

CR Gas

2020 Final Results Presentation

March 26, 2021





1. 2020 Results Highlights

Results Highlights

Steadily Growth in Key Results

In 2020, the production and consumption activities were affected by the COVID-19 pandemic. CR Gas actively supported the job and production resumption and continued to expand the market. Steadily growth in key results were maintained.

| Key Results | 2019 | 2020 | Growth Rate |
|--|-------|-------|-------------|
| Gas sales volume (billion m ³) | 28.01 | 29.02 | 3.6% |
| Number of customers (million) | 37.95 | 41.84 | 10.3% |
| Turnover (HK\$ billion) | 56.98 | 55.86 | -2.0% |
| Profit for the year (HK\$ billion) | 6.50 | 6.71 | 3.3% |
| Profit attributable to shareholders (HK\$ billion) | 5.04 | 5.15 | 2.1% |
| Net cash from operating activities (HK\$ billion) | 8.60 | 8.62 | 0.2% |
| Basic EPS (HK\$) | 2.32 | 2.31 | -0.4% |
| Proposed final dividend per share (HK\$ cents) | 72 | 78 | 8.3% |
| Proposed total dividend per share (HK\$ cents) | 87 | 93 | 6.9% |

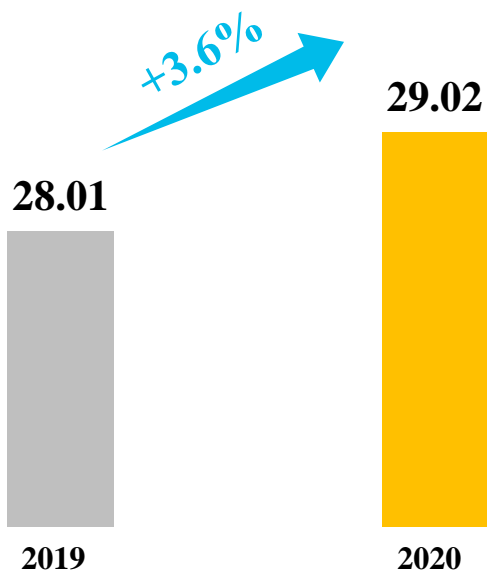
By focusing on industrial coal to gas and commercial bottle to pipe gas conversion programs, gas sales volume was 29 billion m³, an increase of 3.6% in 2020. Residential and industrial gas sales volume increased 10.7% and 6.4% respectively.



29B m³ Gas Sales Volume

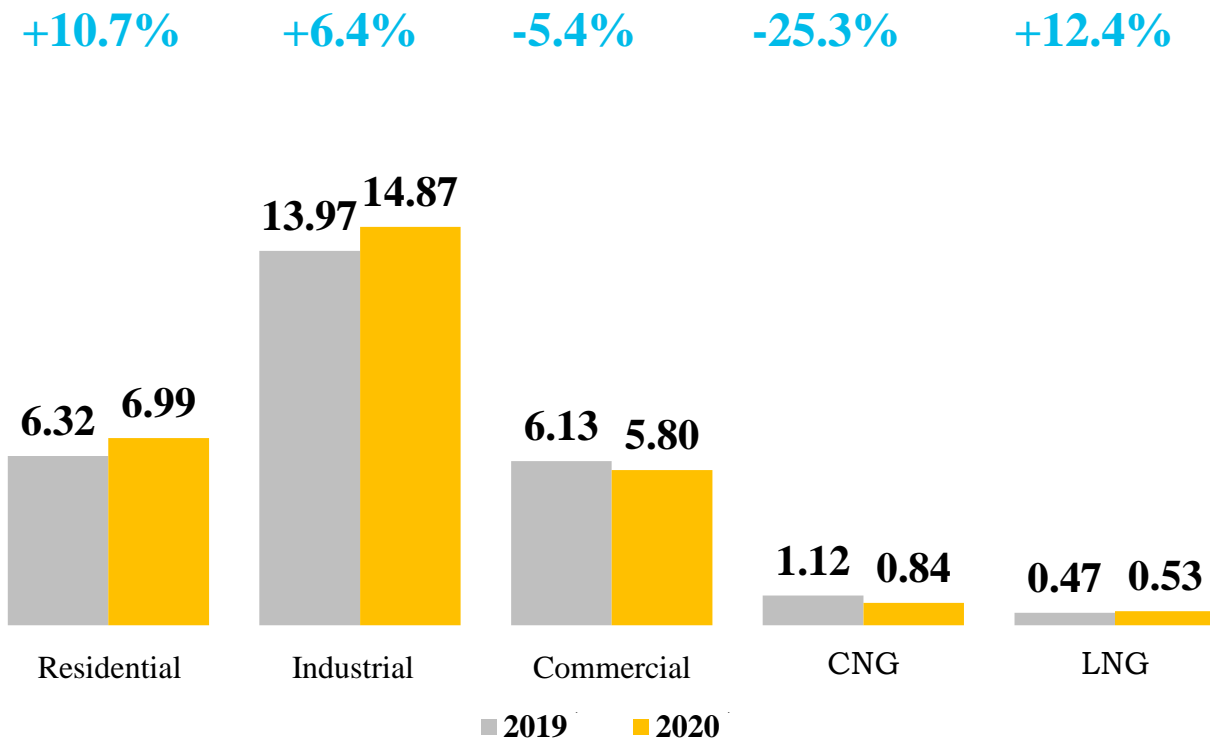
- ❑ 1H: decreased 5.3% ;
- ❑ 2H: increased 12.6%.

| Volume | 2019 | 2020 | Growth |
|--------|-------|-------|--------|
| 1H | 14.00 | 13.25 | -5.3% |
| 2H | 14.01 | 15.77 | 12.6% |



Continuous Growth in Residential and Industrial

- ❑ Residential growth: 10.7% ;
- ❑ Industrial growth: 6.4%.



Results Highlights

Continuous Growth in Connected Customers

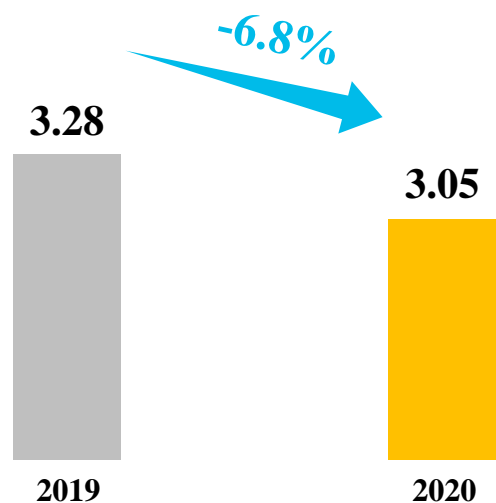
Connection constructions were accelerated after the recovery of the pandemic, newly connected residential households were 3.05 million, cumulative connected customers continued to grow and reached 41.84 million in 2020, an increase of 10.3%.



Newly connected households

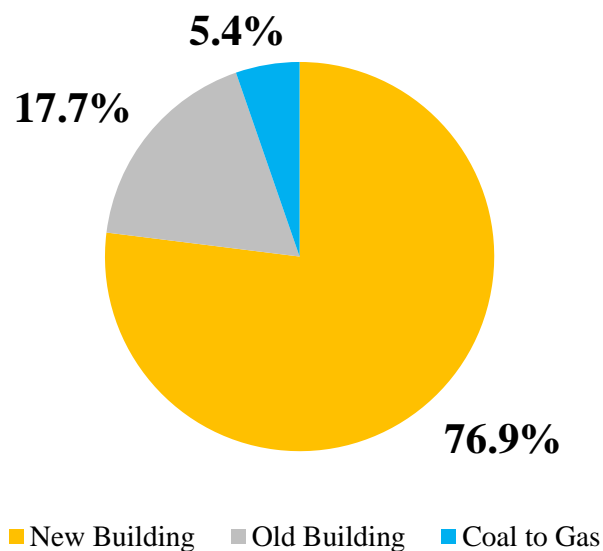
2020 newly connected household: 3.05 million.

| New Household | 2019 | 2020 | Growth |
|---------------|------|------|--------|
| 1H | 1.47 | 0.99 | -32.3% |
| 2H | 1.81 | 2.06 | 13.8% |



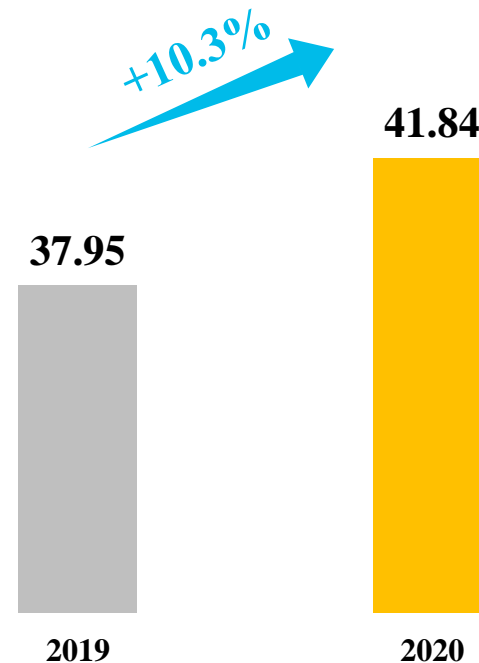
New household Mix

76.9% of the newly connected households are from new buildings.



41.84 million customers

an increase of 3.89 million:
 Residential: 3.85 million;
 C&I: 46,000.

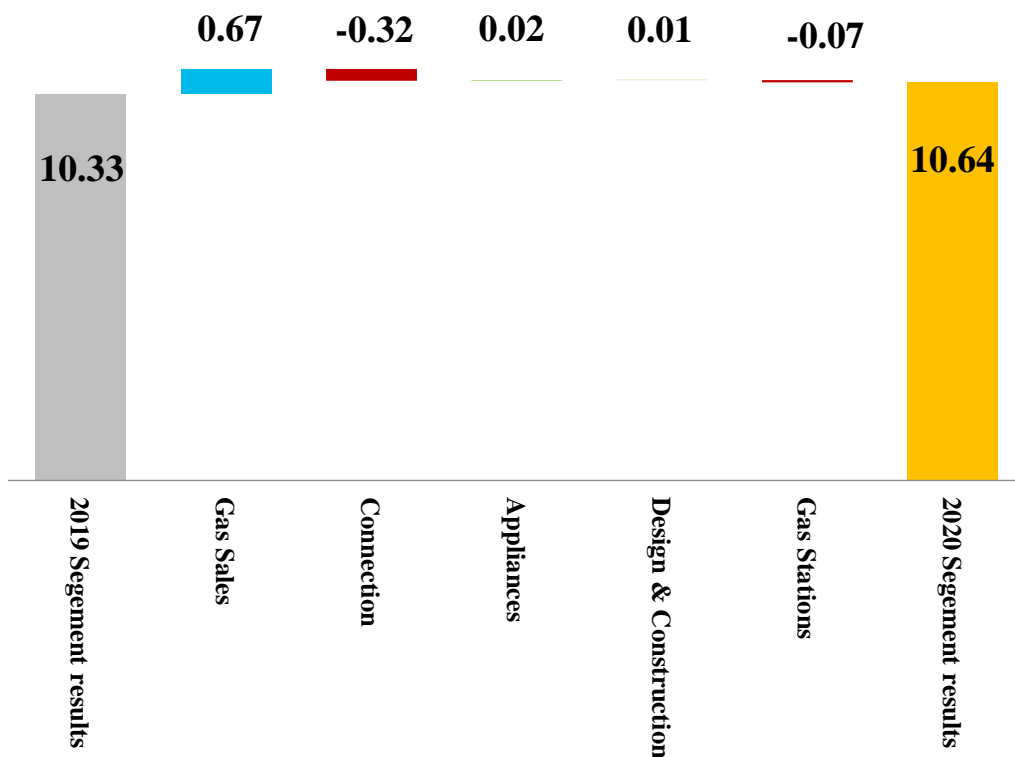


Note: including existing customers from M&A 5

CR Gas continued to optimize the gas sources structure in 2020, gas sales dollar margin improved RMB0.01 per m³, contribution from recurring gas sales business continued to expand.

Expanding Gas Sales Contribution

HK\$ Billion



Gas Sales Margin Increased RMB0.01

RMB per m³

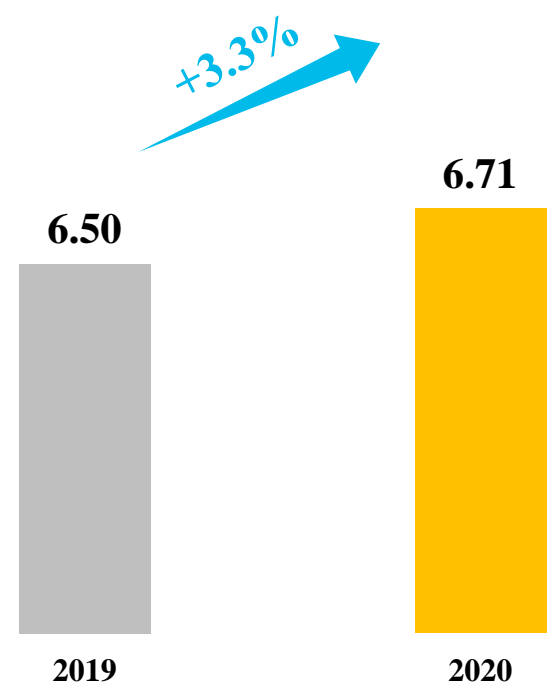
| | Dec 2019 | Dec 2020 |
|-------------------|-------------|-------------|
| Residential | 2.35 | 2.36 |
| C&I | 2.80 | 2.70 |
| Gas Station | 3.37 | 3.00 |
| Average Tariff | 2.74 | 2.65 |
| Average Cost | 2.16 | 2.06 |
| Gas Margin | 0.58 | 0.59 |

- ◆ **Gas Tariff ↓**: RMB0.09/m³ decreased due to implement the government's terminal profit policy, support the industrial and commercial to resume work and production;
- ◆ **Gas Cost ↓**: RMB0.10/m³ decreased due to the optimization of gas sources.

In 2020, net profit for the year reached HK\$6.71 billion, an increase of 3.3%. Profit attributable to shareholders was HK\$5.15 billion, an increase of 2.1% in 2020, excluding the exchange impact, an increase of 3.2%.

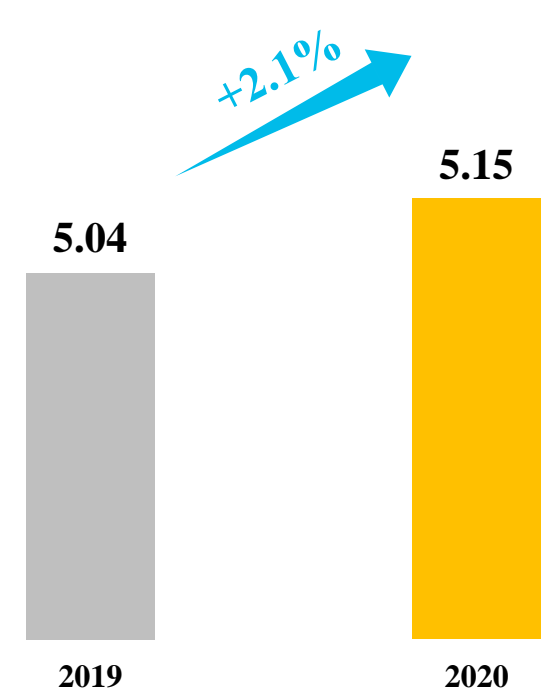
Net Profit: HK\$6.71 billion

- an increase of 3.3%.



Attributable Profit: HK\$5.15 billion, 2.1% increase

- profit attributable to shareholders: HK\$5.15 billion, an increase of 2.1%;
- excluding the exchange impact, an increase of 3.2%.



| | 2019 | 2020 | Growth |
|------------------------------|------|------|--------|
| Attributable Profit | 5.04 | 5.15 | 2.1% |
| Exchange Impact | — | 0.05 | — |
| Adjusted Attributable Profit | 5.04 | 5.20 | 3.2% |

Results Highlights Strong Financial Flexibility

In 2020, CR Gas maintained strong financial flexibility, cash flow continued to grow steadily, net cash position maintained and receivable amount was further decreased during the COVID-19 pandemic period.

Steadily Cash flow Growth

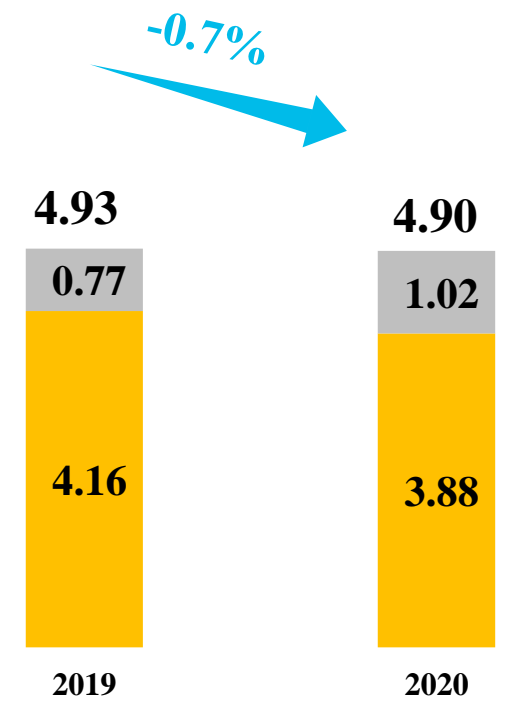
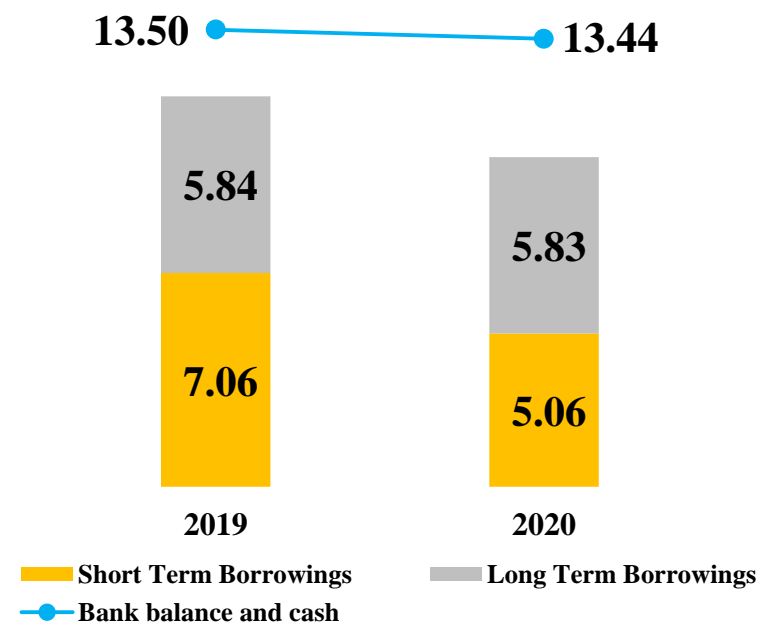
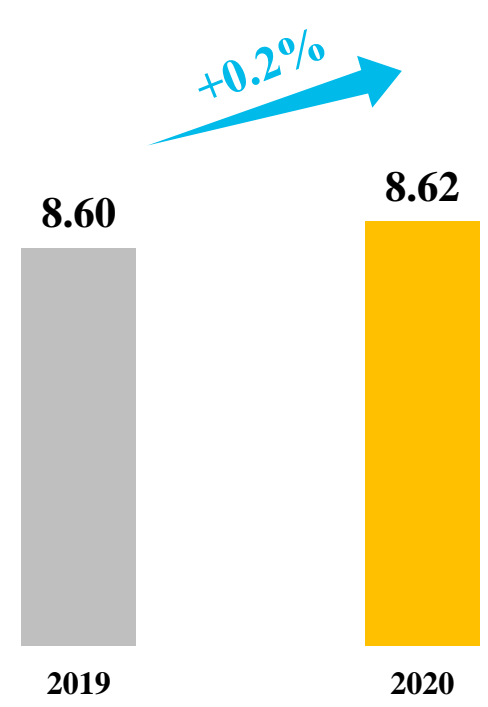
- Operating cash flow: HK\$8.62 billion, 0.2% increase.

Maintain Net Cash Position

- Bank and cash balance: HK\$13.44 billion vs total borrowings: HK\$10.89 billion.

Decrease Receivable Amount

- a decrease of 0.7%.



3 international rating agencies continue to maintain the highest credit rating of China Resources Gas ;In 2020, CR Gas further improved the capital structure, financial resources and financial flexibility for future development and expansion, 3 leading international credit agencies re-affirmed its highest credit rating granted to the Chinese city gas operators.



Highest Rating

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

| Agency | 2020 Rating |
|--------|-------------|
|--------|-------------|



| | |
|--------|----|
| Stable | A- |
|--------|----|



| | |
|--------|----|
| Stable | A3 |
|--------|----|



| | |
|--------|----|
| Stable | A- |
|--------|----|



Superior Financial Cost

- Average interest rate reduced to 3.09%, HK\$12.1 billion banking facilities undrawn.

➔ Financial Cost Optimization



HK\$ **12.1** B

Avg. Interest Rate



0.29PPT ↓

3.38%

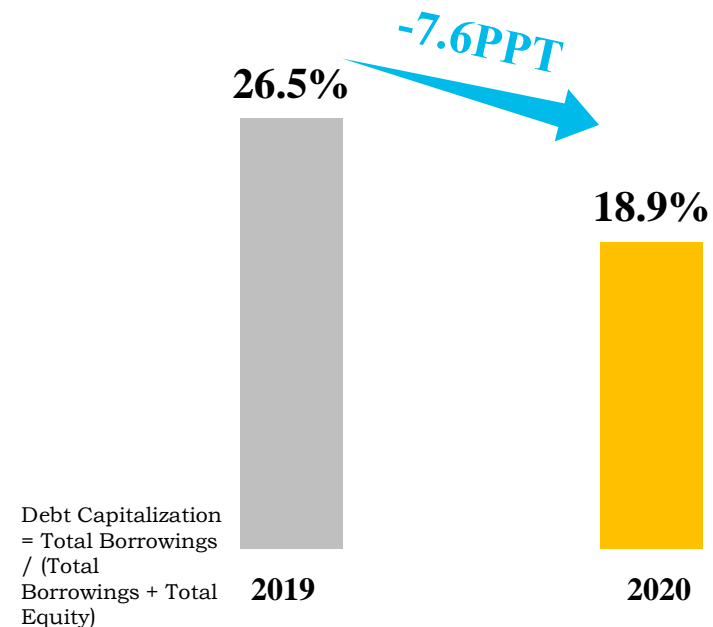
3.09%



Strong Flexibility

- In 2020, debt to capitalization ratio dropped 7.6PPT, financial flexibility further strengthen.

Debt Capitalization Rate 7.6PPT ↓

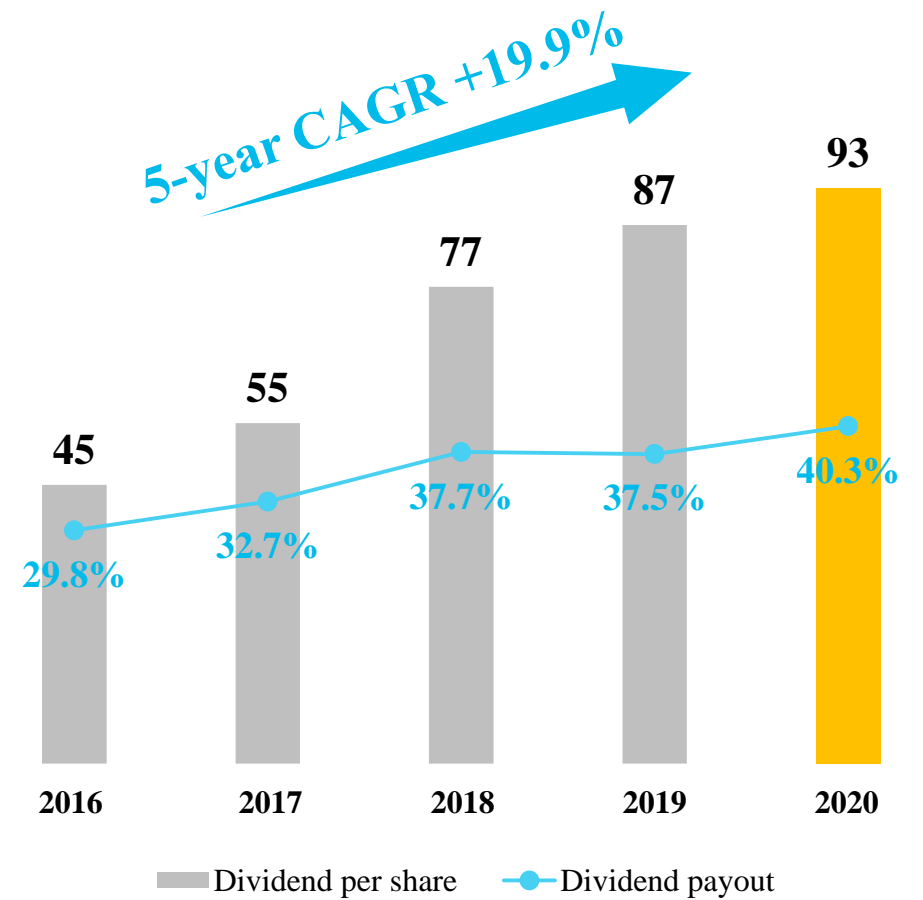


Results Highlights Increased in Proposed Dividend

For the past 5 years, CR Gas continue to increase its dividend per share and payout ratio, 5-year CAGR of dividend per share is 19.9% and payout ratio increases from 29.8% in 2016 to 40.3% in 2020.

 5 -year dividend per share & payout ratio continue to increase

HK\$ Cents



Stable Growth in Dividend and Payout Ratio

| | 2019 | 2020 |
|---------------------------------|-------|-------|
| Basic EPS (HK\$) | 2.32 | 2.31 |
| Total dividend per share (HK\$) | 0.87 | 0.93 |
| Dividend payout ratio | 37.5% | 40.3% |

- 2020 interim dividend paid was HK\$0.15 per share and proposed final dividend is HK\$0.78 per share;
- 2020 proposed total dividend is HK\$0.93 per share, an increase of HK\$0.06 per share or 6.9%.



2. Company Development

Report to the board, an ESG task force led by CEO and participated by various departments has been formed to promote the execution of the sustainable development management program.

ESG Task Force

ESG Objective

Board of Directors

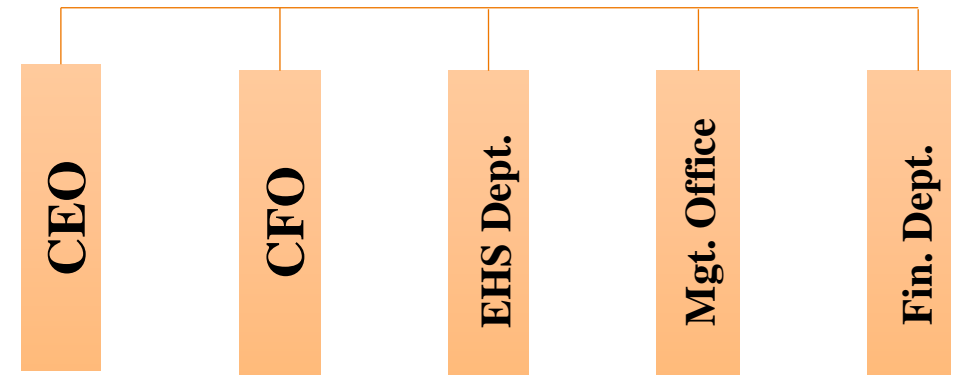
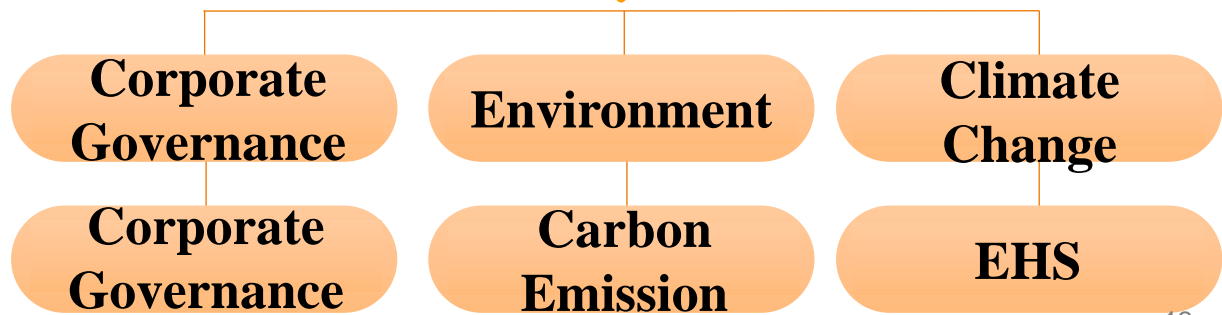
2020



ESG Task Force

2021

ESG Sustainable Development



By formulating long and short term ESG management targets, CR Gas continues to improve the management in ESG. In 2020, greenhouse gas emissions was reduced by 20.2%, awarded H.K. Green Awards 2020 “Large Corporation - EHS Gold Award”

ESG Achievement

47 Region Companies obtained



ISO 45001 or OHSAS 18001

2020 Greenhouse Gas Emission reduced



20.2%

Gold Award



Hong Kong Green Awards 2020
Large Corporation – EHS Award

Safety Training Hours



699 K hours 2019: 596K hours



Comprehensive energy consumption in Turnover: reduced 1% std. ton coal per RMB10K.



Honorary title of advanced individual in the SOE fight against the Covid-19 epidemic

Customer Satisfaction



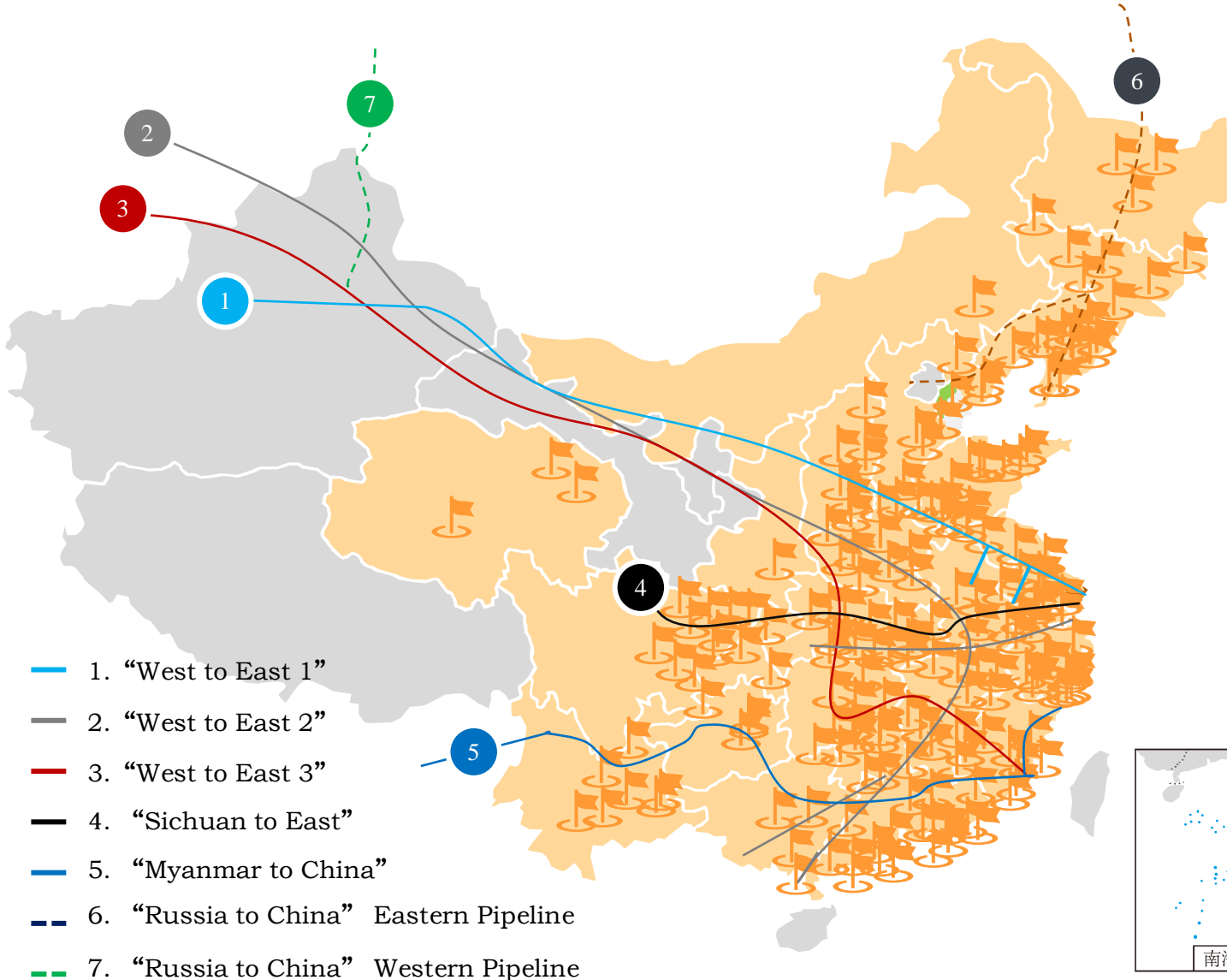
94% 2019: 93.2%

Comprehensive energy consumption in Value-added: reduced 0.5% std. ton coal per RMB10K.

Thank you letter from Wuhan Command Office for gas supply under Covid-19 epidemic



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.



257 City Gas Projects

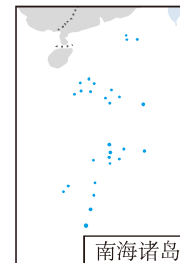
14 Provincial Capitals

75 Prefecture-level Cities

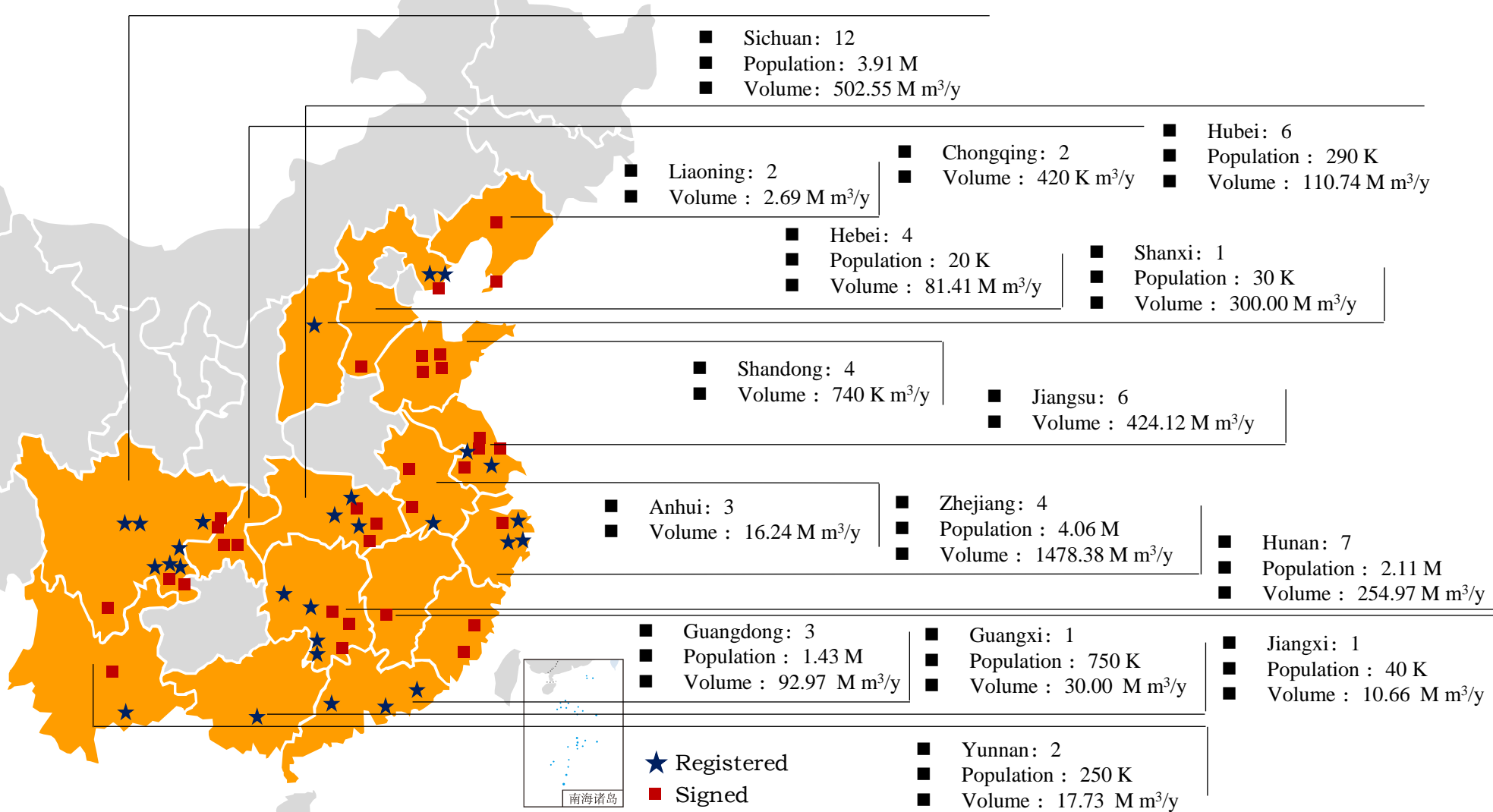
41.84 M Customers

206 K km Pipeline

79.61 M Connectable Households



In 2020, 32 projects were signed and 28 projects were registered at group and project level, including city gas projects; distributed energy projects, electricity and hydrogen refueling stations. 31000 km² new concession area, 2.35 million new households and 3.3 billion m³ per year were expected to added.



2020 New Investment

Signed **32**

Registered **28**

Potential Volume (B m³/year) **3.3**

New Household (Million) **2.35**

To follow the national development strategies, focusing on investment opportunities in 4 major regions and further expand the coverage.



In July 2020, Ningbo project completed registration and commenced operations in August 2020. On April 2, 2020, an MOU was entered with Shanxi Gas Group. An agreement will be entered after the completion of the due diligence and negotiations.



Ningbo Project

Ningbo project commenced operation in August 2020, key datas flowings:

Gas Volume: 890 million m³

Customer: Pipeline 770 k, Bottle 510 k

Turnover: RMB2.25 billion

Net Profit: RMB170 million

City gas business area of Shanxi Gas Group



Project Summary

Coverage:

- **GDP:** RMB557B, 33% of Shanxi
- **Population:** 7.14M, 19% of Shanxi
- **Area :** including provincial capitals and prefecture-level cities

Operation:

- **Volume:** NG 900M、CBM 320M、Petroleum gas 910M、Coke gas110M
- **Customer:** 2.02M
- **Turnover:** RMB4.67B
- **Total Assets:** RMB8.6B

Note: Data in 2020

In 2020, 14 projects were signed, total investment of HK\$300 million, total projects up to 46. 18 heat supply projects are in operations, consumed 22 million m³ of gas a year.



Integrated Energy Projects

2020 new signed : 14

Key Projects

Chen zhou 999

Chongqing Caijia Free Trade Zone

Chongqing Airport Industrial Park

Qinhuangdao Fuli Project

Wuhan Diyuan distributed Project

Jinzhai modern industrial park

■ Total signed and operations: 46

Integrated Energy Services

- Provide integrated energy solutions to meet customers' energy demand and build loyalty.

| Energy Type | Volume | Converted NG Volume (M m ³) |
|---------------------|--------|---|
| Steam (K ton) | 851 | 67.09 |
| Cool & Heat (M kwh) | 20.37 | 2.52 |
| Annual Total | — | 69.61 |

Heat Supply Project: 18



□ Residential Project: 18

- Converted volume: 22M m³/year

Due to the increasing heating demand in southern China, a pilot project was set up in Chengdu to provide central heating services, this provides customers with high value-added services, and promotes the pilot results within the group

Increasing Heating Demand in Southern China

- ❑ Global climate change causes cooler temperature in southern region
- ❑ The original north-south boarder may not applicable, heating demand becomes strong in southern region

南北供暖线示意图



Pilot Project in Chengdu

- ❑ Chengdu Gas takes advantage of the gas source and technology, creating the integrated heat energy warm system.
- ➔ **Tariff:** Including installation fees and royalties, central heating will save 30% compared with individual installation.
- ➔ **Technology:** mainly from distributed energy model, supplement with solar and sewage.
- ➔ **Device:** floor heating or space heating.



Close attention to the southern central heating market, provide high value added services to our customers.

CR Gas continues to expand the new energy market, 38 electricity charging posts commenced operations, a total of 107 posts were in operations, the annual electricity sales reached 170 million kwh, increasing 30.8%; 7 hydrogen refueling stations were added, 2 in operations.

Charging Post

- Project companies in Nanjing, Hangzhou, Jiangyin, Zhenjiang and Suzhou were established. Annual Turnover: HK\$180M, 6.3% increase.
- 107 charging posts in operations by 2020.

Operations

107



Annual Unit Sold

Million unit

130



2019年

+30.8%

170



2020年

Hydrogen Refueling Station

- Stations in Xiangyang and Weifang were in operations, annual design capacity is 180 ton/year.
- 9 new stations approved, exploring the possibility to turn existing gas station into gas-hydrogen combined station.

Xiangyang Station



2 Stations in Operations

Weifang Station

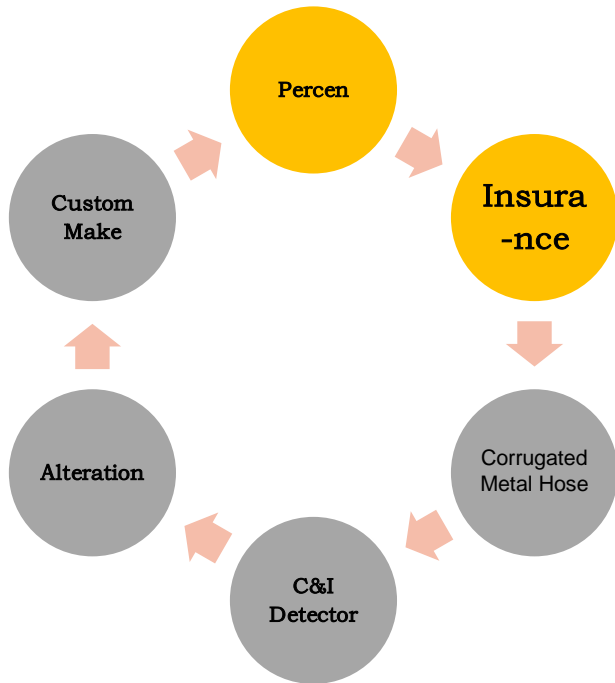


- to be build in Weifang, Wuxi, Wuhan, Xiangyang, Baicheng and Taizhou

Provide a wide range of integrated service business (ISB) such as gas appliance “Percen”, gas insurance and extended VAS. Turnover was increase 22.4% to HK\$2.46 billion in 2020, of which, extended VAS reached HK\$1.45 billion, an increase of 59.0%.

Wide Range of ISB

- Promote 1 Insurance Coverage
- Rebuild 1 “Percen” Concept
- Develop Wide Range of VAS



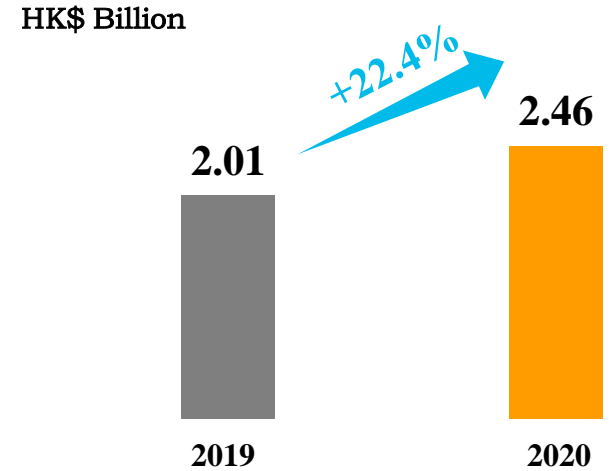
Creative “Percen” Selling Platform



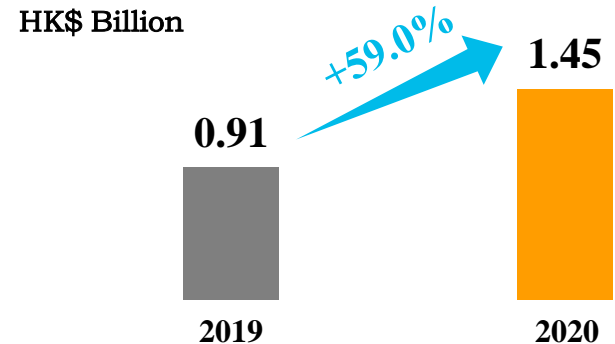
9·15 On+Off Line

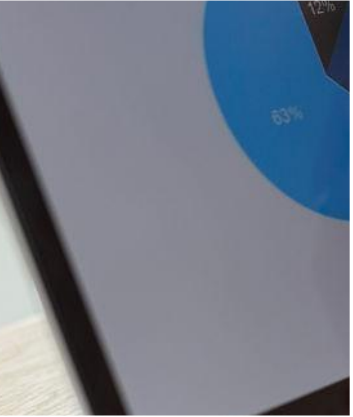
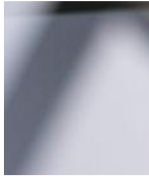
Turnover **RMB210 Million**
 Online **RMB7.28 Million**

Rapid Growth in ISB



59.0% Growth in Extended VAS





3. Financial & Operational Highlights

| As at December | 2019 (HK\$'000) | 2020 (HK\$'000) | Increase/(Decrease) |
|--|-----------------|-----------------|---------------------|
| Turnover | 56,976,290 | 55,864,169 | (2.0%) |
| Gross profit | 14,213,581 | 15,027,477 | 5.7% |
| Profit from operation ⁽¹⁾ | 8,216,395 | 8,524,369 | 3.7% |
| Profit for the year | 6,499,743 | 6,711,888 | 3.3% |
| Profit attributable to the equity holders | 5,043,477 | 5,151,292 | 2.1% |
| Net cash from operating activities | 8,601,761 | 8,616,030 | 0.2% |
| Basic EPS ⁽²⁾ (HK\$) | 2.32 | 2.31 | (0.4%) |
| Interim and proposed final dividend per share (HK\$ cents) | 87 | 93 | 6.9% |

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.

| As at December | 2019 (HK\$'000) | 2020 (HK\$'000) | Increase/(Decrease) |
|--|-----------------|-----------------|---------------------|
| Total assets | 81,824,020 | 93,870,809 | 14.7% |
| Bank balance and cash | 13,502,481 | 13,442,206 | (0.4%) |
| Total bank, note and other borrowings ⁽¹⁾ | 12,889,152 | 10,893,434 | (15.5%) |
| Net borrowings (Net cash) | (613,329) | (2,548,772) | — |
| Equity attributable to the equity holders | 26,795,437 | 36,274,287 | 35.4% |
| Non-controlling interests | 9,026,778 | 10,594,072 | 17.4% |
| Total equity | 35,822,215 | 46,868,359 | 30.8% |

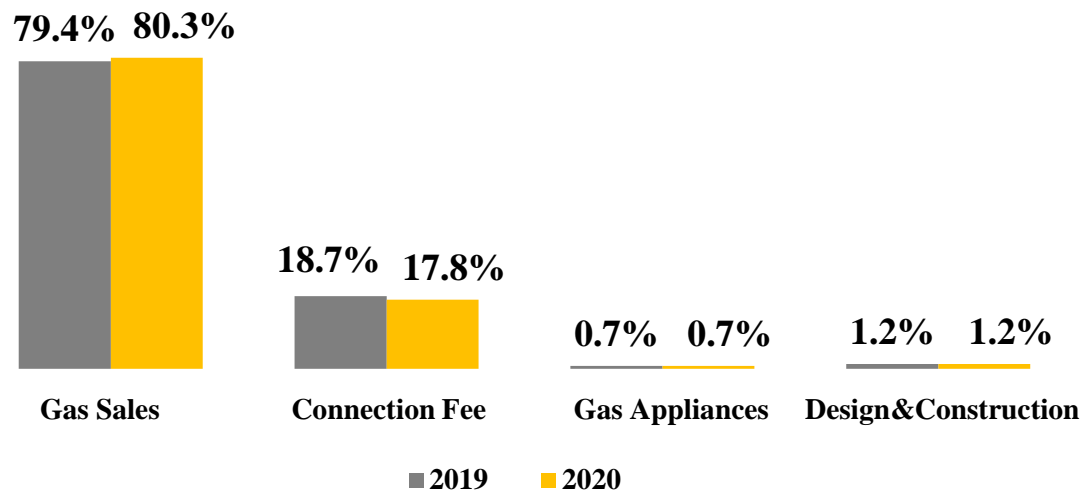
Note: (1) The amount due to an intermediate holding company (2020: HK\$2,510,837,000, 2019: HK\$5,027,140,000) and amount due from an intermediate holding company (2020: HK\$0, 2019: HK\$0) are included in bank, notes and other borrowing.

| Financial Indicators | 31 December 2019 | 31 December 2020 | Increase/(Decrease) |
|--|------------------|------------------|---------------------|
| Gross profit margin | 24.9% | 26.9% | 2.0ppt |
| Net profit margin | 11.4% | 12.0% | 0.6ppt |
| Net profit margin attributable to owner of the Company | 8.9% | 9.2% | 0.3ppt |
| Debt to capitalization rate ⁽¹⁾ | 26.5% | 18.9% | (7.6ppt) |
| Debt to asset ratio ⁽²⁾ | 15.8% | 11.6% | (4.2ppt) |
| Return to equity | 18.8% | 14.2% | (4.6ppt) |

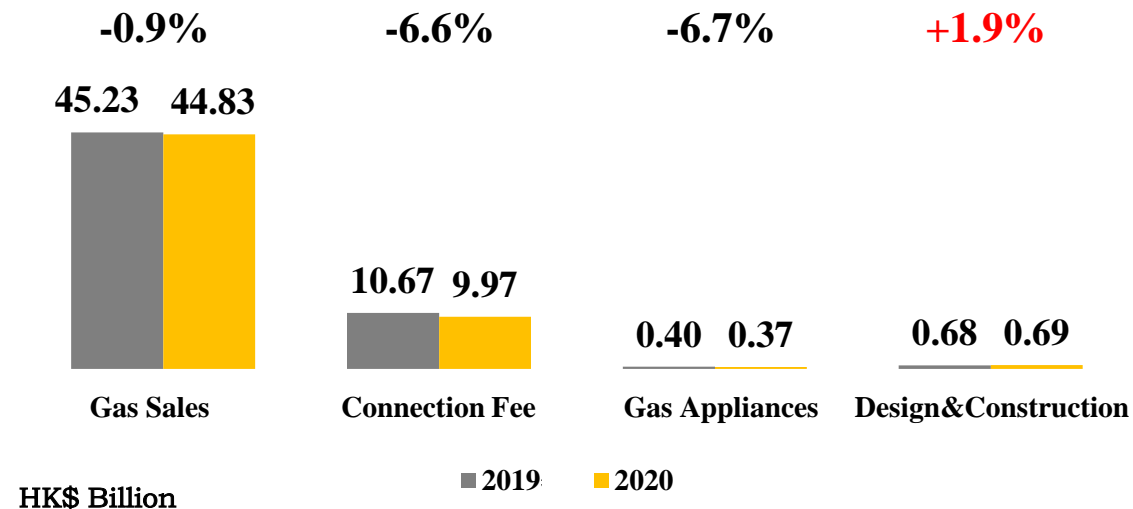
Note: (1) Debt/capitalization gearing ratio is the ratio of total bank, note and other borrowings to total bank, note and other borrowings and total equity;

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

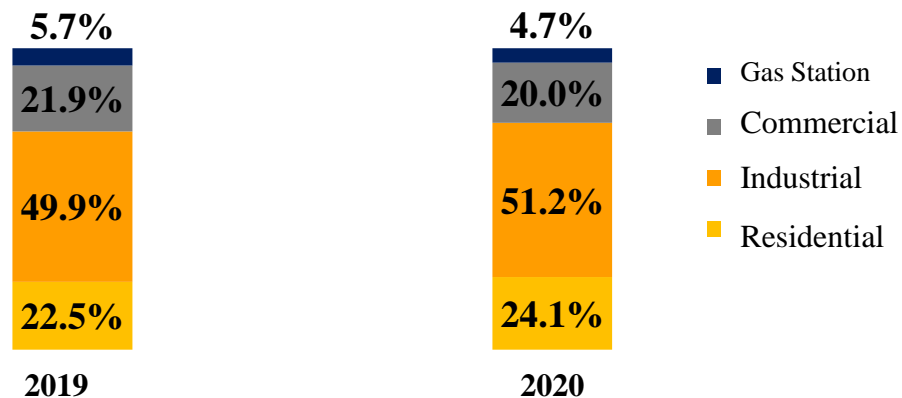
Revenue Mix



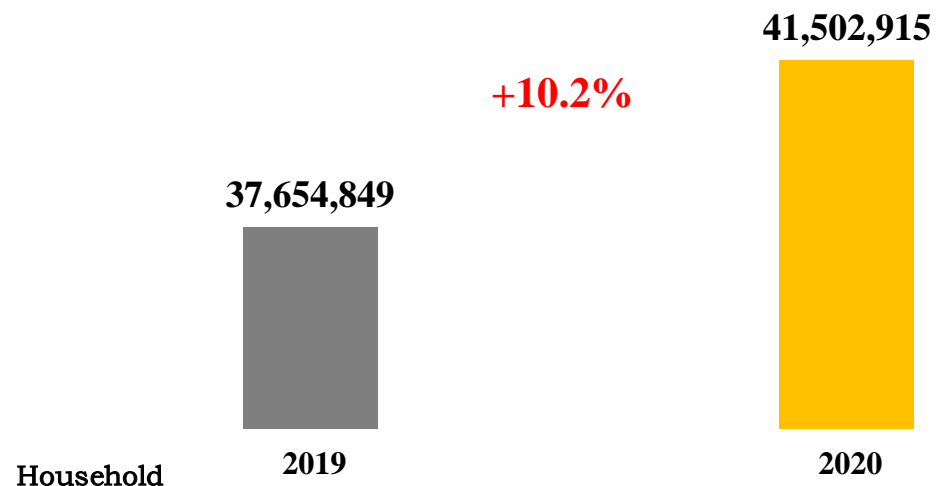
Revenue Growth Rate



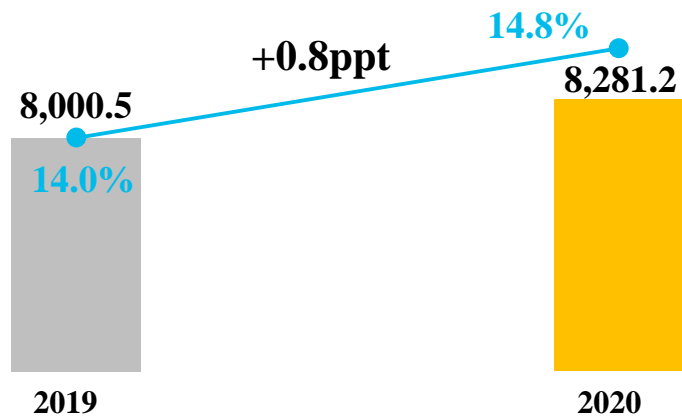
Gas Sales Volume



Residential Customer



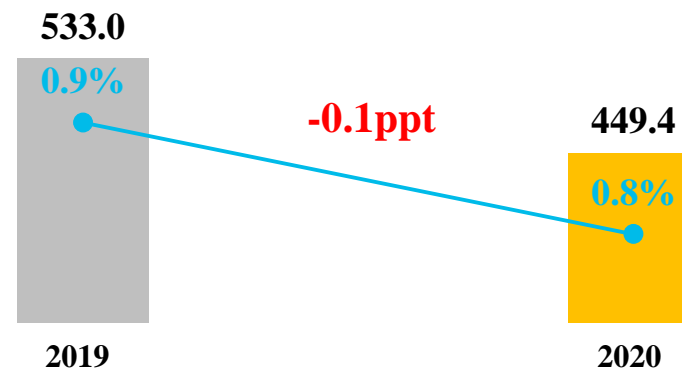
Total Costs



HK\$ Million

—●— As a% of revenue

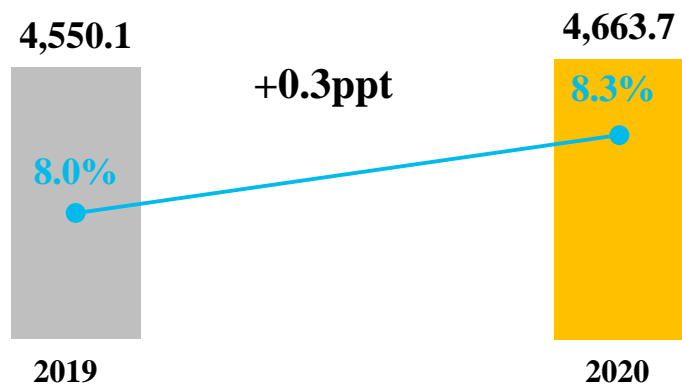
Finance Costs



HK\$ Million

—●— As a% of revenue

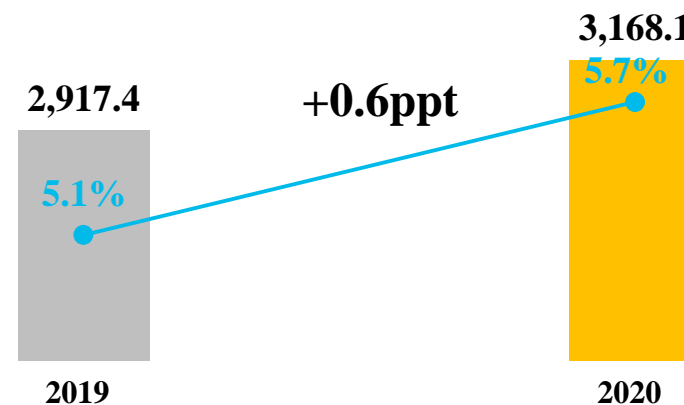
Selling & Distribution Expenses



HK\$ Million

—●— As a% of revenue

Administrative Expenses



HK\$ Million

—●— As a% of revenue

Equity & Debt

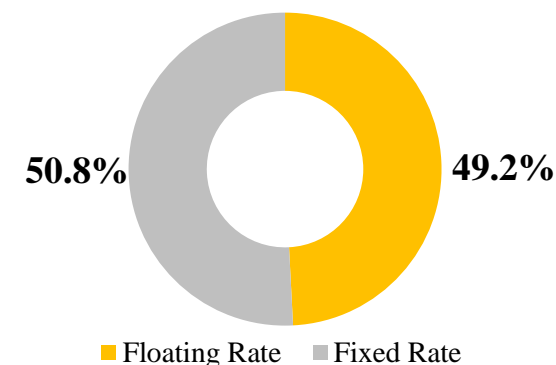
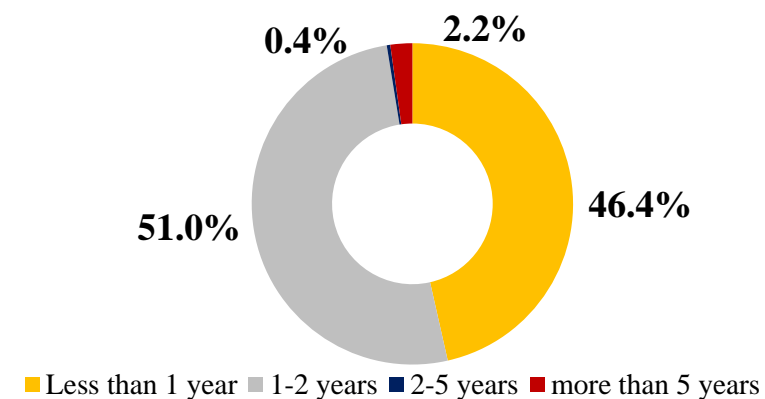
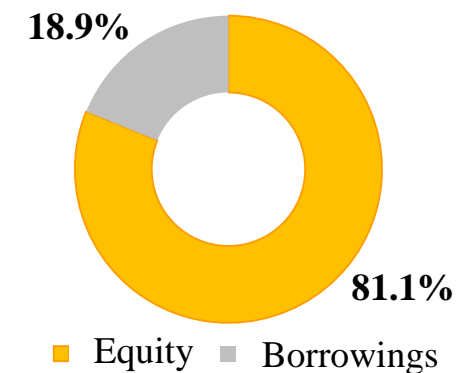
| | HK\$'000 | % |
|-------------------------------------|------------|--------|
| Total equity | 46,868,359 | 81.1% |
| Total bank, note & other borrowings | 10,893,434 | 18.9% |
| Total capital | 57,761,793 | 100.0% |

Long & Short Term Borrowings

| | HK\$'000 | % |
|-------------------|------------|--------|
| Less than 1 year | 5,059,195 | 46.4% |
| 1-2 years | 5,550,450 | 51.0% |
| 2-5 years | 38,485 | 0.4% |
| More than 5 years | 245,304 | 2.2% |
| Total | 10,893,434 | 100.0% |

Fixed & Floating Borrowings

| | HK\$'000 | % |
|---------------|------------|--------|
| Floating rate | 5,357,770 | 49.2% |
| Fixed rate | 5,535,664 | 50.8% |
| Total | 10,893,434 | 100.0% |



| | 31 December 2019 | 31 December 2020 | Change |
|--|------------------|------------------|--------------------|
| Number of projects | 251 | 257 | 6 |
| Connectable householders (million) | 71.38 | 79.61 | 11.5% |
| Connectable population (million) | 221.28 | 254.75 | 15.1% |
| Penetration rate of residential household | 53.0% | 52.4% | (0.6ppt) |
| Gross gas sales volume (million m ³) | 28,010 | 29,024 | 3.6% |
| Residential | 6,315 | 6,988 | 10.7% |
| Industrial | 13,966 | 14,866 | 6.4% |
| Commercial | 6,133 | 5,800 | (5.4%) |
| CNG station | 1,123 | 839 | (25.3%) |
| LNG station | 473 | 532 | 12.4% |
| Average gas tariff / cost / gross margin (RMB per m ³) | 2.74/2.16/0.58 | 2.65/2.06/0.59 | (0.09)/(0.10)/0.01 |

| | 31 December 2019 | 31 December 2020 | Change |
|--|------------------|------------------|----------------|
| Total length of pipeline (km) | 179,216 | 205,638 | 26,422 |
| Connected customers | 37,948,710 | 41,843,270 | 3,894,560 |
| Residential | 37,654,849 | 41,502,915 | 3,848,066 |
| Industrial | 21,135 | 25,010 | 3,875 |
| Commercial | 272,727 | 315,345 | 42,618 |
| Average residential connection fee (RMB) | 2,710 | 2,690 | (20) |
| New C&I with paid connection fee | 29,136 | 41,912 | 12,776 |
| New residential with paid connection fee | | | |
| Gross basis | 3,275,795 | 3,052,565 | (223,230) |
| Consolidated basis | 2,349,982 | 2,044,380 | (305,602) |
| Gas stations (CNG/LNG/L-CNG) | 354 (225/82/47) | 353(224/81/48) | (1)((1)/(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.

For Investor Enquiries:

K.F. CHANG

Tel: +852 2593 8213

Honglei BAI

Tel: +755 82668008 316

Fax: +852 2598 8228

E-mail: investor-relations@crgas.com.hk

Website: www.crgas.com

2020 Final Results Presentation

