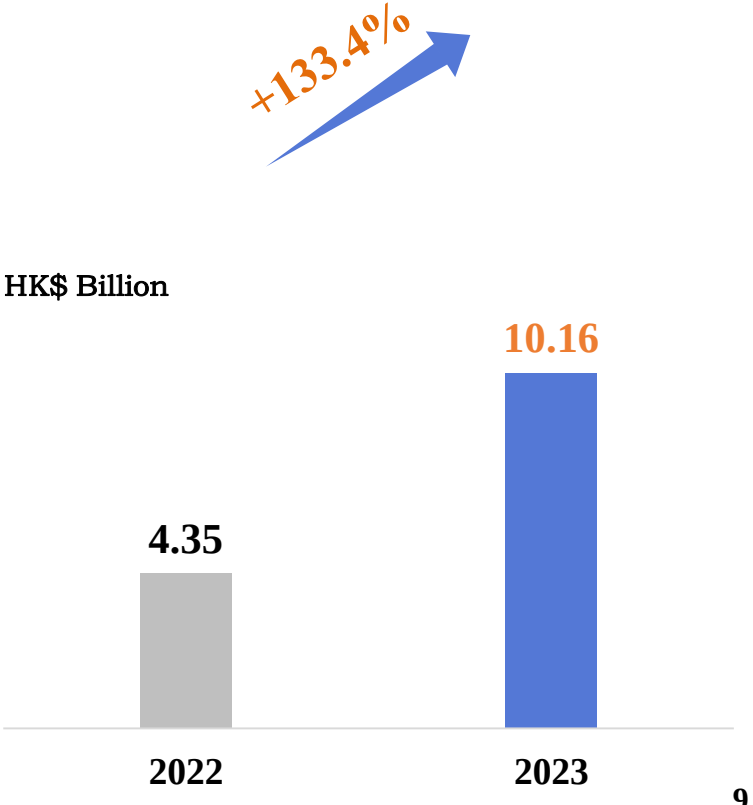
Receipts in Advance	HK$10.13 B



Bank & Cash Balance	HK$9.98 B



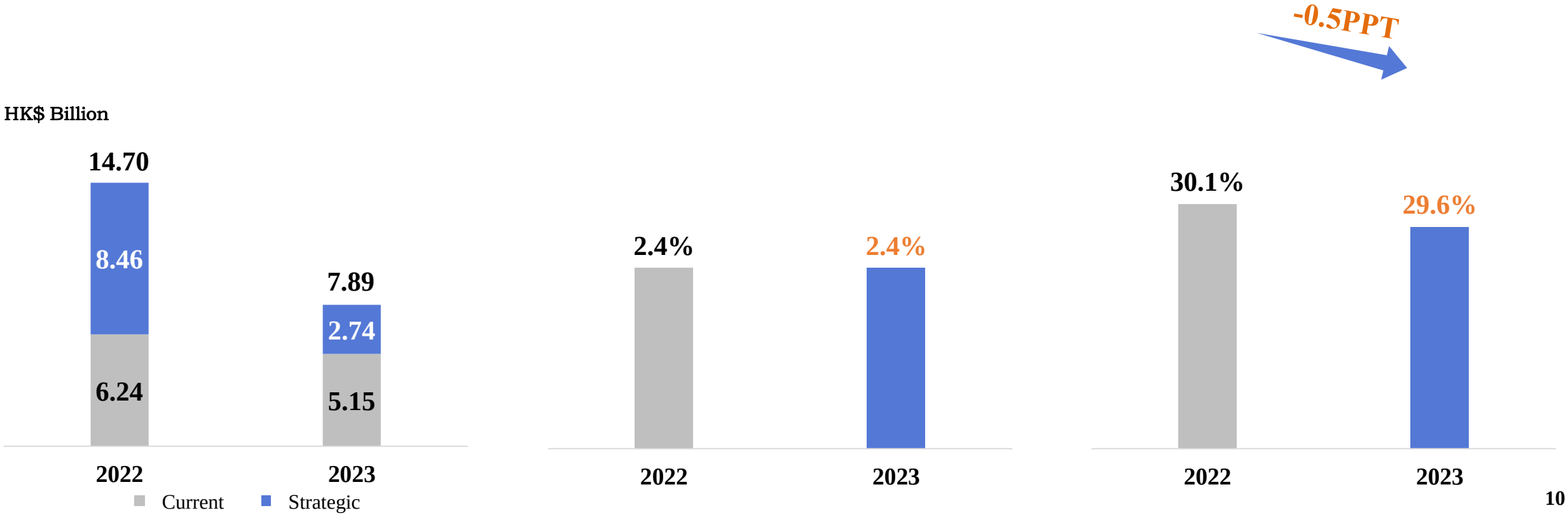
Cashflow from Operation	HK$10.16 B



Strong Financial Flexibility

In 2023, HK$7.89 billion was spent on CAPEX, financing cost was 2.4% p.a., the best in the industry. Debt ratio maintained at low level of 29.6% to support its future development and expansion.

Capital Expenditure	HK$7.89 B
Financing Cost	2.4%
Debt Ratio	29.6%



Leading Credit Ratings

In 2023, 3 leading international credit agencies re-affirmed CR Gas the leading credit ratings granted to the Chinese city gas operators.

Maintain Leading Credit Ratings

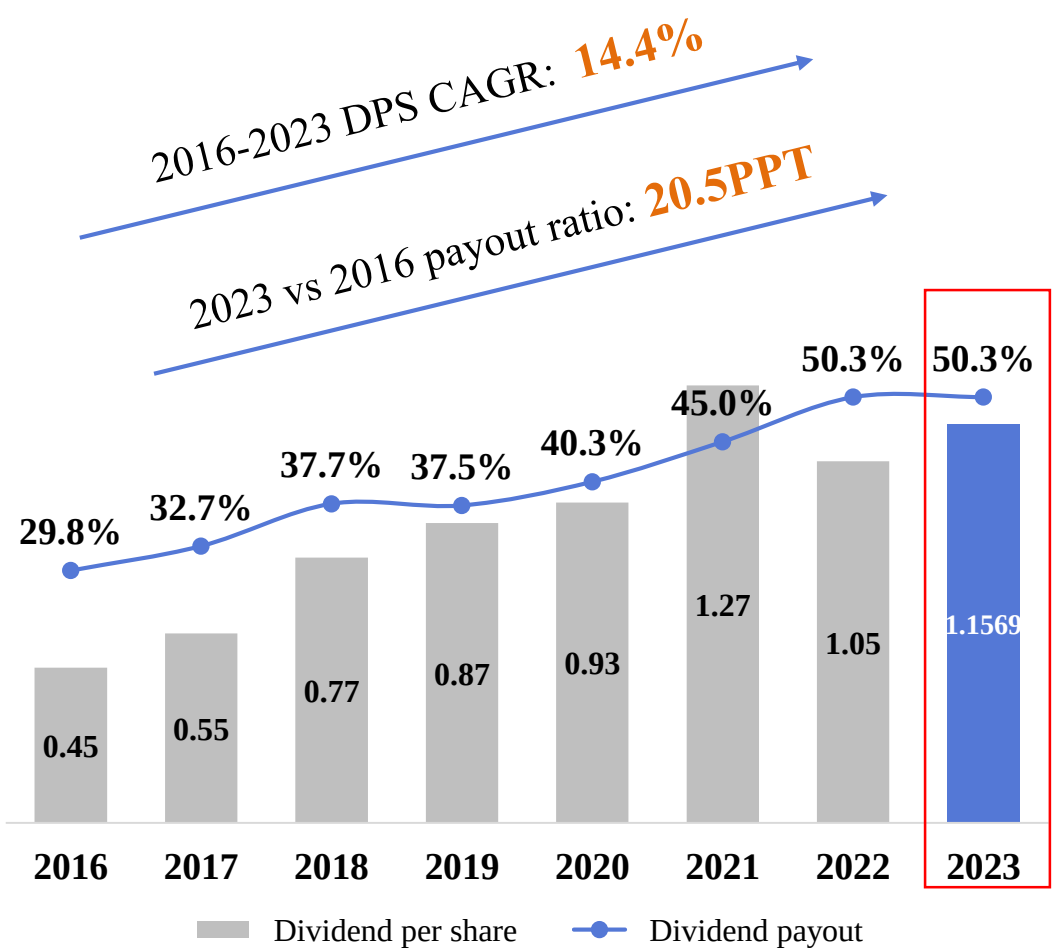
3 leading international credit agencies, S&P Global, Moody's and Fitch, re-affirmed CR Gas the leading credit rating granted to the Chinese city gas operators. The credit ratings are A- , A2 and A- respectively.

Agency	Status	2023 Credit Rating
STANDARD & POOR'S RATINGS SERVICES McGRAW HILL FINANCIAL	**Maintain**	**A-**
MOODY'S	**Maintain**	**A2**
FitchRatings	**Maintain**	**A-**

Stable Dividend Policy

Dividend per share of CR Gas increases significantly from HK$0.45 in 2016 to HK$1.1569 in 2023, a CAGR of 14.4%. Dividend payout ratio increases from 29.8% in 2016 to 50.3% in 2023, provides a long-term stable return growth to shareholders of CR Gas.

Dividend Payout Ratio **50.3%**



Sustainable Growth in Dividend

	2022	2023
Basic EPS (HK$)	**2.09**	**2.30**
Total DPS (HK$)	**1.05**	**1.1569**
Dividend payout ratio （%）	**50.3%**	**50.3%**

☑ 2023 interim dividend paid was HK$0.15 per share and 2023 proposed final dividend is HK$1.0069per share;

☑ 2023 proposed total dividend is HK$1.1569 per share, 10.2% increase compared to 2022.

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ESG Management Improvement

Thoroughly fulfill the environment and social responsibilities, promote the reduction of CO_2 emission intensity indices. In 2023, an "A" MSCI ESG rating was maintained, CR Gas was selected to be a constituent stock of Hang Seng Corporate Sustainability Index and granted HK Green Awards – EHS Gold Award for 5 consecutive years.

Environmental

Total CO_2 Emission
(ton)

3-year **decrease 28.3%**

CO_2 Emission

(ton std. coal/RMB10,000 asset)

3-year **decrease 50.2%**

Comprehensive Energy Consumption

(ton std. coal/RMB10,000 turnover)

3-year **decrease 23.7%**

Social

Aging Pipeline Replacement
(2021-2023)

Total Investment **5.76B RMB**

Total Replacement **8,080 km**

Charity and Public Welfare

79,037 recipients

264,237 hours

Customer Satisfaction Score
(2022: 95.7)

96.4

Governance

Safety Training Participation

357,675 staff-times

Safety Training Coverage Rate

100%

《Integrity and Compliance Declaration》 Signing Rate

100%

Anti-corruption Training

44,820 staff-times

MSCI → A

Hang Seng Corporate Sustainability Index Series

Gold Award of HK Green Awards
Large Corporate –EHS Award
for 5 consecutive years

Note: The benchmark of the above 3 indices are 2020.

Effective Operational Safety Management

Undertake the construction of the national urban gas safety inspection and rectification system, participate in formulation of the 3 national gas safety standards, provide technical support of gas safety management for national ministries and commissions; carry out special comprehensive inspections on LPG and commercial customers, 100% rectification actions when problems found, continue to promote operational safety and safety of uers' gas facilities, a total of RMB5.76 billion has been invested, 8,080 km of aging pipeline network has been retrofitted since 2012.

Participation in Formulating National Standards

☑ Construction of the National Urban Gas Safety Inspection and Rectification System

☑ Formulation of the National Gas Safety Standards

- 《Standards for Major Hazardous Risk of Natural Gas》
- 《Risk Prevention Manual for Bottle Gas Business》
- 《Application on Promoting Users' Facilities Safety》
- 《Risk Prevention on Urban Gas Safety and Emergency Response Manual》 etc.

Reinforcement of Safety Management Foundation

☑ Strengthen depot management

- Online management for staff, facilities, inspection and maintenance
- Completed over 120 typical facilities inspection and maintenance

☑ Carry out LPG management

- Focus on rectification of illegal use of bottle with mixed gas and liquid, safety risk such as double gas sources, mixture of oil and gas, etc.

☑ Rectify users' safety risk

- Rectification of 7 million household safety risk
- Completion of comprehensive C&I safety inspection in 1 month

☑ Strengthen related personnel management

- Signing of over 1,100 safety renewal agreements
- 100% law reinforcement recorder equipped when conducting dangerous work

Strengthening Users' Facilities Safety

☑ Continuous Aging Pipeline Retrofitting

Replace 480 km

2023: RMB360M invested

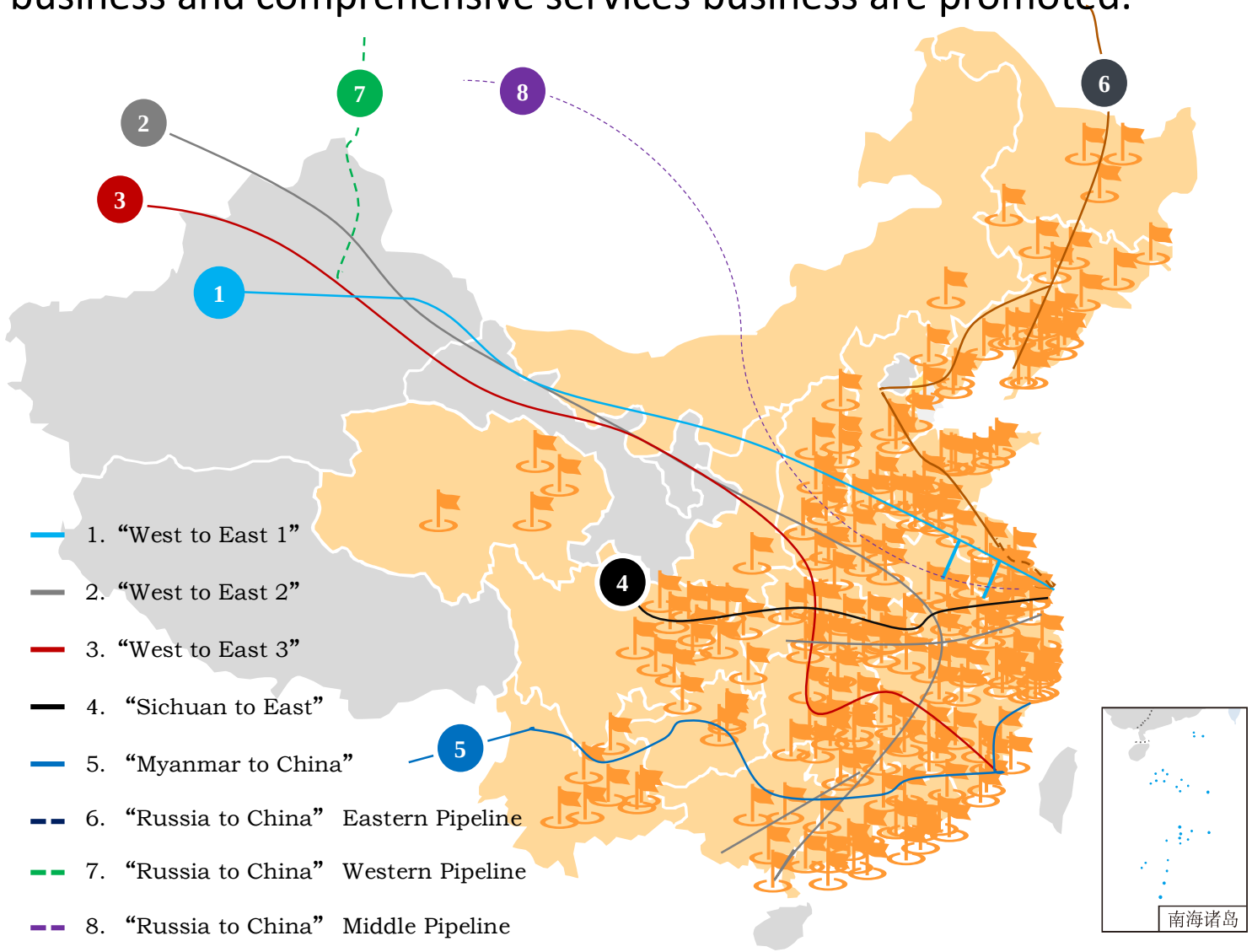
Replace 8,080 km

Total: RMB5.76B invested

☑ Promotion on Users' Gas Facilities Safety

Shut-off Valve	New: **8.80** million Total: **15.83** million
Safety Alarm	Total: **100%** installed
IOT Meter	Connect: **14** million

Pan-China strategy of project locations; projects can easily secure gas sources as most of them are located closely to the main gas supply pipelines and in the fast economic developing regions where the integrated energy business and comprehensive services business are promoted.



276	City Gas Projects
15	Provincial Capitals
76	Prefecture-level Cities
57.78 M	Customers
307 K km	Pipeline
97.08 M	Connectable Households

City Gas Core Business Expansion

In 2023, 4 projects were registered at group level, 3 and 4 projects were signed and registered respectively at project level, city gas core business continues to expand; Chongqing Gas was consolidated, shareholding increase of Xiamen project and controlling stake of Kunming Gas was acquired, CR Gas' leading position in city gas distribution core business will be further reinforced.

New Investment in 2023

☑ *Group Level* Registered: 4 ☑ *Project Level* Signed: 3 Registered: 4

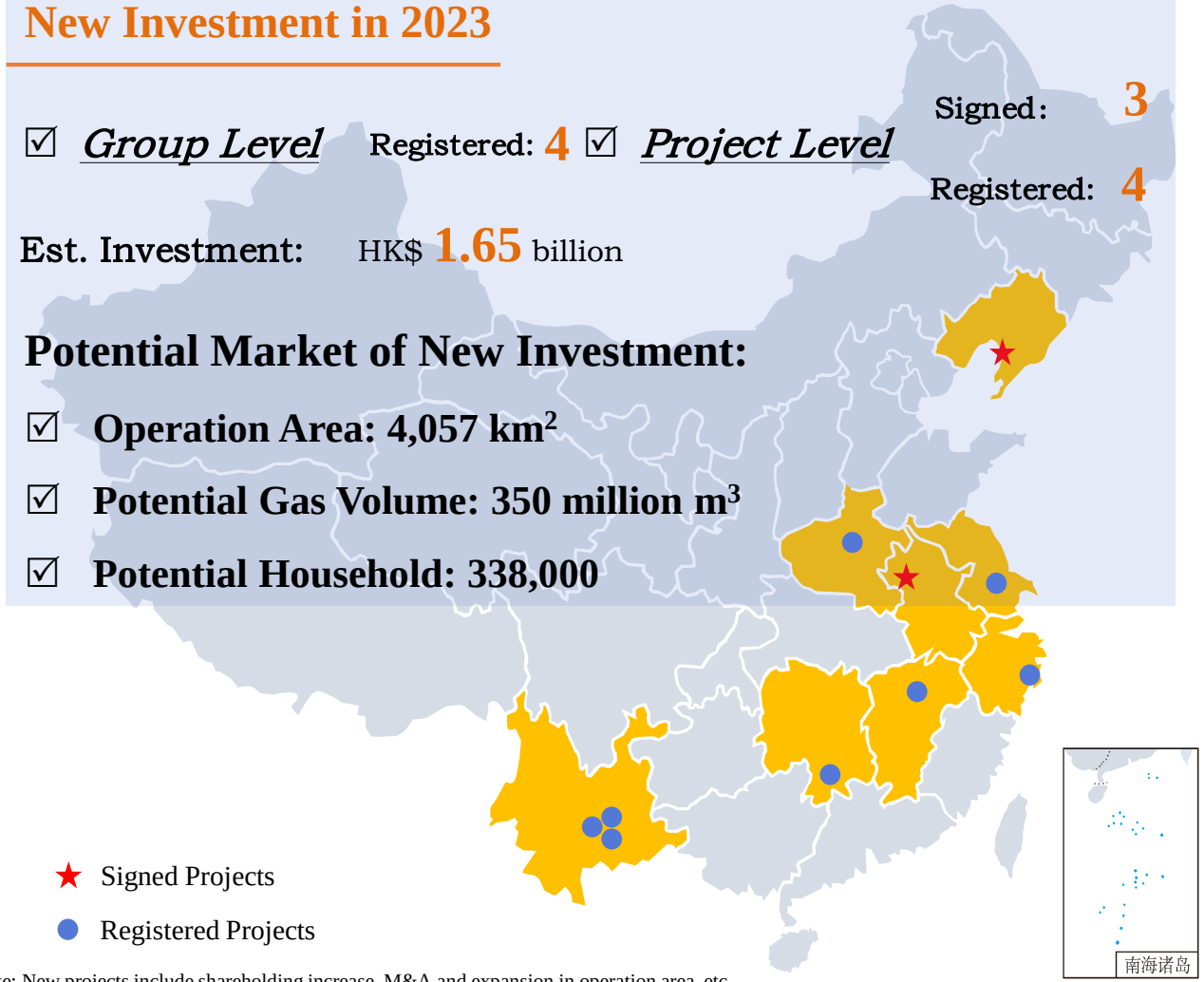
Est. Investment: HK$ 1.65 billion

Potential Market of New Investment:

☑ **Operation Area: 4,057 km²**

☑ **Potential Gas Volume: 350 million m³**

☑ **Potential Household: 338,000**



Reinforcement of the Leading City Gas Position

Feb. Chongqing: Municipality、National Central City

☑ Financial consolidation, majority board seats

☑ Implementation of CR management systems and procedures

Mar. Kunming: Provincial Capital、Mega City

☑ Obtaining **51%** shareholdings, become a subsidiary

☑ Consolidation of Kunming natural gas market

Jul. Xiamen: Sub-provincial、Independent Planning City

☑ Increase **2%** stake to **51%**, financial consolidation

☑ Adoption of CR management system

Note: New projects include shareholding increase, M&A and expansion in operation area, etc.

Upstream Gas Supply Security Enrichment

Rudong receiving terminal commenced construction, it will be fully compatible with CR Gas's major city gas; a 10-year gas S&P contract has been entered with PetroChina for a total of 41 billion m^3 to enhance the gas supply security and stabilize the seasonal gas cost fluctuation; annual gas contract coverage rate increased to 99.3%, annual self-procure gas was 3 billion m^3, an increase of 68%, supplemental unconventional gas was 400 million m^3, gas supply security and costs continue to improve.

PetroChina 10-year S&P Contract

Involving 11 provinces and 1 city covering 60 member companies, 41 billion m^3 natural gas contract.

Commencement of Rudong LNG Receiving Terminal

Construction commenced on 21 June 2023 and in progress according to the schedule.

① Corporation with 3 Major Gas Suppliers

- ☑ **Increase annual contract volume:** obtained extra **350** million m^3 contract volume, contract coverage rate reached **99.3%**, an increase of **2.3** PPT;
- ☑ **Increase in gas supply coordination:** 2023, gas supply coordination reached **3.0** billion m^3, an increase of **68%**.

② Exploring Other Resources

- ☑ **Unconventional gas supplies:** Supplemental coal gas, shale gas, etc. over **400** million m^3, RMB**0.01**/m^3 lower than the annual contract;
- ☑ **Develop gas storage peak shaving:** Cooperate with Sinopec and National Pipeline for gas storage of over **160** million m^3 to save cost of RMB**16.50** million.

Diversified Resources Allocation

③ Coordination of Pipe Network Openings

- ☑ **Add new openings of existing pipeline:** Coordinate **10** new opening applications at National Pipeline, **2** openings were approved;
- ☑ **Confirm in advance the offloading point:** Plan in advance the building of openings to security the major offload routes.

④ Carrying out Long-term Contract Inquiry

- ☑ **Carry out extensive inquiry:** Approach **40+** suppliers to obtain **20** quotations;
- ☑ **Preliminary intention signing:** Enter MOU with global suppliers for preliminary cooperation agreement.

Exploring Organic Market Potentials

With the concern of the rollout of "assurance of housing project delivery" policy, taking the opportunity of the Nation's "Urban Village Renovation in Super and Super-Large City" policy, accelerate the development of household users, promote industrial energy saving technical transformation, execute flexible pricing strategy to protect earnings in winter and volume in summer, together with the safe reform approach, promote commercial customers adopting "bottle to gas" by government and gas company, newly developed customers will contribute over 2.8 billion m^3 gas volume per year.

Residential: Speed up New Connection

- ☑ Explore the organic market potential with the "assurance of housing project delivery" policy;
- ☑ Accelerate the new household connection with the support of "Urban Village Renovation in Super and Super-Large City" policy.

→ **New Households**

2.892 million

→ **Contribution**

550 million m^3/year

Industrial: Expand Development Strategy

- ☑ Carry out energy saving technical transformation to increase customer loyalty;
- ☑ Execute flexible pricing strategy to protect earnings in winter and volume in summer.

→ **New Industrial**

2,993

→ **Contribution**

2.18 billion m^3/year

Commercial: Encourage "Bottle to Gas"

- ☑ Simplify the application procedure to accelerate market development;
- ☑ Emphasis on safety issues, supported by government to encourage "Bottle to Gas" conversion.

→ **New Bottle to Gas**

10,780

→ **Contribution**

150 million m^3/year

Transportation: Accelerate Transformation

- ☑ Formulate action plan to explore new markets;
- ☑ Transform to integrated station.

→ **Closed/Exit in 2023**

17 stations

→ **Station Transformed**

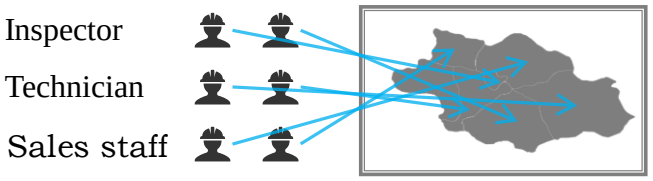
37 stations

Innovative Customer Services Model

Promote comprehensive repair, maintenance, safety inspection, meter reading services model, manage customers by grid and assign exclusive gas butler to establish an innovative customer services model, over 10,000 gas butlers provide a “mobile shop“ of comprehensive services and “countless number of shops” immersive community services model. Over 30 million households have been covered in 2023.

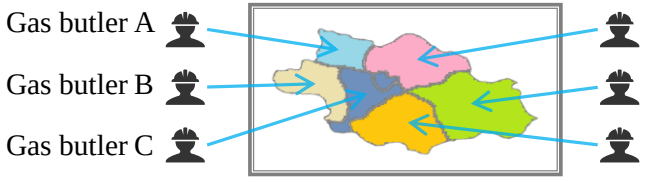
Innovative Grid Management Services Model

Before Grid Management



Separate job duties, no cross-management, long response time.

After Grid Management



Every grid is responsible by specified butler with multiple job duties to provide concierge services and immersive management.

Service Point Innovation	about 500 service centers	→	**over 10,000 gas butlers**
Service Model Innovation	communicate at service centers	→	**communicate with online gas butler**
Sale Innovation	traditional business	→	**create WeChat ecology**

网格化模式发展目标

Over 10,000 gas butlers in more than 200 cities to provide a “mobile shop” of comprehensive services and “countless number of shops” concept

百城万店

- ☑ **Customer:** total solution for personalized needs;
- ☑ **Staff:** become a multiple job duties gas butler;
- ☑ **CR Gas:** establish combined service and sale model.

In 2023, over 30 million households have been covered by the grid management services model.

Enhancement of Customer Service Experience

華潤燃气 CR GAS

Enhance the personalized gas concierge services by establishing WeChat Business, unified national service phone number 95777 to increase customer contact frequency and loyalty and the penetration of the comprehensive services business, WeChat Business account exceeded 12 million and 95777 covered 11 million household in 2023.

WeChat Business & Unified National Service Hotline 95777

Before

- Slow Response
- Lack of Visual Display
- High Communication Cost
- No Uniform Promotion Channel
- Difficult to Cross-Selling

After

Core Business
- Improve meter reading
- Improve Safety Inspection
- Improve risk rectification

Customer
- Unified CS image
- Personalized concierge
- Online service handling

CS Business
- Expand selling channel
- Complete visual display
- Provide quality services

CR Gas Grid Staff (Gas Butler)

- Service Center
- Call Center
- Smart Answering
- Product Selling Platform
- E-Commerce Platform

☑ **WeChat Business**

12+M accounts

☑ **95777 Hotline**

covered **11M** household

☑ **Safety Inspection**

increased **3.4** PPT

☑ **Risk Rectification**

increased **4.1** PPT

Smart Customer Services System

Through smart media platform such as WeChat Business, unified service hotline 95777 to establish smart customer services system with AI model to provide better services to our customer and to achieve customer needs direct access the grid.

Natural Gas Usage

Kitchen | Heating | …

Consult | AC Open | Gas Open | Payment | Inspection | …

Comprehensive Services

Appliance | Insurance | …

Consult | Appointment | Sales | Installation | After-Sales | …

Customer Needs

95777 hotline
collect requests

WeChat Business
visual display, online response

Direct Access

Gas Butler

Synergy

AI Model
data analysis, smart response

Services

User

Optimised Services

Bulk Collection → Simplified Handling → Precise Communication → High Quality Services

Core Target

- User Experience Enhancement
- Comprehensive Services Promotion

Group/ Company

Supervision

Feedback

Gas Butler

Services

Comments

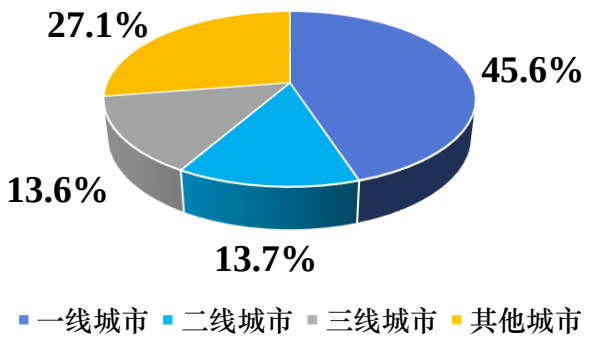
User

Safety Smart Kitchen Solution

CR Gas has 55.808 million household customers. Of which, 40.684 million household customers are located in affluent 3rd-tier or above cities. CR Gas provides customers a one-stop assembly solution for a smart kitchen with an emphasis on safe gas usage, and hassle free pre-sales and after sales services.

Huge & Prime Customer Resources

City Household Mix



- ☑ **Household Customer** **55.808** M
- ☑ **3rd–tier city or above Household** **40.684** M

Note: City Category from China Business Network

One-Stop Smart Kitchen Assembly Solution

☑ 美装宝
— Custom Installation & Decoration

Custom design decorated buried pipe with durable protection and professional installation complied with safety requirements.

☑ 厨安宝
— Safety Inspection & Monitoring

“百尊智+” APP provides gas shut off with one button, 24 hours gas leakage inspection, voice signal alarm, and auto shut off functions.

☑ 智能厨电
— Smart & Safe Application

High-end kitchen appliance series with “百尊智+” APP remote control and hood-cooker linked switch.

Integrated Hassle-Free Services

Integrated Pre-Sales Services

- 500+ flagship experience stores national wide
- Whole gas business process following up
- Comprehensive safety gas usage services

Convenient After-Sales Services

- WeChat Business online diagnosis appointment
- Gas butler onsite services
- Life-long guarantee services
- Trade-in service policy

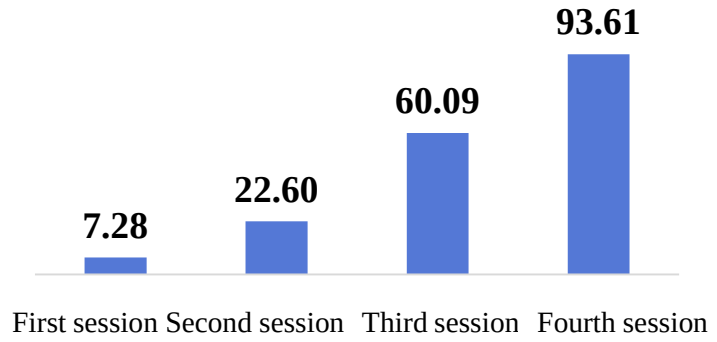
Online Business Enhancement

Continue to carry out online sales activities, the 4th "Love Every Moment of Life" Event has been orgainsed in 2023, online transaction reached RMB93.61 million, the highest transaction amount in recent years; continue to enrich the comprehensive services products by expanding the brand cooperation and establish a CR Gas best selection online store to offer high quality comprehensive services and products to our customers.

Continuous Carry out Loyalty Sales Activities

The 4th 915 Better Life Event
Online Transaction: RMB93.61 M

Online Live Streaming Transaction



Setup CR Gas Best Selection Online Store

Create Comprehensive Services Ecosystem

Potential partner brand

Internal: CRG best selection online store
External: External platform connection

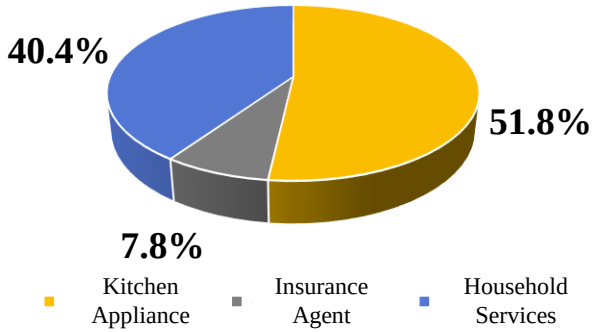
- ☑ Member point system
- ☑ Home appliance alliance
- ☑ Physical service center revitalisation

Rapid Growth in Comprehensive Services

Continuous growth of comprehensive services business (CSB), income from household services business increased from RMB102.2 to RMB107.2 per household in 2023; turnover from comprehensive services business increased 27.0% to HK$4.04 billion, segment contribution increased 19.0% to HK$1.37 billion, turnover and segment contribution increased 33.3% and 24.9% respectively if the exchange impact was excluded.

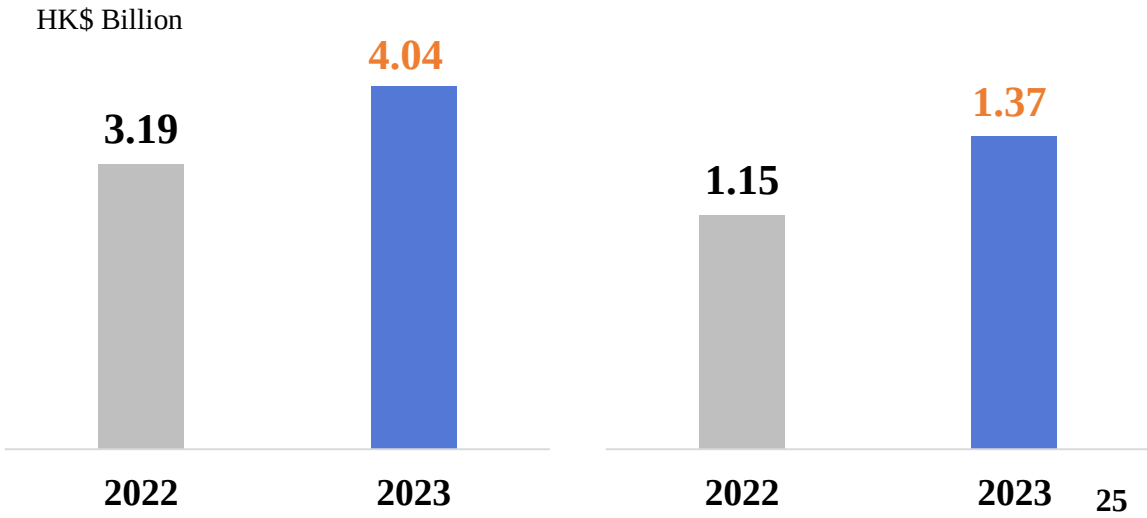
Kitchen Appliances	Insurance Products	Household Services
Organic Market Share	*Organic Market Share*	*Income per household*
2023: 8.61%	2023: 23.04%	2023: RMB107.21
2022: 7.93%	2022: 24.02%	2022: RMB102.23

Revenue Mix



Rapid Growth in Turnover and Contribution

CBS Turnover	CBS Contribution
+27.0%	+19.0%
Excluding Exchange Impact	Excluding Exchange Impact
+33.3%	+24.9%



Integrated Energy Business Market Potential

CR Gas has 0.48 million C&I customers, many high quality industrial parks and hospitals in the operating area, market potential is huge. Internal estimation shows integrated energy market potential is 360GW, energy demand is 800 billion kWh, mid-term energy supply target is 20 billion kWh and long-term target is 80 billion kWh.

Larger C&I Customers

- Industrial: **42,481**
- Commercial: **442,407**

Huge Amount of Projects

- Industrial Park: **600**
- Hospital: **2,500**

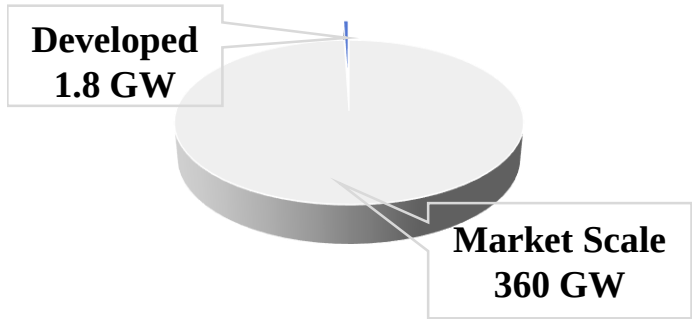
Rich Depot Resources

- Rich depot land resources

Huge Market Potential in Operation Area

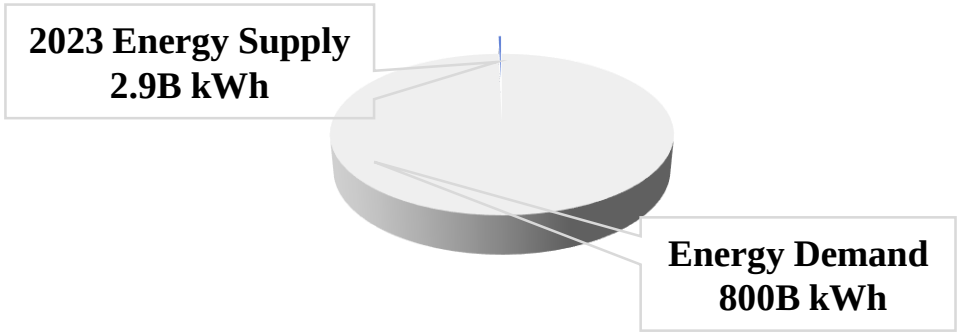
Installed Capacity

GW



Energy Demand

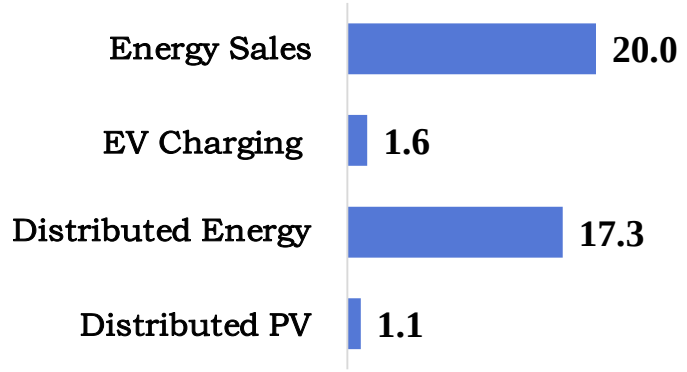
billion kWh



Mid & Long-term Development Target

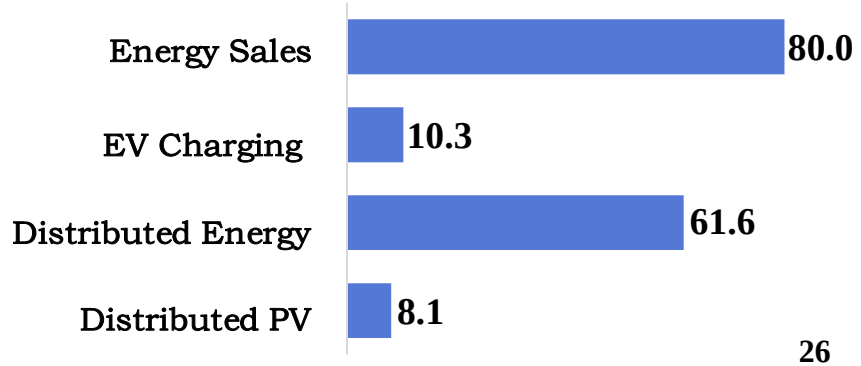
Mid-term Target

Billion kWh



Long-term Target

Billion kWh



Integrated Clean Energy Solution

Leverage on the energy demand of the larger C&I customer resources, focus on the industry parks, commercial complex and transportation to identify quality distributed photovoltaic, distributed energy and transportation charging projects, provide a diversified clean energy solution.

Distributed Photovoltaic

☑ **Scenario:** Single C&I customer and regional distributed PV

☑ **Model:** Self generation and use, surplus electricity to grid

- **Lower cost by synergy with city gas core business**
- **Stable investment return and cashflow**
- **Fast and scale replication and promotion**

Distributed Energy

☑ **Scenario:** Park and public buildings

☑ **Model:** Focus on light asset business and energy hosting model such as cooling and heating air conditioning, daily life hot water and gas boiler, etc.

- **Many high quality parks and hospitals**
- **Diversified customer demand**
- **Light asset operation with small investment, quick return and low risk**

Transportation Charging

☑ **Scenario:** Community, park & zone, city fast charging

☑ **Model:** Establish digital charging operation platform to develop transportation charging business in big cities such as Chongqing, Chengdu and Zhengzhou, etc.

- **Locate in economically developed area**
- **Share operation staff with city gas business**
- **Location advantage of existing gas stations**

Accelerate Transportation Charging Business

華潤燃气 CR GAS

Accelerate transportation charging business development by establish point to point network in community, city, industrial park and zone area. In 2023, 61 charging stations were added, a total of 232 stations in operations, secured service contract with 7,167 vehicles, Annual electricity sales increased 14.7% to 310 million kWh.

Community Charging

Leverage on Core Business to Enhance our Services

- ☑ **Core business advantage:** Leverage on city gas business to promote charging business
- ☑ **Customer relationship advantage:** Close and frequent contact with property companies and developers

City Fast Charging

Establish the Service Network by Resources Sharing

- ☑ **Rich depot land resources:** Possession of rich and high quality depot resources
- ☑ **Good relationship with government and corporation:** Good cooperation with government and state own enterprise

Park & Zone Charging

Focus on Park and Zone to Offer Integrated Energy Station

- ☑ **Many high quality park and zone customer:** Possession of 600 high quality parks and zones in the operation area
- ☑ **Integrated comprehensive energy supply:** Leverage on integrated energy supply to promote PV storage and charging to C&I customer.

Operating Station

232 61 newly added

Operating Charging Post

2,717

Contracted Vehicle

7,167

Annual Electricity Sold

310 M kWh 14.7% ↑

Light IE Asset Operation Project Development

華潤燃气 CR GAS

Focus on integrated energy operation model with contract energy management, through studies on energy demand of the industrial project in the operation area, take natural gas distributed energy as starting point, use smart energy management platform to achieve model change from simply selling natural gas to integrating multiple energy hosting services, revenue increases significantly from RMB2 million to RMB6.5 million.

Customer Feature

- Operation — Good
- Energy Consumption —Huge
- Environment Requirement — High
- Cost Control — Strict
- Energy Security — High

Smart Energy Management Platform

Customer Need

- Solve Energy Security
- Solve Summer Power Restriction
- Solve Green Energy
- Solve Cost Control

Services & Valve

Natural Gas Distributed Energy	+	Air Conditioner Hosting	+	Transformer & Distributor Hosting	+	Distributed PV + Daily Life Hot Water	+	DC + AC Charging Post
Electricity + AC Heat & Cooling Supply		AC Heat & Cooling + Services		Transformer & Distributor Hosting		PV Electricity Generation + Daily Life Hot Water		Charging + Services
Income RMB2M p.a.		**Income RMB2.4M p.a.**		**Income RMB1.2M p.a.**		**Income RMB0.4M p.a.**		**Income RMB0.5M p.a.**

☑ **30% increase in energy efficiency, 700 tons reduction in CO_2 emission.**

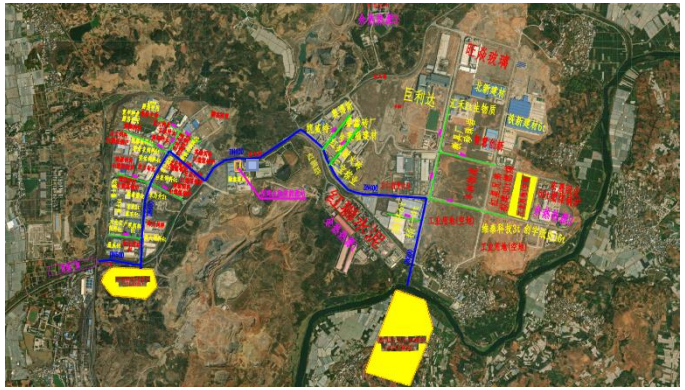
Major Integrated Energy Projects

In 2023, develop a distributed PV project in Jiangning, Nanjing with local government bodies, enterprises and schools, etc., estimated annual income is RMB45.20 million; a distributed centralized heating supply project in Yiliang industrial park of Kunming, project investment is RMB48.96 million and estimated annual income is RMB73.03 million; expand the transportation charging business in Taizhou by contracting with 640 public vehicles, average gross profit is RMB6.59 million p.a..

Distributed PV — Jiangning, Nanjing

- ☑ **Customer:** Government bodies, enterprise, school and C&I
- ☑ **Installed Capacity:** 100MW
- ☑ **Consumption:** 100M kWh p.a.
- ☑ **Est. Income:** RMB45.20M p.a.

Distributed Energy — Yiliang Industrial Park



- ☑ **Customer:** Cement, paper, feed and pharmaceutical factory
- ☑ **Investment:** RMB48.96M
- ☑ **Steam Sales:** 380K tons p.a.
- ☑ **Est. Income:** RMB73.03M p.a.

EV Charging — Taizhou Bus Station

- ☑ **Model:** Joint venture and leaded by CR Gas
- ☑ **No. of public vehicle:** 640
- ☑ **Charging:** 17.74M kWh p.a.
- ☑ **Est. G.P.:** RMB6.59M p.a.

Fast Growing Integrated Energy Business

In 2023, 98 distributed PV projects were signed, 32 projects commenced operations, a total of 168 project developed, 30 distributed energy projects were signed, 34 projects commenced operations, a total of 173 projects developed, annual energy sales was 2.94 billion kWh, an increase of 58.5%, turnover of comprehensive services business reached HK$1.64 billion in 2023, an increase of 72.8%, gross profit increased 120.7% to HK$270 million.

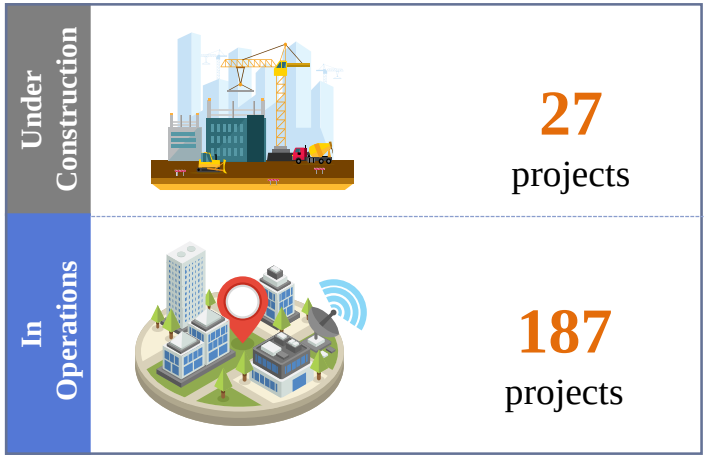
Distributed PV

- ☑ Signed Project: 98
- ☑ Newly Operated Project: 32
- ☑ Developed Project: 168
- ☑ Installed Capacity: 213.7MW

Distributed Energy

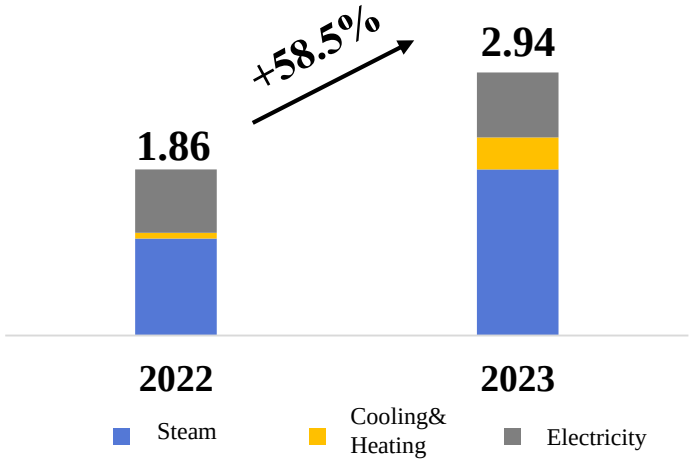
- ☑ Signed Project: 30
- ☑ Newly Operated Project: 34
- ☑ Developed Project: 173
- ☑ Installed Capacity: 1.2GW

Note: Energy sales include transportation charging



2023 Energy Sales

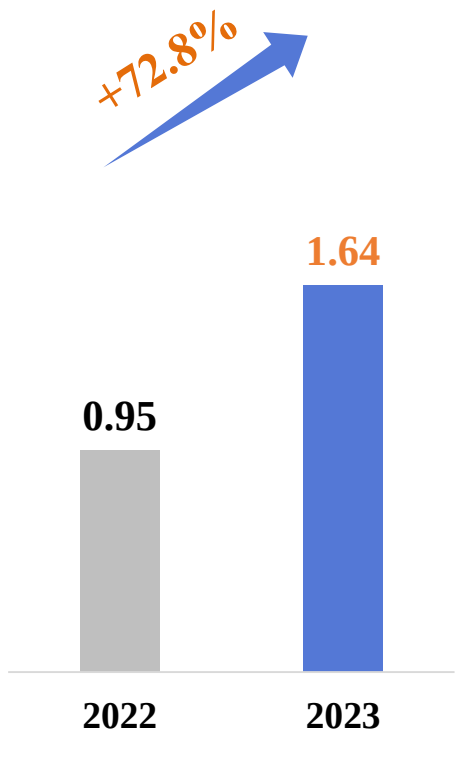
Billion kWh



2023 IE Business Highlights

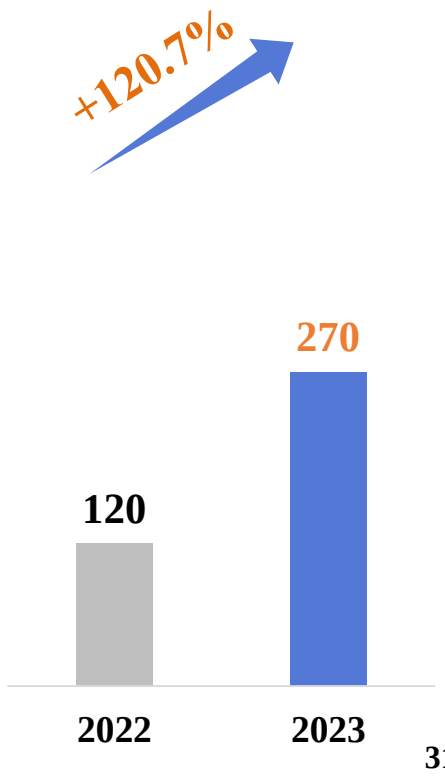
Expanding Turnover

HK$ Billion



Growing Contribution

HK$ Million



Accelerate Hydrogen & Energy Storage Business

Explore the hydrogen energy industry with the pilot project of “氢进万家” in Shandong, written reply has been obtained by Ministry of Science and Technology, target to build a 5km pure hydrogen pipeline and promote community application supplying combined hydrogen natural gas for over 2,000 households, a combined hydrogen combustion technology laboratory will be built with Tongji University; pilot energy storage projects will be carried out at Huizhou Dayawan, Zhejiang Hangzhou and Guangdong Jiangmen.

Carry out Hydrogen Energy Studies

☑ **Shandong “氢进万家” project**

Pure hydrogen pipeline, combined hydrogen and fuel battery application, written reply obtained from MOST

☑ **Combustion Technology Laboratory with Tongji University**

Research on the application of combined hydrogen combustion technology and natural gas energy saving

☑ **7 hydrogen stations in operation**

269.3 ton sold in 2023, increased **22.8%**.

Development Target

01

Pure Hydrogen Pipeline: 5km trial pipeline built.

02

Community Demonstration: supply combined hydrogen natural gas for over 2,000 households, combined hydrogen volume ratio ≥10%.

03

Hydrogen Station: Leverage on ample station resources, priorities the quality hydrogen pilot projects at regional cities.

Pilot PV Storage and Charging Station

☑ Dayawan: Zero carbon station (Storage scale: 30kW/138kWh)

☑ Hangzhou: PV storage & charging station (Storage scale: 100kW/200kWh)

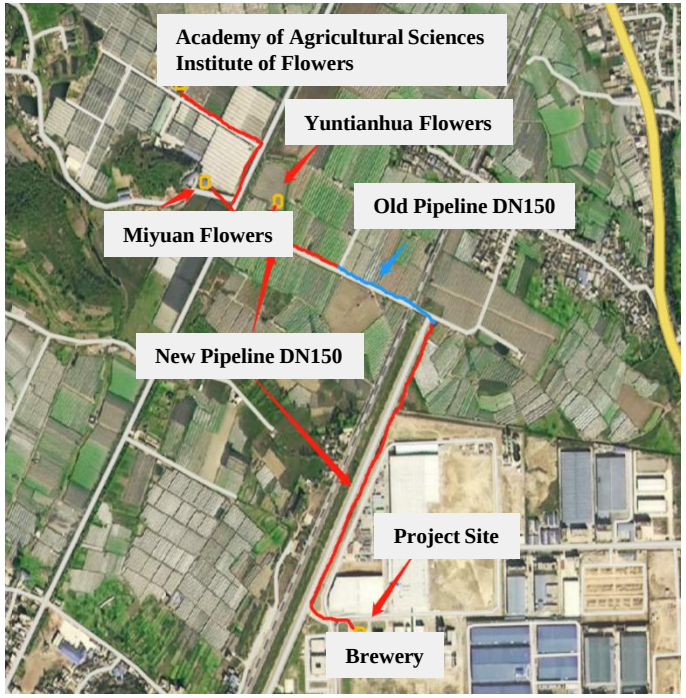
☑ Jiangmen: PV storage (dis)charging exchange station (installed capacity: PV 183.4kWp, 50kW·h Echelon utilization of energy storage batteries)

Jiangmen integrated station

- **Operation model:** 36 EV charging posts, equipped with PV storage charging and discharging facilities
- **Investment:** RMB2.18 million
- **Environment:** reduce 85 ton annual CO_2 emission
- **Contribution:** transformed from gas station, stable income and low risk

Exploring Carbon Asset Opportunities

Innovating CO_2 capture and utilization scenario, provide "gasify fertilizer" by collecting and purifying CO_2 emission for farming and achieve unified economic and environment benefits; trial of carbon asset trading, 33,000 ton CO_2 emission reduction sold in 2023 promoting users to realize their resources as economic benefit.



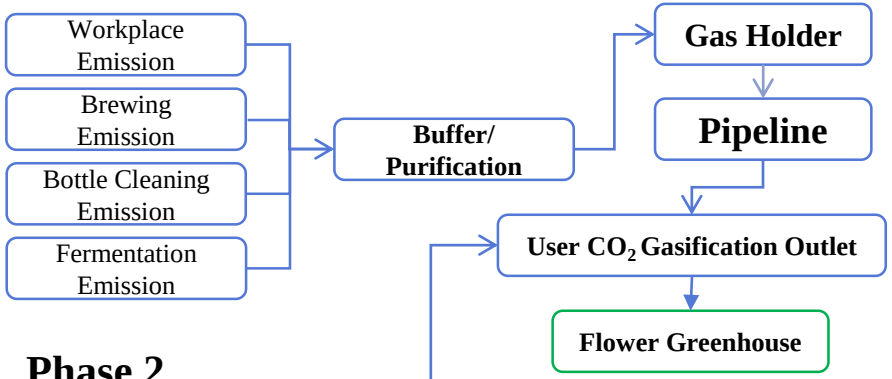
Install CO_2 Emission Facilities

Kunming Project: Innovating CO_2 Capture & Utilization Scenario

Operation Model: Collect and purify exhaust and CO_2 emission from brewery boiler, provide "gasify fertilizer" for farming and achieve unified economic and environment benefits.

Est. Investment: RMB1.96M, IRR: 14.7%.

Phase 1



Phase 2

Collect Gas Boiler Exhaust CO_2

Trial Carbon Asset Management

- ☑ Establish "Carbon Neutrality" Platform
- ☑ Establish "Industry Alliance"
- ☑ Donated **20,000** ton carbon asset in 2023
- ☑ Completed **473** accumulated carbon neutrality transactions in 2023
- ☑ Sold **33,000** ton accumulated carbon emission reduction in 2023

目录 Contents

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02 Company Development

03 Financial & Operational Highlights

Key Financial Information

As at 31 December	2022 (HK$'000)	2023 (HK$'000)	Increase/(Decrease)
Turnover	94,338,329	101,271,905	7.3%
Gross profit	18,081,851	18,451,671	2.0%
Profit from operation (1)	8,663,040	9,205,654	6.3%
Profit for the year	6,308,519	7,058,886	11.9%
Profit attributable to the equity holders	4,733,455	5,223,705	10.4%
Net cash from operating activities	4,351,390	10,156,593	133.4%
Basic EPS (2) (HK$)	2.09	2.30	10.0%
Interim & proposed final dividend per share (HK$)	1.05	1.1569	10.2%

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.

Key Financial Information

As at 31 December	2022 (HK$'000)	2023 (HK$'000)	Increase/(Decrease)
Total assets	112,303,585	137,871,085	22.8%
Bank balance and cash	6,437,479	9,978,468	55.0%
Total bank and other borrowings (1)	22,462,820	26,528,718	18.1%
Net borrowings	16,025,341	16,550,250	—
Equity attributable to the equity holders	39,307,612	40,772,231	3.7%
Non-controlling interests	13,237,811	22,611,451	70.8%
Total equity	52,545,423	63,383,682	20.6%

Note: (1) The amount due to an intermediate holding company (2023: HK$3,804,920,000, 2022: HK$2,507,449,000) and amount due from an intermediate holding company (2023: HK$0, 2022: HK$2,238,960,000) are included in bank, notes and other borrowing.

Key Financial Information

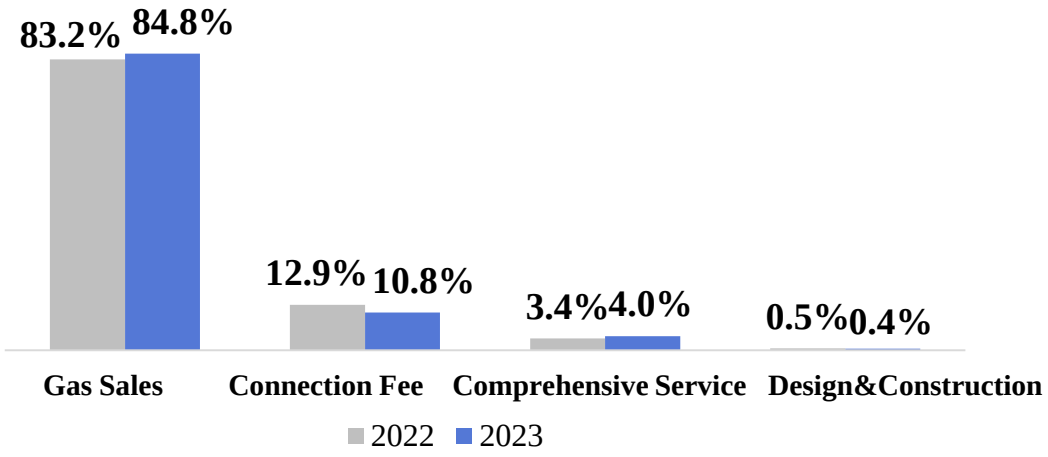
Financial Indicators	31 December 2022	31 December 2023	Increase/(Decrease)
Gross profit margin	19.2%	18.2%	(1.0PPT)
Net profit margin	6.7%	7.0%	0.3PPT
Net profit margin attributable to the owner of the Company	5.0%	5.2%	0.2PPT
Debt to capitalization ratio (1)	29.9%	29.5%	(0.4PPT)
Debt to asset ratio (2)	20.0%	19.2%	(0.8PPT)
Return on equity	12.0%	12.8%	0.8PPT

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;

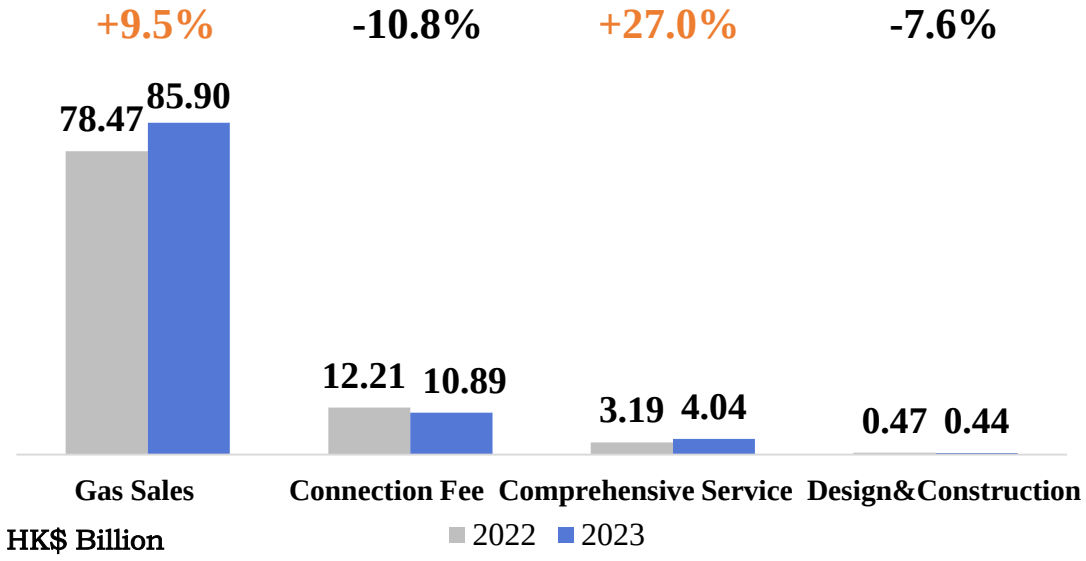
(2) Debt/asset gearing ratio is the ratio of total bank and note borrowings to total assets.

Key Financial Information

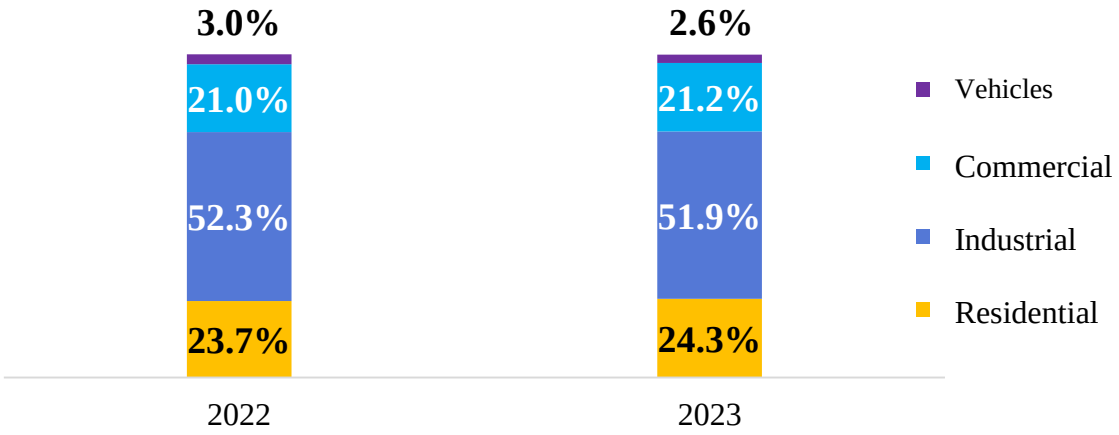
Revenue Mix



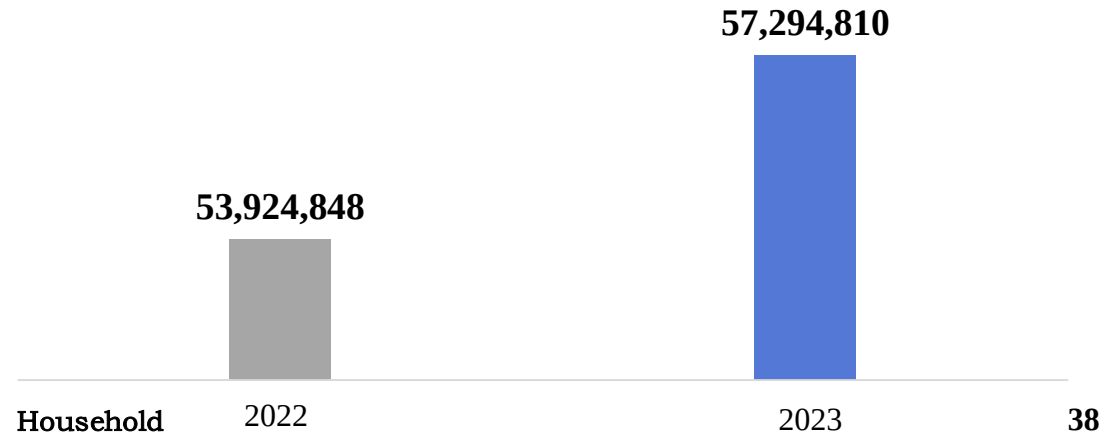
Revenue Growth



Volume Mix



Residential Customer



Key Financial Information

Total Costs

HK$ Million

Finance Costs

HK$ Million

Selling & Distribution Expenses

HK$ Million

Administrative Expenses

HK$ Million

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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2023 Annual Results Presentation