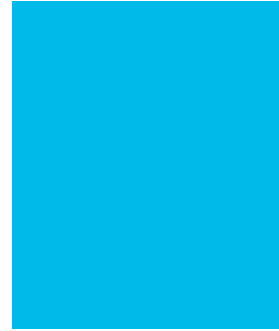


CR Gas

2021 Interim Results Presentation



August 20, 2021



1. Results Highlights

Results Highlights Rapid Growth in Key Results

1H 2021, benefited by the economic recovery from the COVID-19 pandemic. CR Gas recorded a rapid growth in all key results, operation cash flow continued to grow, earnings and return increased sustainably.

Key Results	30 Jun 2020	30 Jun 2021	Growth
Gas sales volume (billion m ³)	13.25	17.16	29.5%
Number of customers (million)	38.70	43.19	11.6%
Turnover (HK\$ billion)	22.57	34.42	52.5%
Profit for the year (HK\$ billion)	3.06	4.24	38.5%
Profit attributable to shareholders (HK\$ billion)	2.40	3.25	35.6%
Net cash from operating activities (HK\$ billion)	3.65	4.67	28.1%
Interim dividend per share (HK\$ cents)	15	15	—

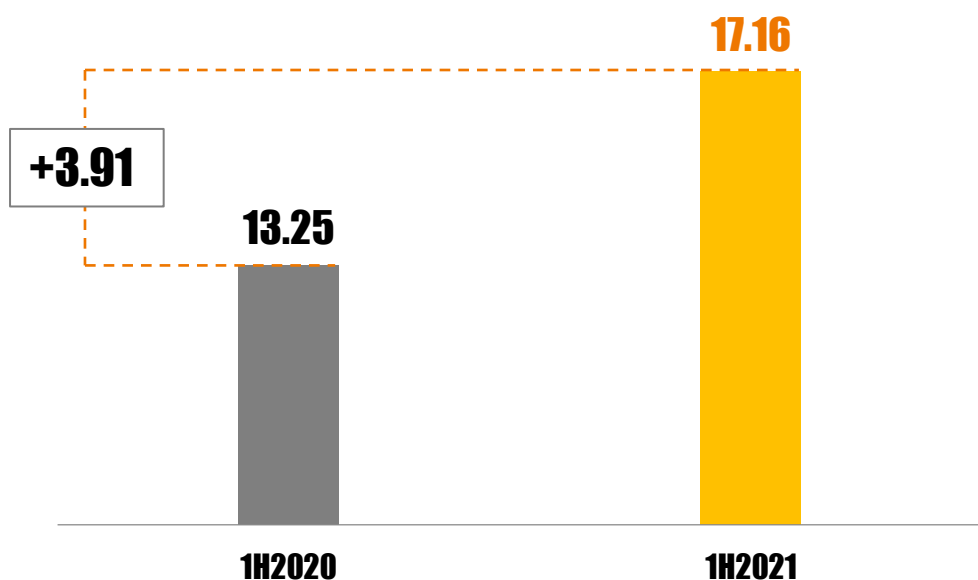
1H 2021, CR Gas continued to expand the C&I market by focusing on development of the key industries, gas sales volume was 17.16 billion m³, an increase of 29.5%. Industrial and commercial gas sales volume increased 41.3% and 36.7% respectively.

Volume **17.16** Bm³

- Total gas sales volume: **17.16 billion m³**, increased **29.5%**;
- An increase of **3.91 billion m³** from **1H2020**.

Billion m³

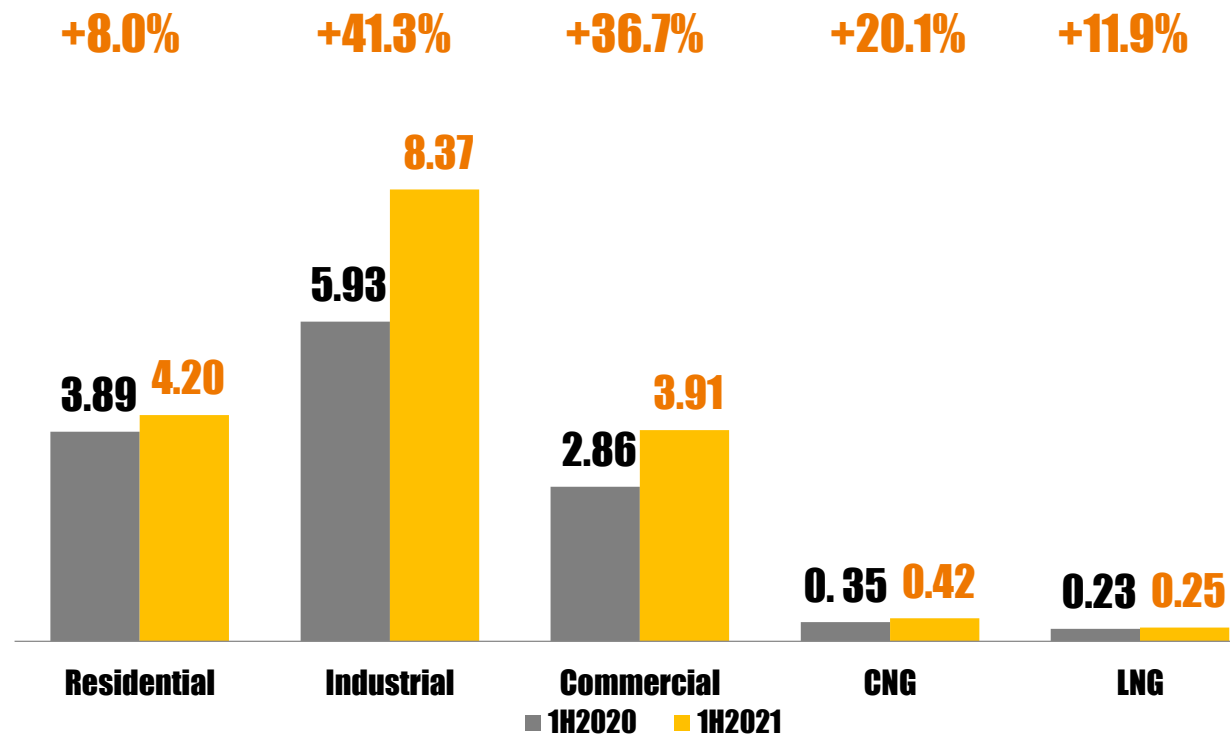
+29.5%

Rapid Growth in Industrial and Commercial

- Industrial: **8.37 billion m³**, increased **41.3%**;
- Commercial: **3.91 billion m³**, increased **36.7%**.

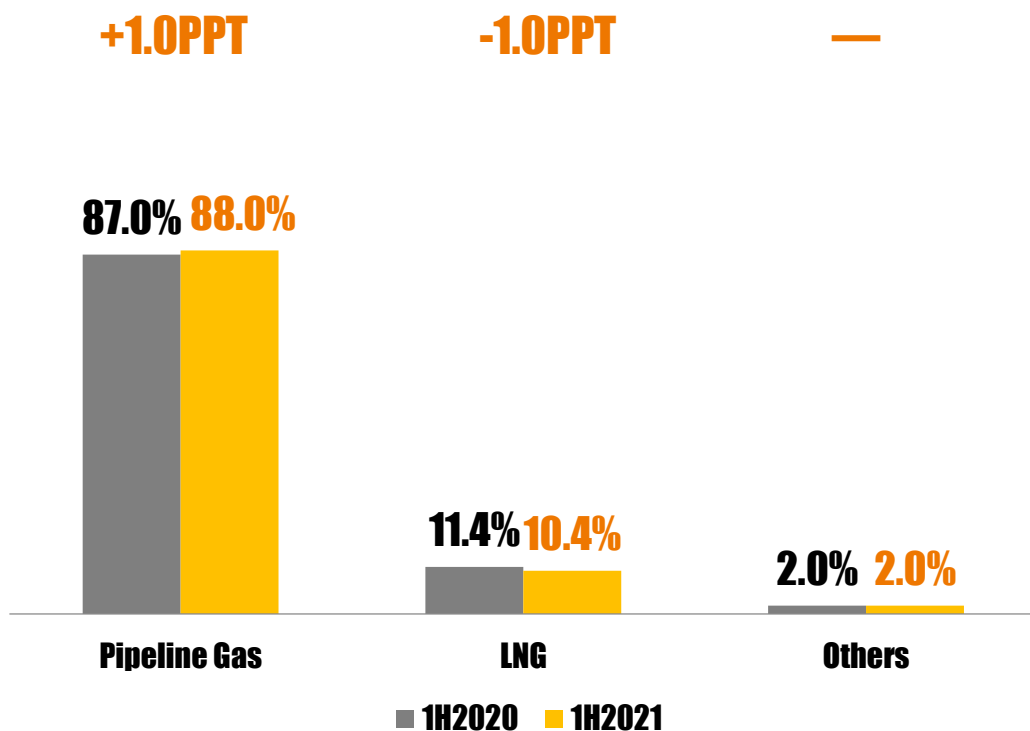
Billion m³



1H 2021, the cost increase from piped gas and LNG were offset by the growth of C&I gas sales volume, proportion of C&I gas sales volume further increased to 71.6%. As a results, the unit gross gas sales margin maintain stable.

1H 2021 Gas Sources Distribution

- Piped gas: **88.0%**, increased **1.0PPT**;
- LNG: **10.4%**, decreased **1.0PPT**.



Unit Gas Margin

0.58 RMB

RMB per m³

Customer (excluding tax)	1H2020	1H2021
Residential	2.35	2.36
C&I	2.67	2.83
Gas Station	3.01	3.27
Average Tariff	2.63	2.77
Average Cost	2.03	2.19
Gross Margin	0.60	0.58

- ◆ Rapid growth in C&I, contributing **71.6%** of the total gas sales volume;
- ◆ **160 million m³** of **LNG** was sourced in **1H 2021** to average out the increasing cost.

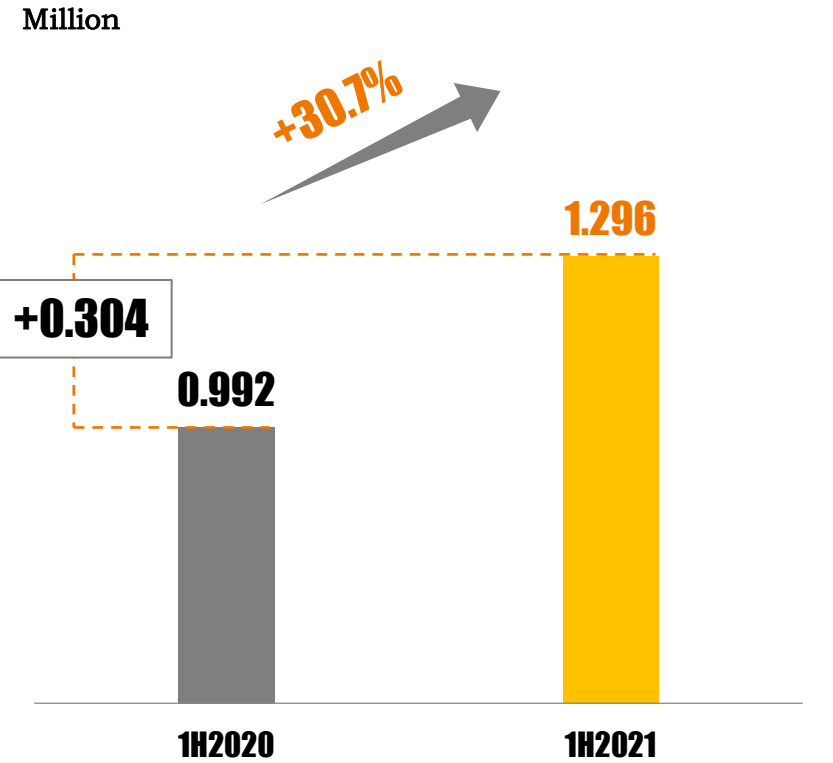
Results Highlights

Continuous Growth in Connected Customers

Continuous expansion in connection business, newly connected households were 1.296 million, an increase of 304,000 households, cumulative connected customers reached 43.185 million, an increase of 11.6% in 1H 2021.

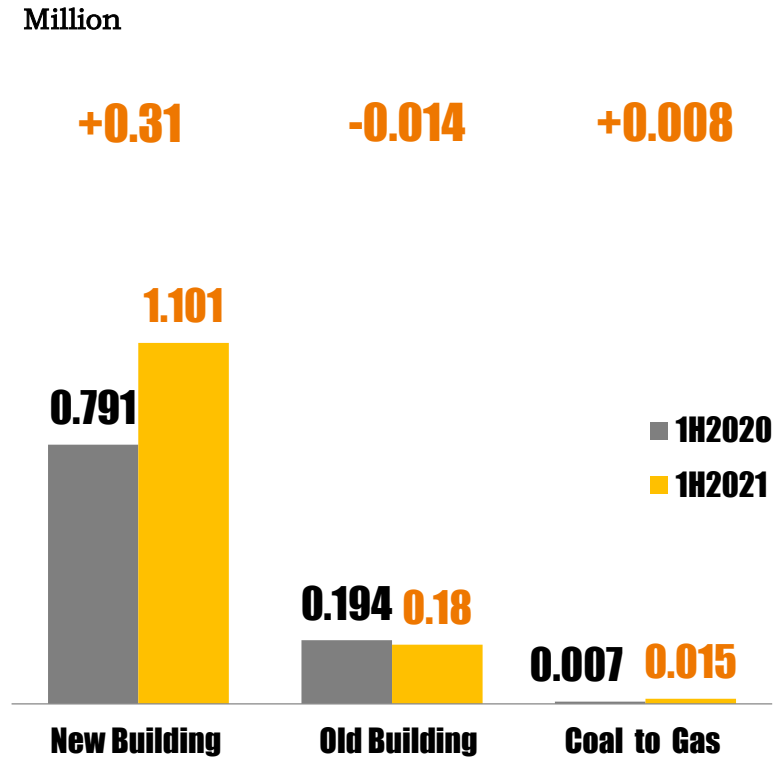
New household **1.296**^M

■ 1H 2021, newly connected households were **1.296 million**, an increase of **30.7%**.



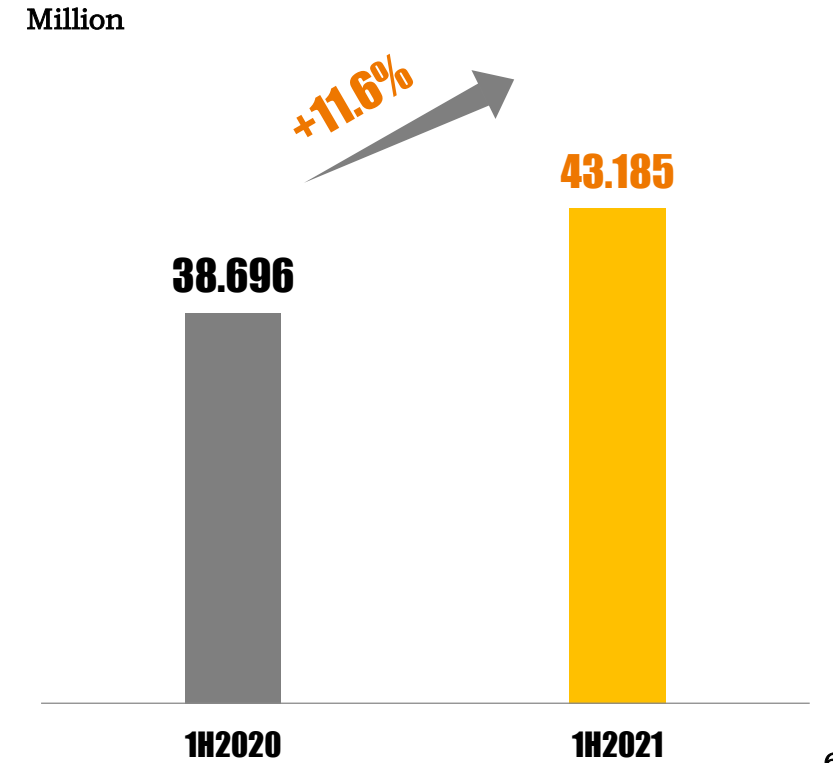
New household Mix

■ New buildings increased **310,000**;
 ■ Old buildings decreased **14,000**;
 ■ Coal-to-gas households increased **8,000**.



Customer **43.185**^M

43.185 million customers, increased **4.489 million**:
 □ Residential: **4.432 million**;
 □ C&I: **57,000**.



Results Highlights

Rapid Earning Growth

1H 2021, earnings grow rapidly, net profit for the period reached HK\$4.24 billion, an increase of 38.5%. Profit attributable to shareholders was HK\$3.25 billion, an increase of 35.6%.

Profit from Operation **HK\$5.27_B**

Net Profit **HK\$4.24_B**

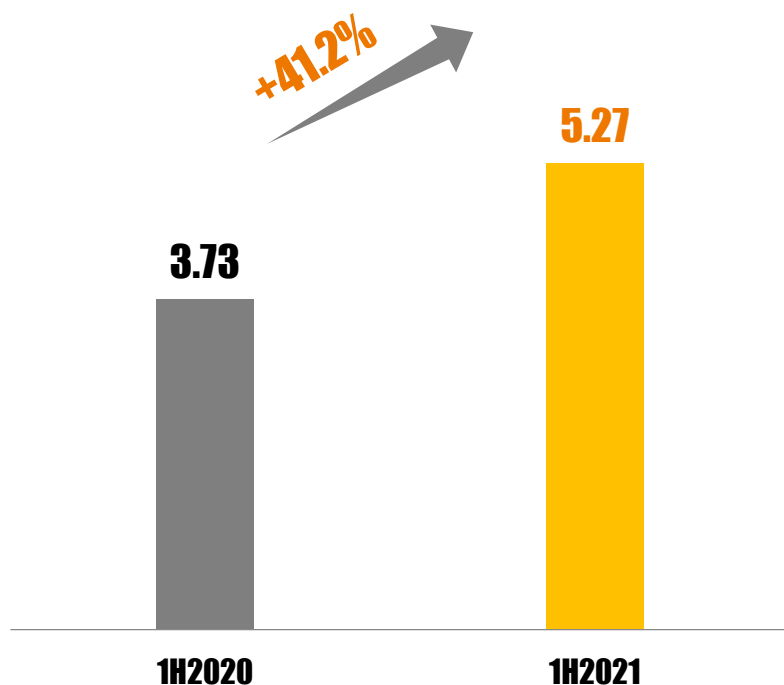
Attributable Profit **HK\$3.25_B**

Profit from operation for the period: **HK\$5.27 billion**, an increase of **41.2%**.

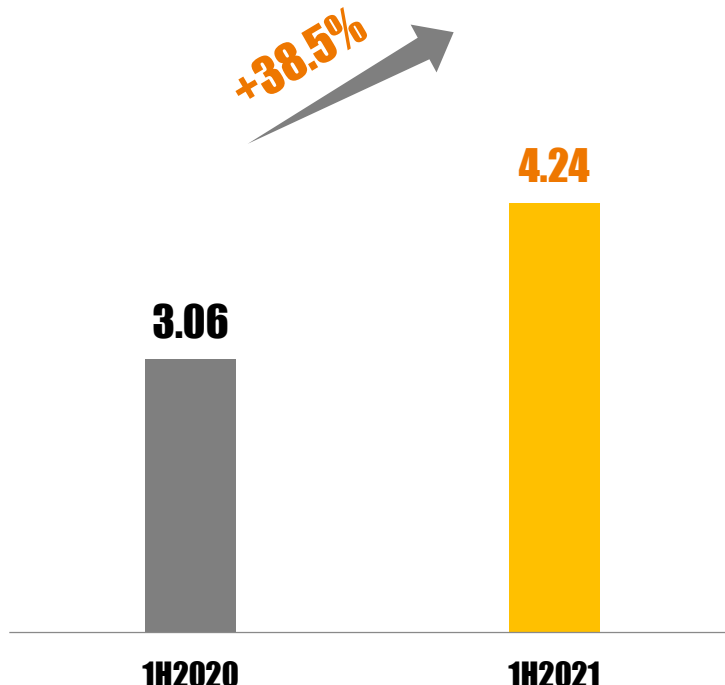
Net profit for the period: **HK\$4.24 billion**, an increase of **38.5%**.

Profit attributable to shareholders: **HK\$3.25 billion**, an increase of **35.6%**.

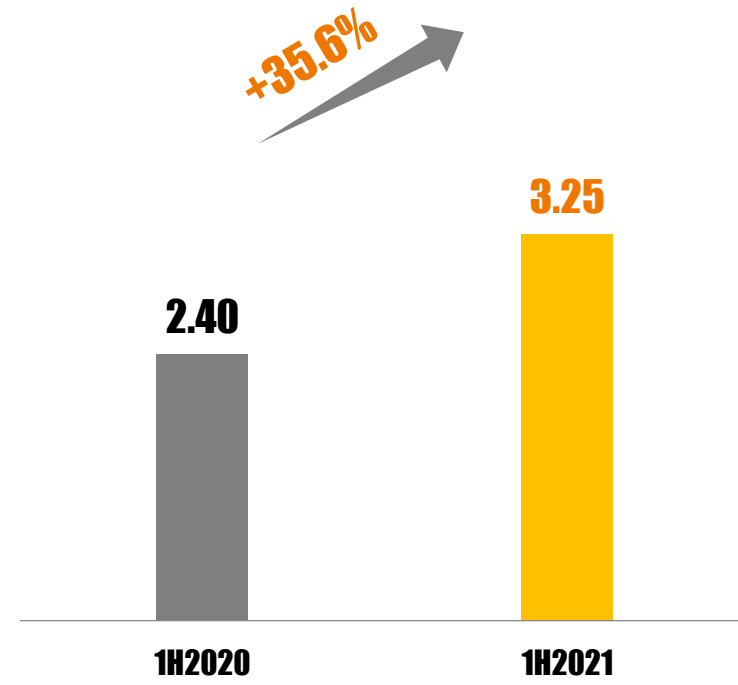
HK\$ billion



HK\$ billion



HK\$ billion



Notes: Profit from operation =Gross profit +Other income-Selling and distribution expenses-Administrative expenses.

Results Highlights

Strong Cash Management

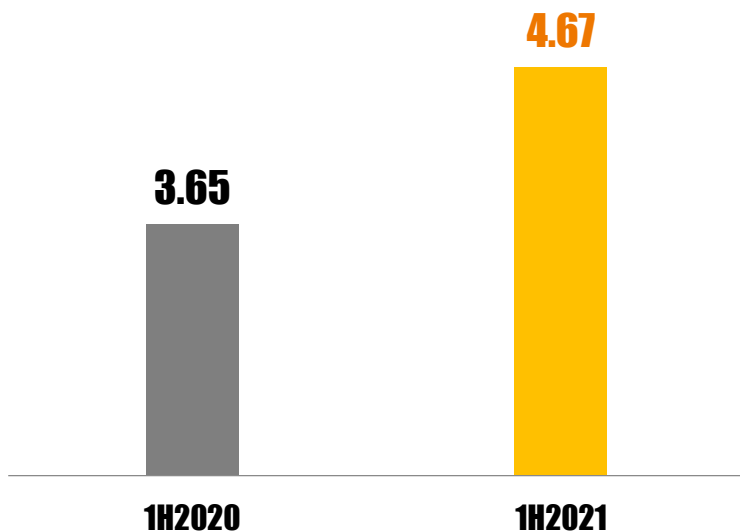
1H 2021, operating cash flow reached HK\$4.67 billion, an increase of 28.1%. HK\$2.74 billion was spent on CAPEX. Bank balance and cash amounted to HK\$15.69 billion, maintained at high level.

Operating cash flow **HK\$4.67_B**

- Operating cash flow: **HK\$4.67 billion**, an increase of **28.1%**;
- An Increase of **3.91 billion m³** from **1H2020**.

HK\$ billion

+28.1%

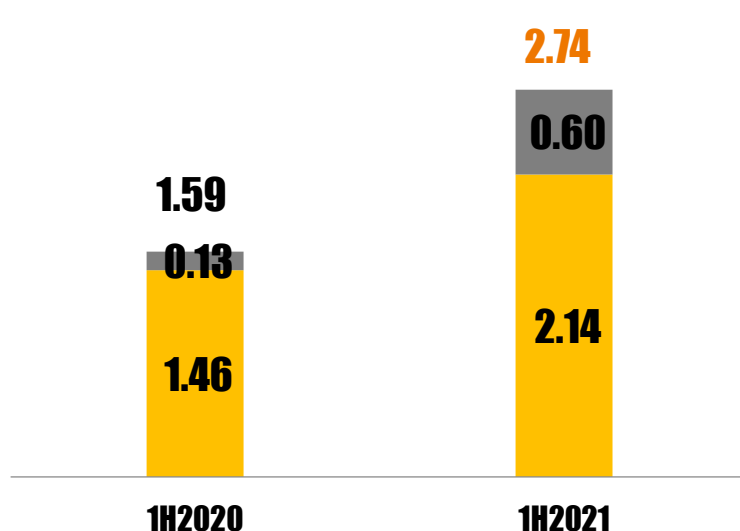


Capital Expenditure **HK\$2.74_B**

- CAPEX: **HK\$2.74 billion**, an increase of **72.0%**.

HK\$ billion

+72.0%

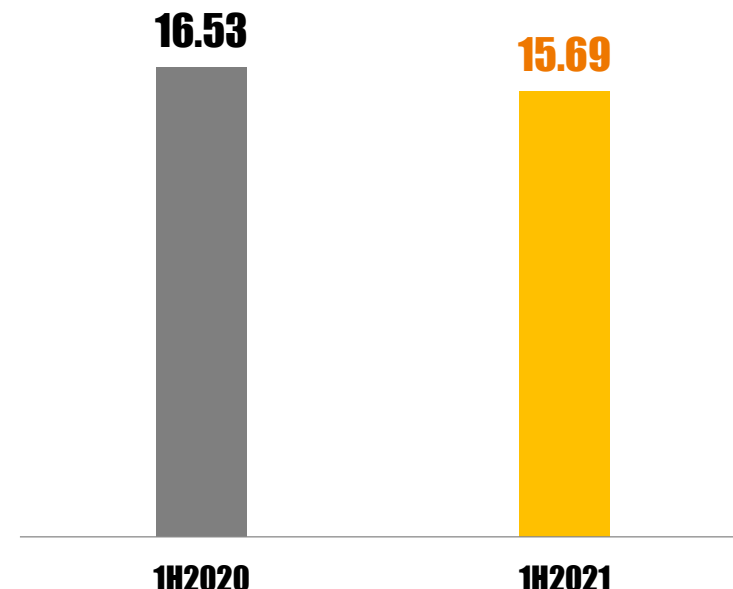


■ Recurring ■ Investment

Bank & Cash **HK\$15.69_B**

- Bank balance and cash: **HK\$15.69 billion**, maintained at high level.

HK\$ billion



1H 2021, 3 international rating agencies continued to maintain the highest credit rating of CR Gas, financing cost was further reduced to 2.8%. Improving financial flexibility and sufficient financial resources support CR Gas future development and expansion.

Highest Credit Rating

- International credit rating agencies **S&P Global**, **Moody's** and **Fitch** re-affirmed CR Gas the highest credit rating granted to the Chinese city gas operators.

Agency	Status	1H 2021 Rating
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Stable

A-

Moody's

Stable

A3

FitchRatings

Stable

A-

Financing Cost

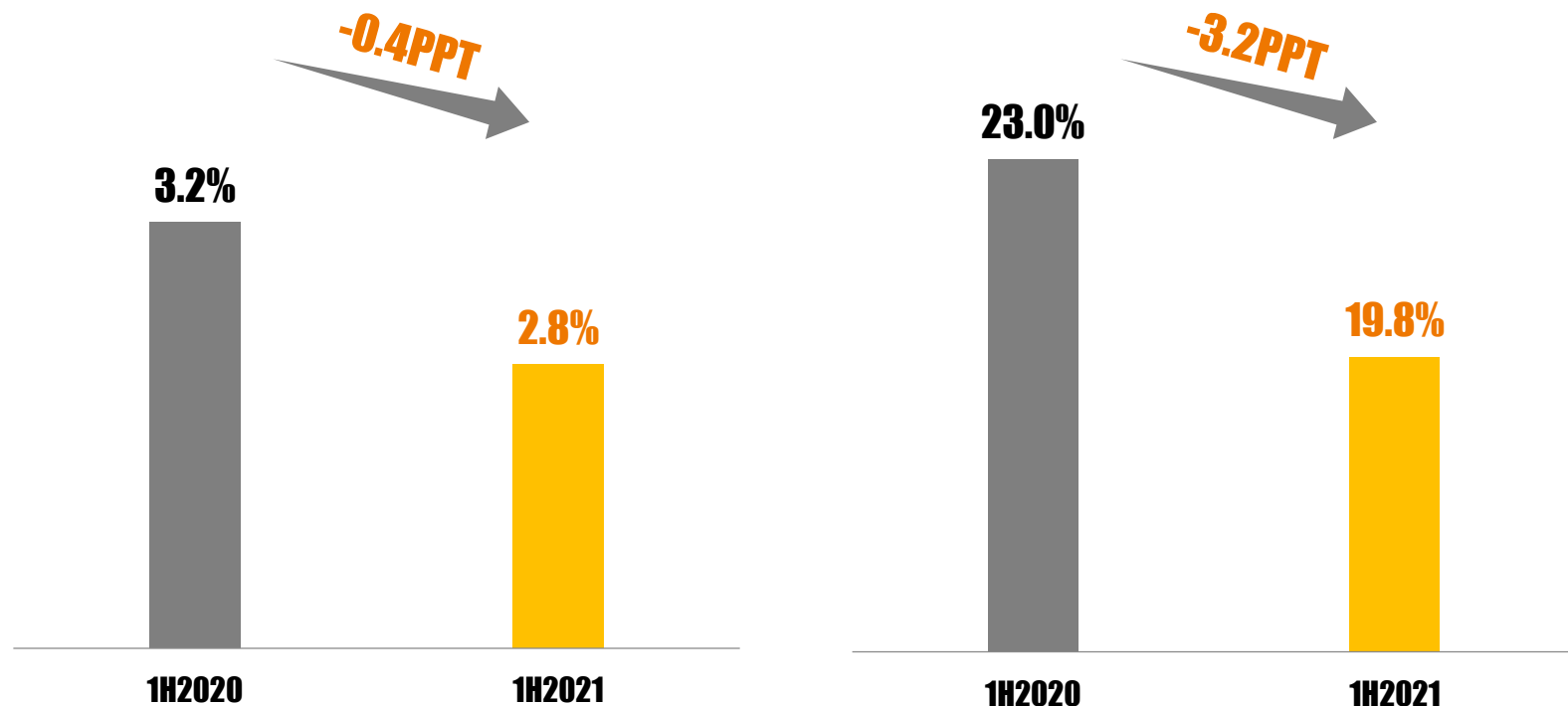
2.8%

- 1H 2021, **HK\$14.0 billion** banking facilities was undrawn, average interest rate further reduced to **2.8%**.

Debt Ratio

19.8%

- Interest bearing debt ratio was **19.8%** in **1H 2021**, an decrease of **3.2PPT**, financial flexibility continues to improve.





2. Company Development

ESG continued to improve. 1H 2021, CR Gas became the key SOE in corporate management benchmarking; and the founding member of the China Oil and Gas Methane Alliance. After the 6.13 Shiyao accident, CR Gas actively reinforced the measures to strengthen the safety management.



Rating

BB



47 Companies

Key SOE in Corporate Mgt. Benchmarking

Greenhouse Gas Emission: ↓

Safety Operation Capacity: ↑

Key SOE Corp. Mgt. Benchmarking Campaign
Corporate, Project, Model List

1. Benchmarking Corporation

China Resources Gas

- Turnover: decreased **15.7%** ton standard coal/RMB10,000
- Value added: decreased **9.7%** ton standard coal/RMB10,000
- Customer safety inspection: **20,537** times
- Staff safety training: **366,000** hours



Measures after 6.13 Shiyao Accident

Methane Emissions Alliance Member

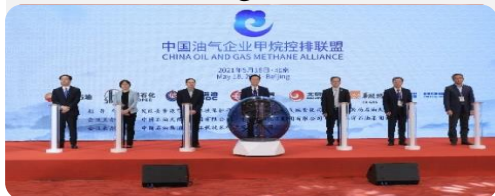
Safety Recognition

OHS Certificate

Environmental Protection System

- Special meetings held to review any potential risk;
- Safety meetings held to implement measures by SASAC;
- Project companies to execute measures on site.

May 18, China Oil and Gas Methane Alliance was inaugurated, CR Gas participated and became one of the founding members.

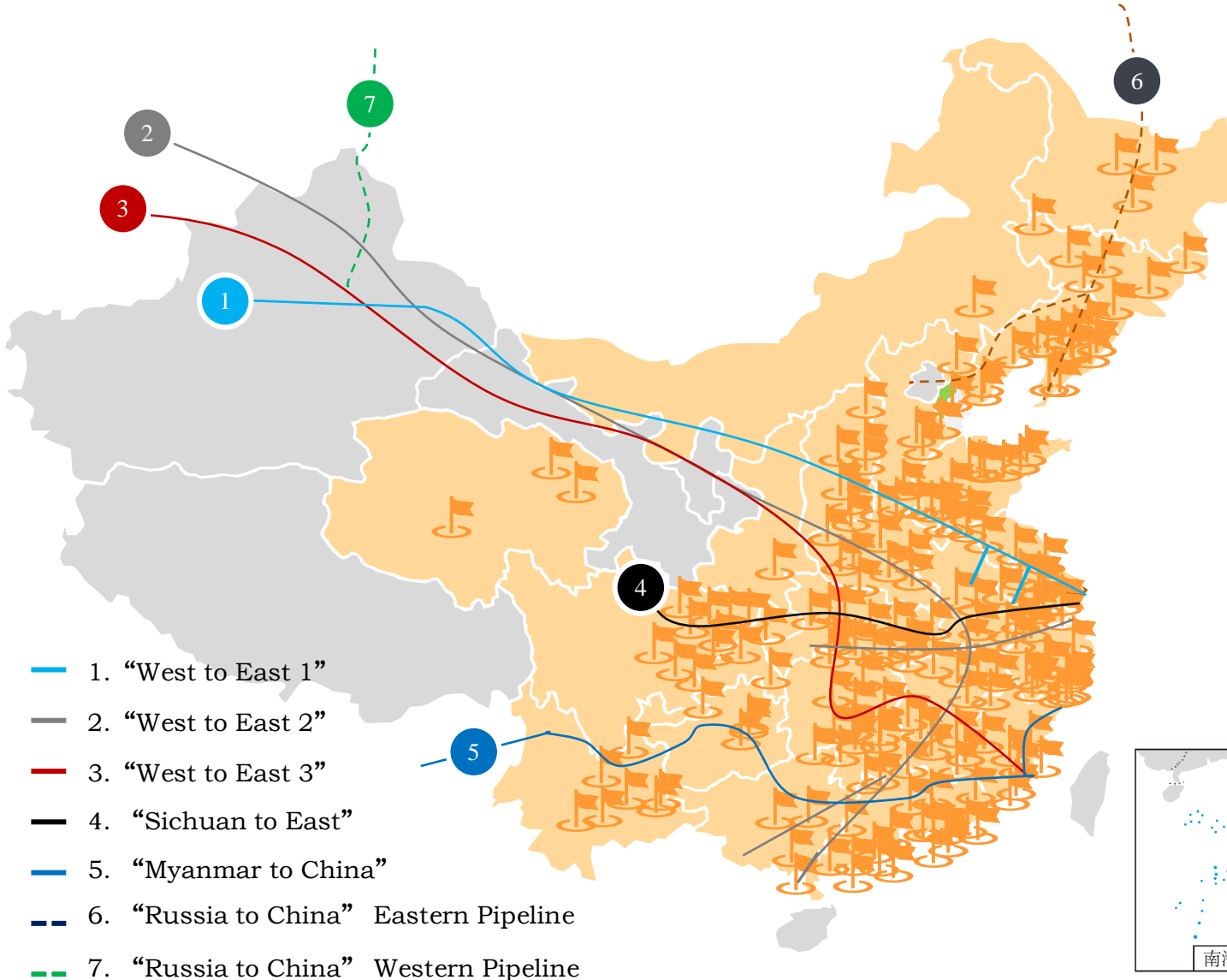


1H 2021, companies in Chifeng, Wuxi, Kunshan, Zhenjiang etc. awarded the “Advanced Unit for Safety Operation” honorary.

1H 2021, companies in Nanjing, Taizhou, Dafeng, Datong etc. awarded “Occupational Health and Safety Management System Certificate” honorary.

Prepare CR Gas 14-5 carbon emission control and target and water, power, oil usage standard policies, set annual reduction target and become a KPI.

Pan-China strategy of project locations help diversifying the systematic risk regionally; projects can easily secure gas sources as most of them are located closely to the main gas supply pipelines.



258 City Gas Projects

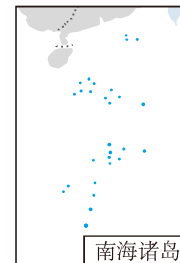
14 Provincial Capitals

75 Prefecture-level Cities

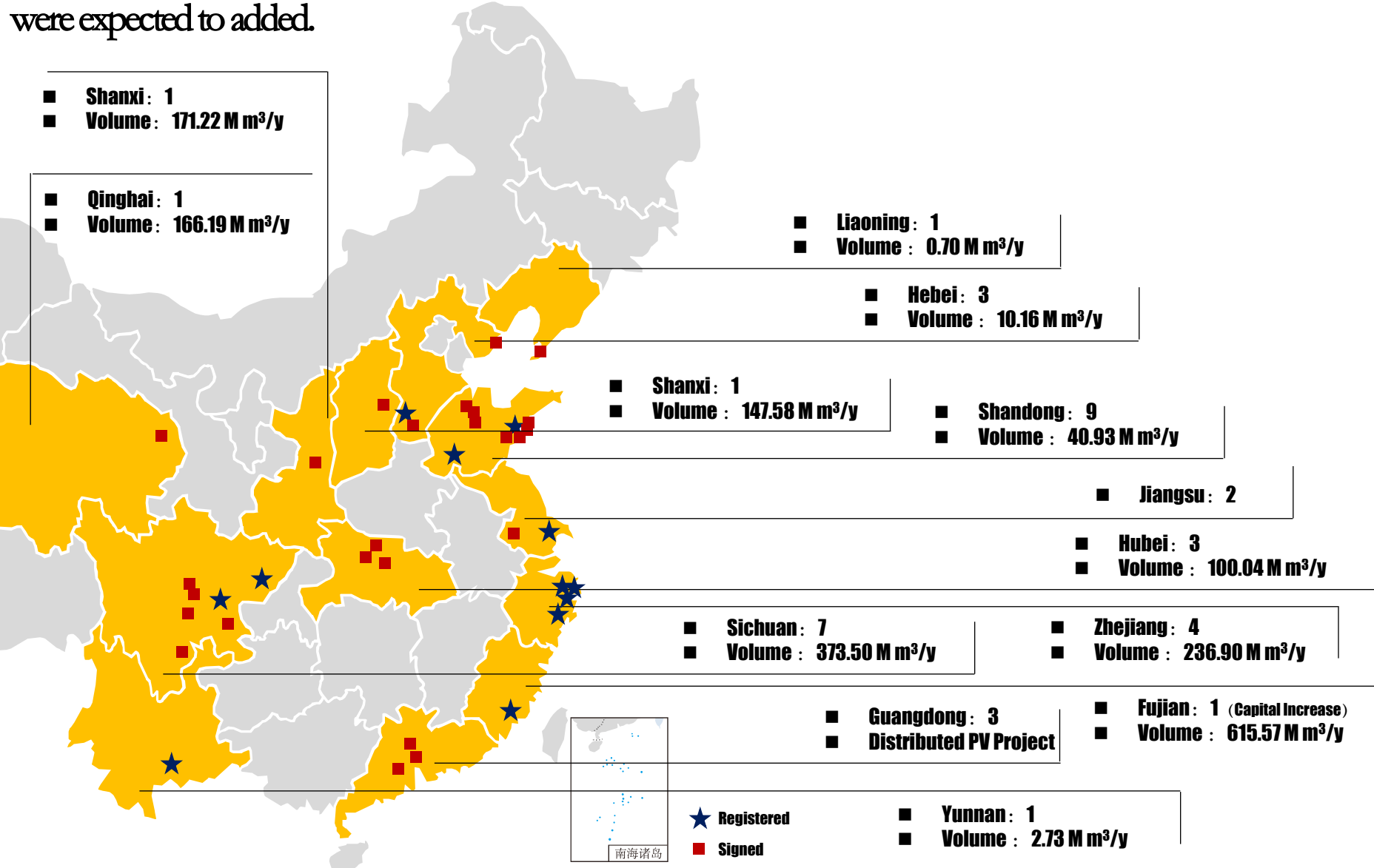
43.19 M Customers

211 K km Pipelines

81.83 M Connectable Households



1H 2021, 12 projects were registered and 25 projects were signed at group and project level, including city gas projects; distributed energy projects, storage and pipeline facilities. 10,000 km² new concession areas, 6.529 million population, 1.15 million new households and 1.87 billion m³ per year were expected to added.



1H 2021 New Investment

Registered: **12**

Signed: **25**

New Household: **1.15M**

Potential Volume: **1.87B m³/year**

By way of project M&A and consolidation to expand the regional footprint and establish a regional operation model.



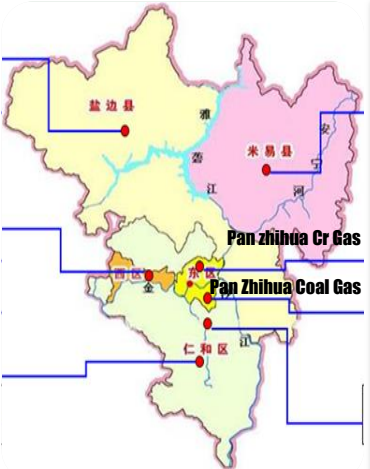
Regional Market Consolidation

Yangquan Gas Market



- **Consolidation** : Yangquan CR Gas merges with local SOE Yangquan Gas to form Shanxi Jindong CR Gas;
- **New Area** : 456 km²;
- **Potential Volume** : 320 million m³/yr

Panzhuhua Gas Market



- **Consolidation** : Panzhuhua CR Gas merges with Panzhuhua Gas Group;
- **New Area** : 167 km²;
- **Potential Volume** : 140 million m³/yr



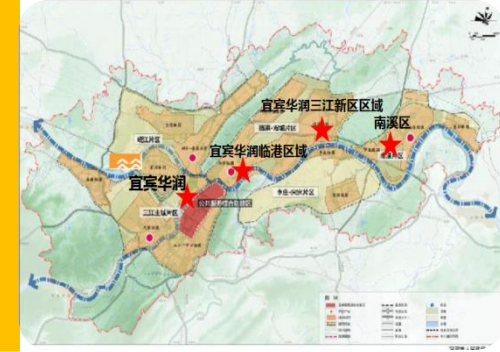
Regional Coverage Expansion

Xi'an Project



- **Expansion** : Xi'an CR Gas merges with Weibei Production Park;
- **New Area** : 915 km²;
- **Potential Volume** : 370 million m³/yr

Yibin Project

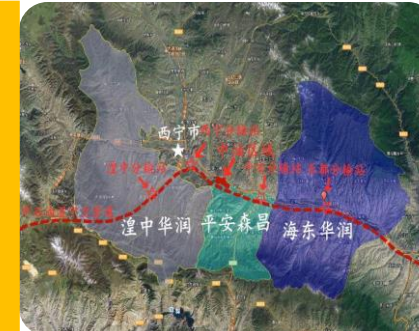


- **Expansion** : Yibin CR Gas merges with Nanxi project;
- **New Area** : 1192 km²;
- **Potential Volume** : 250 million m³/yr



Regional Alliance Establishment

Pingan Project



- **Alliance** : Acquired Pingan project, alliance with Huangzhong and Haidong CR Gas;
- **New Area** : 1512 km²;
- **Potential Volume** : 170 million m³/yr

1H 2021, expansion in C&I market continued, 961 key industrial customers were connected, 1 billion m³ gas sales volume were added. 15,700 commercial customers, mainly small & micro businesses, were connected, 0.5 billion m³ gas sales volume were added. Exploring potential commercial customers through “Gas + Heat” supply model.

Key Industry Focus to Increase Industrial Gas Scale

Key Focus

- Customer: over **1 million m³ per year**.
- Industry: **13** such as Auto, F&B, Glass, Pharm., Ceramic.
- Existing Customer: production expansion.

1H 2021:

- New key industry customer: **961**
- Volume added: **1 billion m³**.

□ During 14th 5 year plan period, focus on **300** key industry major projects (over **5** million m³/year), organic growth in industrial gas to more than **10** billion m³.

Small & Micro Commercial Focus, Gas + Heat Supply Model

Small & Micro Focus

1. “Bottle to Pipe”
2. Cost Control
3. Leasing Test Model

Potential Customers: 260,000

Potential Volume: 3.5b m³

1H 2021:

- New small & micro commercial customer: **15,700**
- Volume added: **0.5 billion m³**.

Gas + Heat Supply Model

Potential Group

- Campus
- Hospital
- Mall
- Hotel
- Pool
- Care Ctr.

- During 14th 5 year plan period, focus on northern and eastern regions to increase **2** billion m³ of volume.

Continued to enrich and improve the “PERCEN” and insurance products, established online channels and expanded the physical outlets , RMB430 million turnover was generated from 2 sales events in 1H 2012.



Product Enrichment, Quality Improvement



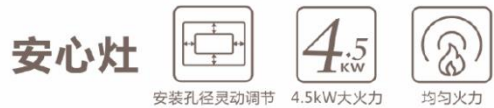
PERCEN Product Line



Water Purifier



Multipurpose Oven



Cooperation with CR Insurance Broker

- Work with CR insurance broker to provide health, accident, property insurance products, extend the target customers from residential to C&I.

“On+Off” channel, Integrated Services Provider



Annual Live Broadcast Sales Event

- Via online live broadcast channel to organize CR Gas annual sales event.



Expanding Physical Outlets

- Servicing Center Display
- Onsite Promotion
- Community Sales Promotion
- Sales through Real Estate Co.:



Event Sales:

Event Sales:

- Detector
- Alteration
- PERCEN appliance
- Corrugated Metal Hose

80 M

350 M

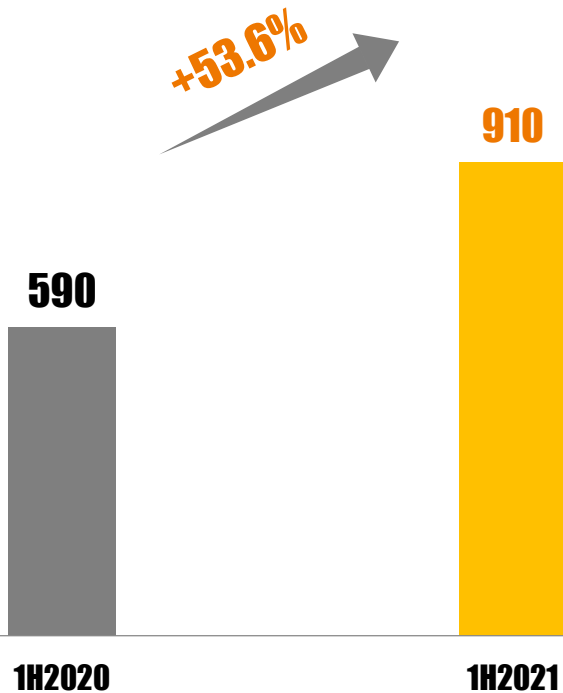
RMB

1H 2021, turnover from Integrated Service Business (ISB) reached HK\$910 million, an increase of 53.6%. Of which, turnover from gas appliances increased the most, to 217.2%.

Rapid Growth in Integrated Services

- Turnover from ISB reached **HK\$910 million**, an increase of **53.6%**.

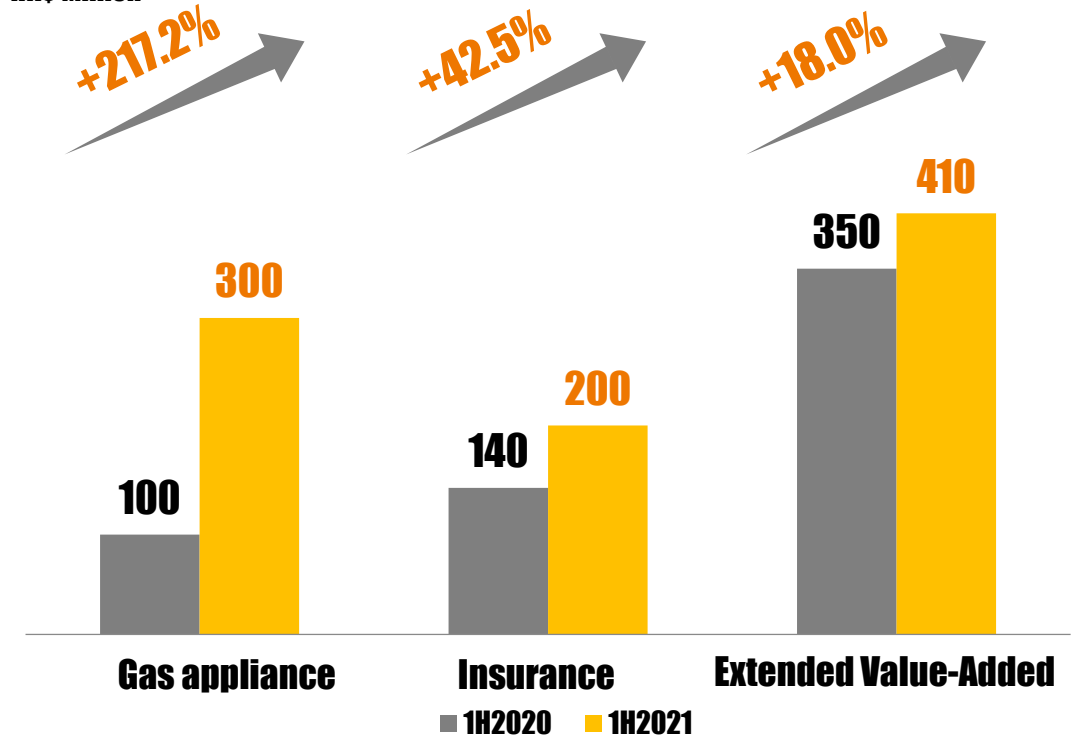
HK\$ Million



High Growth Rate in all Segments

- Gas appliance: an increase of **217.2%**;
- Gas insurance: an increase of **42.5%**;
- Extended VAS: an increase of **18.0%**.

HK\$ Million



1H 2021, Integrated Energy Department was established, 12 projects were signed, total investment of HK\$190 million, total projects up to 71, involving renewable energy such as biomass, geothermal and photovoltaic, consuming 60.84 million m³, increased 87.3%.

Organisation Structure



Professional Department

Headquarter

- Department
- Platform company

District

Taskforce Team

Region

- Department
- Professional Team



Optimized Project Control Mode

- Resources consolidated;
- Risk Management Standardisation;
- Innovation Motivation.

Integrated Energy Projects

- 12 projects were signed, total investment of **HK\$190 million**.

Industry Park



Key Projects

- Taizhou Bay Area DE Project
- Hebei Ledu Heat Supply Project
- Zibo CR miXc Commercial Project
- Dalian New World Hotel Project

Hospital Site

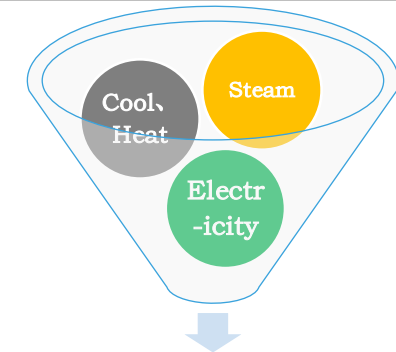


Commercial Complex



- **71 projects invested, 37 in operations**

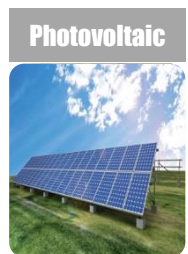
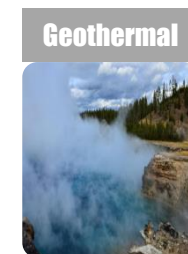
Integrated Energy Demand



60.84 million m³ NG equiv., increased 87.3%

Energy Sales Mix

- **Steam: 72.3%**
- **Cool and Heat: 3.6%**
- **Electricity: 24.1%**



Exploring C&I distributed energy PV market, 5 projects have been signed, carbon emission from customers will decrease a lot. RMB93.28 million investment for Chenzhou CR Sanjiu Pharmaceutical cooperation. RMB250 million for CGN Environmental Protection Xiangyang projects.

C&I Distributed Energy PV Projects

■ **4** new DE PV projects signed, total of **5** have been signed in Guangdong, Fujian and Hubei province.



- **Xiamen Yuan Chu Food Processing Project**
- **Guangdong Rui Xing New Energy Project**
- **Heshan Sheng Da Metal Project**
- **Yingde Jiang Xin New Material Project**
- **Hubei Zhui Ri Electrical Project**

Yingde Project

- Term: **30 years**
- Capacity: **2000KW**
- Est. Amount: **RMB7.06 million**
- IRR: **11%**



Expect to reduce **1559** tons carbon per year.

Chenzhou CR Sanjiu & Xiangyang CGN Projects

Chenzhou CR Sanjiu Pharmaceutical IE Project

- **Investment:** Installed NG electricity, cool and heat supply system; biomass and NG boiler system;
- **Facility Area:** **28.5 mu;**
- **Est. Amount:** **RMB93.28 million;**
- **Est. Commencement:** **March 2022.**



Xiangyang CGN Environmental Protection IE Project



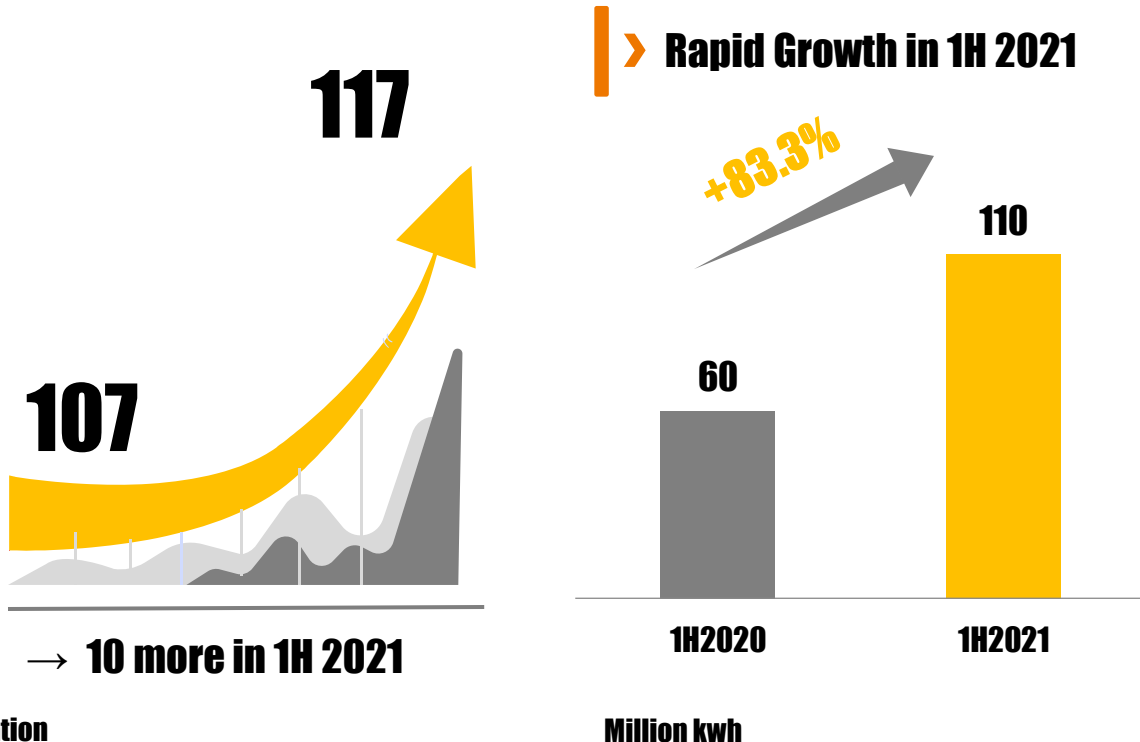
- **Investment:** Acquired the electricity generation, heat and electricity supply business;
- **Est. Amount:** **RMB250 million;**
- **Ext. Volume:** **100 million m³;**
- **Est. Commencement:** **2023.**

1H 2021, CR Gas continued to expand the new transportation energy market, 10 electricity charging stations commenced operations, a total of 117 stations in operations, electricity sales reached 110 million kwh and HK\$80 million turnover. 2 hydrogen refueling stations were added, a total of 4 in operations and 5 under construction.



117 Electricity Charging Stations

- Project companies in Nanjing, Hangzhou, Wuxi, Zhenjiang, Jiangyin and Suzhou were established to develop the electricity charging market;
- **1H 2021**, turnover reached **HK\$80 million**, Operating profit was **HK\$30 million**.



4 Hydrogen Refueling Stations

- **1H 2021**, **2** stations in Wuxi and Xiangyang were in operations, a total of **4** in operation;
- **9** stations approved in Weifang, Wuxi, Xiangyang, Wuhan, Baicheng and Taizhou.

➔ **Wuxi Shuofang** ➔ **Dongfeng Automobile (Mobile)**



- Area: **4202 m²**
- Scale: **1000 kg/day**
- Investment: **RMB12 million**
- Capacity: **30 vehicles (Phase 1)**



- Area: **1333 m²**
- Scale: **200 kg/day**
- Investment: **RMB10 million**
- Capacity: **12 vehicles**



3. Financial & Operational Highlights

Financial Indicators	30 Jun 2020 (HK\$'000)	30 Jun 2021 (HK\$'000)	Increase/(Decrease)
Turnover	22,571,764	34,415,830	52.5%
Gross profit	6,083,142	8,785,042	44.4%
Profit from operation ⁽¹⁾	3,734,846	5,273,275	41.2%
Profit for the year	3,063,178	4,242,366	38.5%
Profit attributable to the equity holders	2,396,479	3,250,312	35.6%
Net cash from operating activities	3,645,498	4,668,795	28.1%
Basic EPS ⁽²⁾ (HK\$)	1.09	1.43	31.2%
Interim dividend proposed/paid per share (HK\$ cents)	15	15	—

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 Dec 2020 (HK\$'000)	30 Jun 2021 (HK\$'000)	Increase/(Decrease)
Total assets	93,870,809	99,447,290	5.9%
Bank balance and cash	13,442,206	15,688,104	16.7%
Total bank, note and other borrowings ⁽¹⁾	10,893,434	12,242,851	12.4%
Net borrowings (Net cash)	(2,548,772)	(3,445,253)	—
Equity attributable to the equity holders	36,274,287	38,225,662	5.4%
Non-controlling interests	10,594,072	11,912,073	12.4%
Total equity	46,868,359	50,137,735	7.0%

Note: (1) The amount due to an intermediate holding company (1H2021: HK\$3,803,878,000, 2020: HK\$2,510,837,000) is included in bank, note and other borrowing.

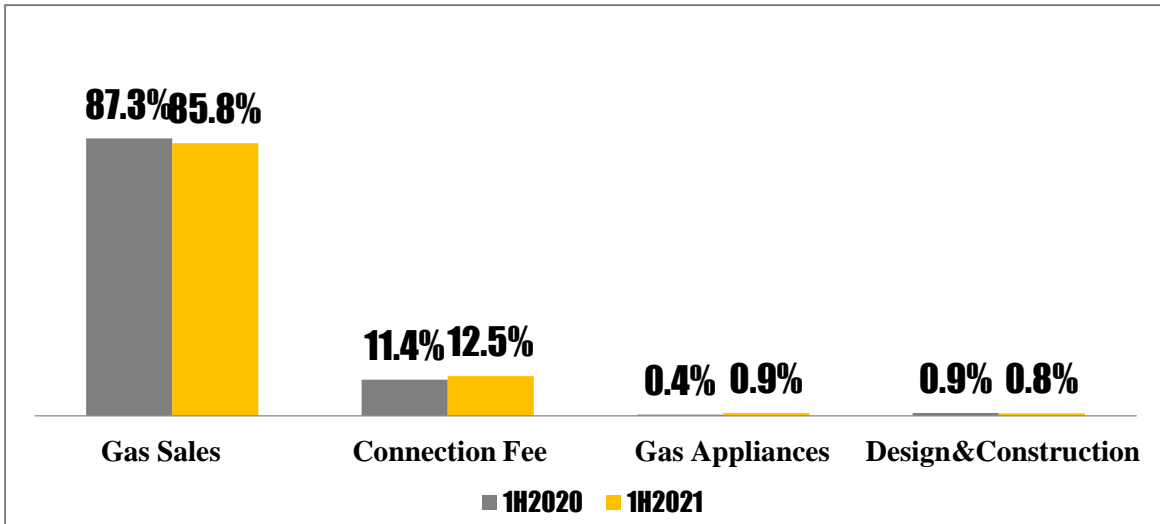
Financial Indicators	30 Jun 2020	30 Jun 2021	Increase/(Decrease)
Gross profit margin	27.0%	25.5%	(1.5PPT)
Net profit margin	13.6%	12.3%	(1.3PPT)
Net profit margin attributable to owner of the Company	10.6%	9.4%	(1.2PPT)
Debt to capitalization rate ⁽²⁾	18.9% ⁽¹⁾	19.6%	+0.7PPT
Debt to asset ratio ⁽³⁾	11.6% ⁽¹⁾	12.3%	+0.7PPT
Return to equity (annualized)	15.6%	17.0%	+1.4PPT

Notes: (1) Debt ratio as at 31 Dec 2020

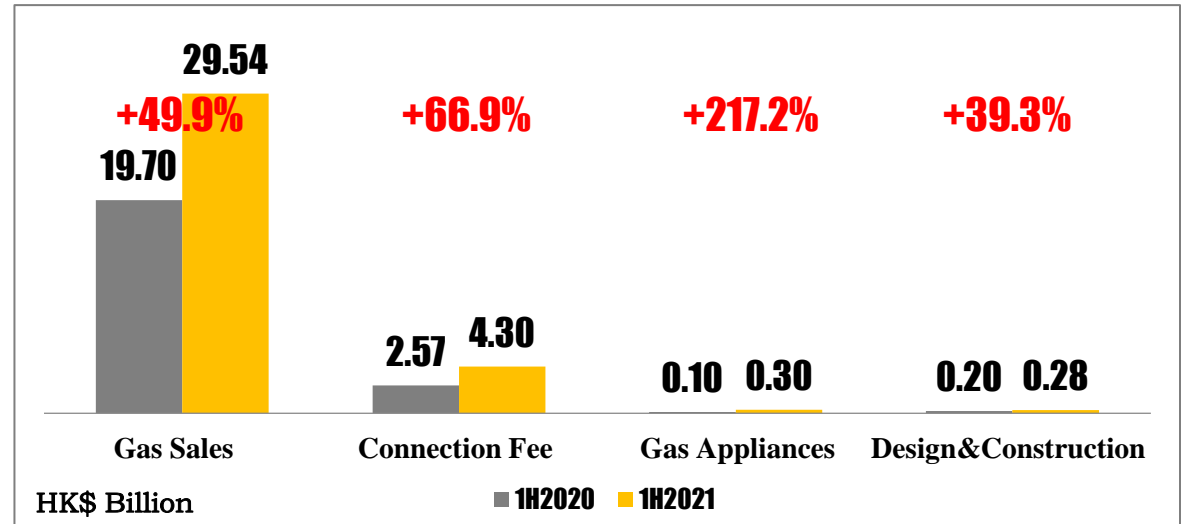
(2) Debt/capitalization gearing ratio is the ratio of total bank, note and other borrowings to total bank, note and other borrowings and total equity

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

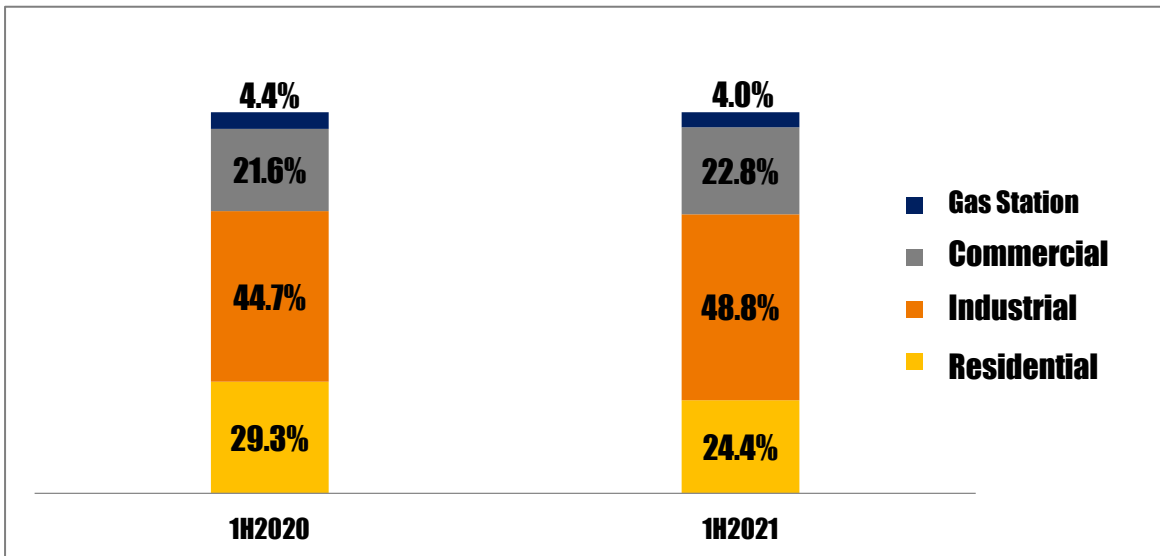
Revenue Mix



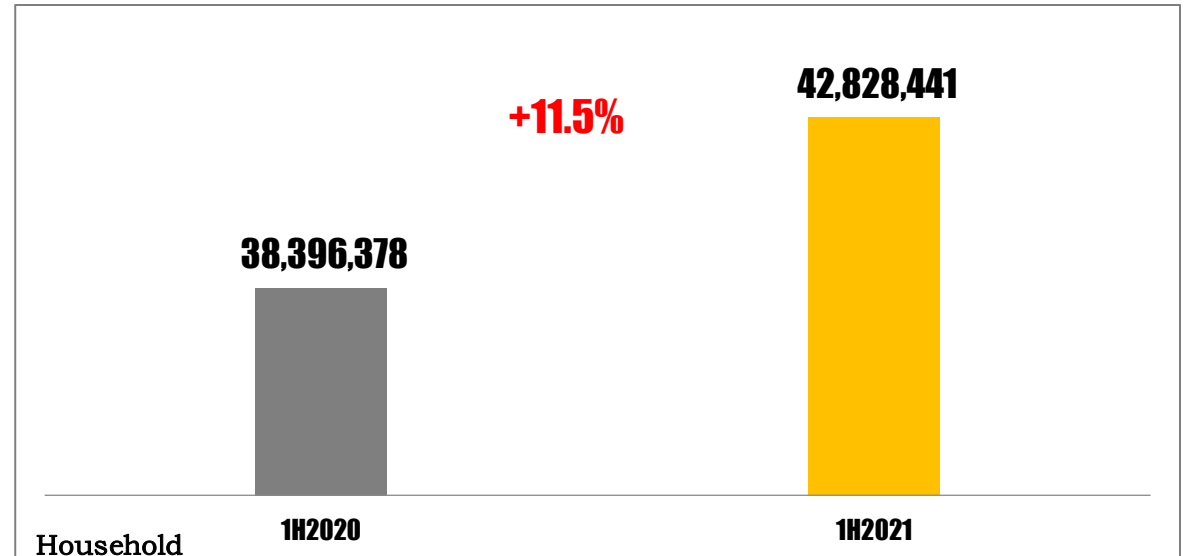
Revenue Growth Rate



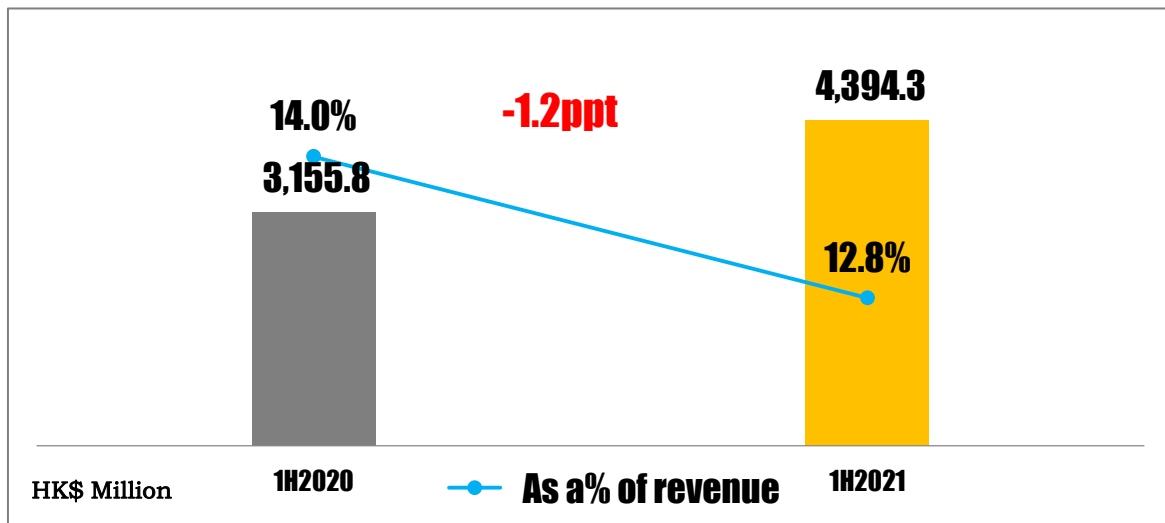
Gas Sales Volume



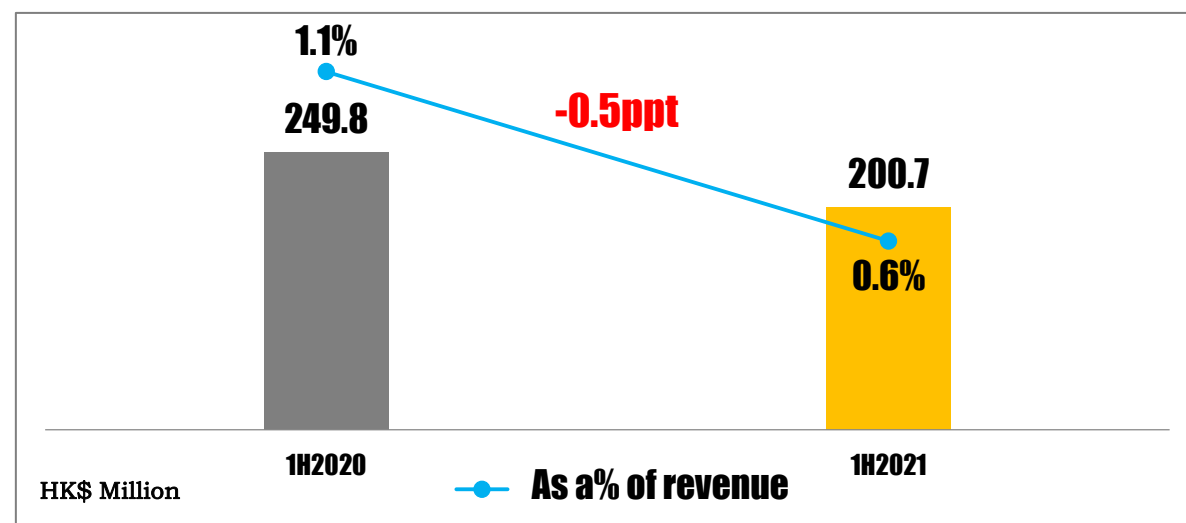
Residential Customer



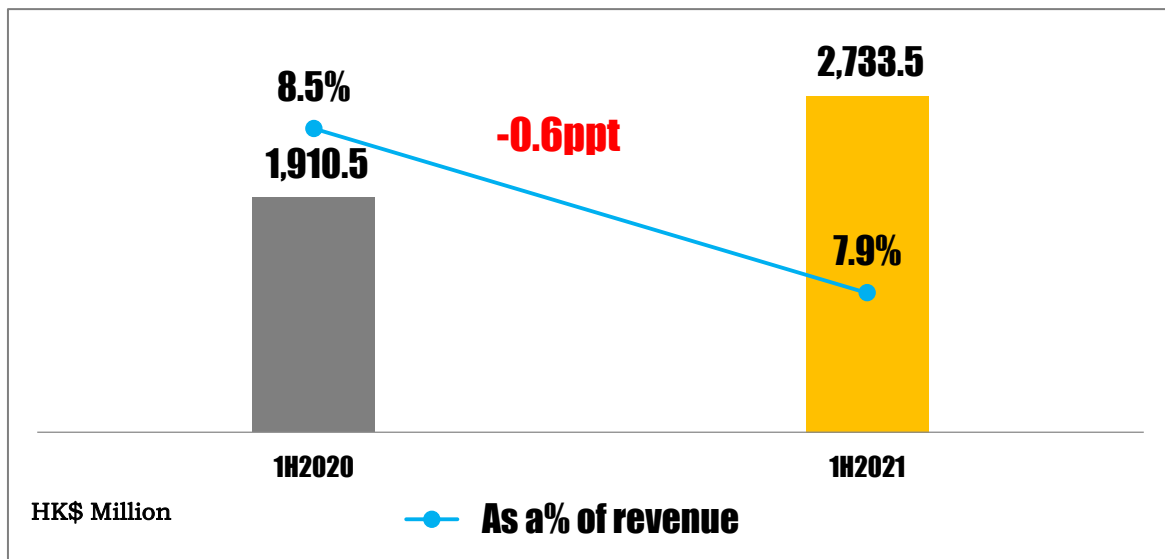
Total Costs



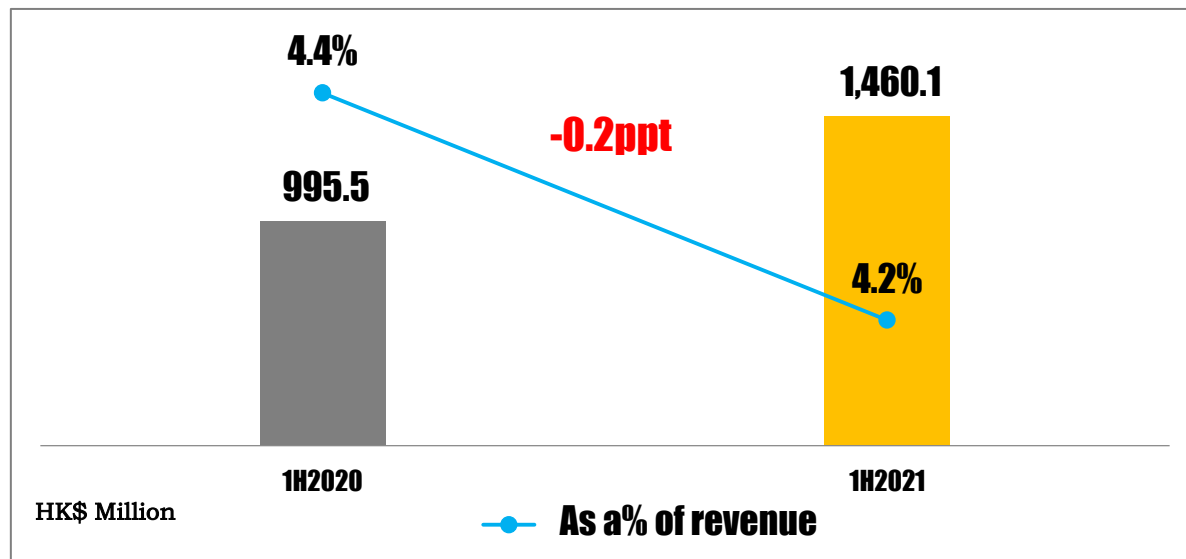
Finance Costs



Selling & Distribution Expenses



Administrative Expenses



Equity & Debt

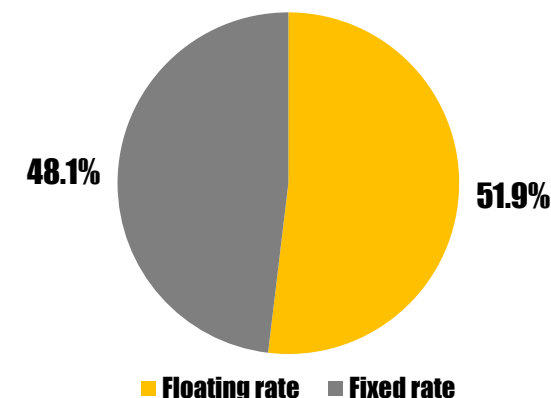
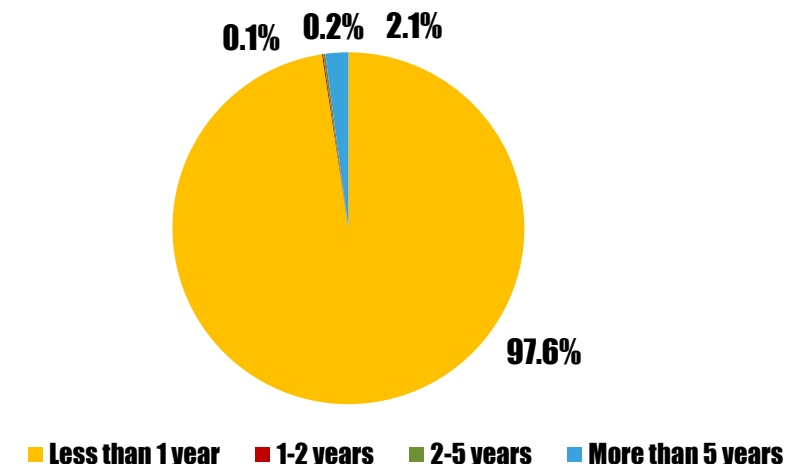
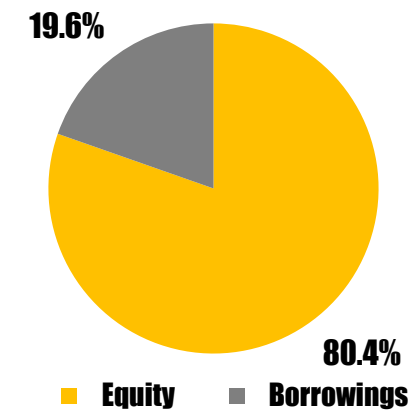
	HK\$'000	%
Total Equity	50,137,735	80.4%
Total bank, note & other borrowings	12,242,851	19.6%
Total capital	62,380,586	100%

Long & Short Term Borrowings

	HK\$'000	%
Less than 1 year	11,951,290	97.6%
1-2 years	8,938	0.1%
2-5 years	26,815	0.2%
More than 5 years	255,808	2.1%
Total	12,242,851	100.0%

Fixed & Floating Borrowings

	HK\$'000	%
Floating rate	6,353,588	51.9%
Fixed rate	5,889,263	48.1%
Total	12,242,851	100.0%



	30 Jun 2020	30 Jun 2021	Change
Number of projects	252	258	6
Connectable householders (million)	73.01	81.83	12.1%
Connectable population (million)	227.06	270.04	18.9%
Penetration rate of residential household	53.8%	52.6%	(1.2PPT)
Gross gas sales volume (million m ³)	13,253	17,159	29.5%
Residential	3,885	4,195	8.0%
Industrial	5,926	8,374	41.3%
Commercial	2,863	3,913	36.7%
CNG Station	352	423	20.1%
LNG Station	227	254	11.9%
Average gas tariff / cost / gross margin (RMB per m ³)	2.63/2.03/0.60	2.77/2.19/0.58	0.14/0.16/(0.02)

	30 Jun 2020	30 Jun 2021	Change
Total length of pipeline (km)	186,399	211,164	24,765
Connected customers	38,695,971	43,184,929	4,488,958
Residential	38,396,378	42,828,441	4,432,063
Industrial	21,398	26,999	5,601
Commercial	278,195	329,489	51,294
Average residential connection fee (RMB)	2,700	2680	(20)
New C&I with paid connection fee	12,424	15,809	3,385
New residential with paid connection fee	—	—	—
Gross basis	991,561	1,296,332	304,771
Consolidated basis	617,248	984,390	367,142
Gas stations (CNG/LNG/L-CNG)	355(223/84/48)	350(218/83/49)	(5)/((5)/(1)/1)

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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2021 Interim Results Presentation

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