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華潤燃氣控股有限公司
China Resources Gas Group Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1193)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2021

During 2021, CR Gas recorded an increase of 24.15% in net profit attributable to shareholders to HK\$6,395 million and its net operating cash flow decreased by 2.62% to HK\$8,390 million. The Board of CR Gas recommends an increase of 36.56% in total dividend per share to HK\$1.27.

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
Turnover (HK\$ million)	78,175	55,864	39.94%
Profit attributable to owners of the Company (HK\$ million)	6,395	5,151	24.15%
Basic earnings per share (HK\$)	2.82	2.31	22.08%
Net operating cash flow (HK\$ million)	8,390	8,616	(2.62)%
Interim dividend paid and proposed final dividend per share (HK\$)	1.27	0.93	36.56%
Gross gas sales volume (million m³)	34,082	29,024	17.43%
Total new connected residential customers (million)	3.52	3.05	15.43%

The board of directors (the “Board”) of China Resources Gas Group Limited (the “Company” or “CR Gas”) is pleased to announce the final results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December, 2021

	NOTES	2021 <i>HK\$' 000</i>	2020 <i>HK\$' 000</i>
Revenue	4	78,175,136	55,864,169
Cost of sales		<u>(59,879,860)</u>	<u>(40,836,692)</u>
Gross profit		18,295,276	15,027,477
Other income	5	1,774,365	1,397,652
Selling and distribution expenses		(5,758,032)	(4,663,717)
Administrative expenses		(3,825,113)	(3,168,075)
Impairment losses on financial and contract assets, net		(11,321)	(68,968)
Finance costs		(382,381)	(449,420)
Share of results of joint ventures		702,351	656,895
Share of results of associates		<u>388,572</u>	<u>258,419</u>
Profit before taxation	6	11,183,717	8,990,263
Taxation	7	<u>(2,743,885)</u>	<u>(2,278,375)</u>
Profit for the year		<u><u>8,439,832</u></u>	<u><u>6,711,888</u></u>
Other comprehensive income			
Other comprehensive income (expense) for the year			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Unfunded defined benefit plans		(5,253)	–
Exchange differences arising on translation		<u>783,397</u>	<u>3,094,857</u>
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value, net of tax		<u>14,421</u>	<u>(989)</u>
Other comprehensive income for the year, net of tax		<u>792,565</u>	<u>3,093,868</u>
Total comprehensive income for the year		<u><u>9,232,397</u></u>	<u><u>9,805,756</u></u>
Profit for the year attributable to:			
Owners of the parent		6,395,368	5,151,292
Non-controlling interests		<u>2,044,464</u>	<u>1,560,596</u>
		<u><u>8,439,832</u></u>	<u><u>6,711,888</u></u>
Total comprehensive income for the year attributable to:			
Owners of the parent		7,035,864	7,479,431
Non-controlling interests		<u>2,196,533</u>	<u>2,326,325</u>
		<u><u>9,232,397</u></u>	<u><u>9,805,756</u></u>
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share – Basic	9	<u><u>2.82</u></u>	<u><u>2.31</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2021

	<i>NOTES</i>	31st December, 2021 <i>HK\$' 000</i>	31st December, 2020 <i>HK\$' 000</i>
Non-current assets			
Property, plant and equipment		47,349,282	40,932,770
Investment properties		89,262	89,425
Right-of-use assets		3,253,642	2,816,236
Interests in joint ventures		12,991,745	12,114,832
Interests in associates		7,692,448	4,082,026
Equity investments designated at fair value through other comprehensive income		164,794	153,100
Goodwill		1,274,030	903,956
Operating rights		1,958,365	1,476,285
Deferred tax assets		463,247	345,422
Deposits for operating rights		–	1,954
Deposits for right-of-use assets		23,195	65,825
Deposits for purchase of property, plant and equipment		299,229	247,585
Deposits for investments		11,586	–
		<u>75,570,825</u>	<u>63,229,416</u>
Total non-current assets			
Current assets			
Inventories		1,142,272	1,006,828
Trade and other receivables	10	15,705,278	12,645,694
Assets related to contract works		3,628,060	3,534,472
Pledged bank deposits and restricted cash		2,526,923	12,193
Bank balances and cash		7,562,950	13,442,206
		<u>30,565,483</u>	<u>30,641,393</u>
Total current assets			
Current liabilities			
Trade and other payables	11	26,184,673	20,193,275
Contract liabilities		15,185,964	15,174,058
Government grants		35,907	74,439
Bank and other borrowings		615,659	2,548,358
Lease liabilities		122,471	98,946
Senior notes		5,583,770	–
Taxation payable		969,296	933,609
		<u>48,697,740</u>	<u>39,022,685</u>
Total current liabilities			
Net current liabilities		<u>(18,132,257)</u>	<u>(8,381,292)</u>
Total assets less current liabilities		<u><u>57,438,568</u></u>	<u><u>54,848,124</u></u>

	31st December, 2021	31st December, 2020
	<i>HK\$' 000</i>	<i>HK\$' 000</i>
Capital and reserves		
Share capital	231,401	231,401
Reserves	41,025,514	36,042,886
Equity attributable to owners of the Company	41,256,915	36,274,287
Non-controlling interests	12,780,747	10,594,072
Total equity	54,037,662	46,868,359
Non-current liabilities		
Government grants	845,182	252,705
Bank and other borrowings	295,706	298,575
Lease liabilities	267,238	219,530
Senior notes	–	5,535,664
Other long-term liabilities	675,571	477,613
Deferred tax liabilities	1,317,209	1,195,678
Total non-current liabilities	3,400,906	7,979,765
	57,438,568	54,848,124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2021

1. GENERAL

The Company is a listed public company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company’s intermediate parent company is China Resources (Holdings) Company Limited (“CRH”), a company incorporated in Hong Kong, and its ultimate holding company is China Resources Company Limited (“CRCL”) (formerly known as “China Resources National Corp.”), a company established in the People’s Republic of China (the “PRC”). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) as the Company is a public company with its shares listed on the Stock Exchange in Hong Kong where most of its investors are located, and therefore, the directors of the Company consider that HK\$ is preferable in presenting the operating results and financial position of the Group.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$18,132,257,000, and the Group had capital commitments of HK\$2,623,813,000 as at 31st December, 2021. As at 31st December, 2021, the Group had bank and other borrowings totalling HK\$911,365,000, of which HK\$615,659,000 was classified as current liabilities and has senior notes totalling approximately HK\$5,583,770,000, all of which was classified as current liabilities.

The directors of the Company are of the opinion that, taking into account of the unutilised banking facilities of HK\$22,161,041,000 and internally generated funds of the Group, the Group has sufficient working capital for its present requirements for the next twelve months from 31st December, 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. As at 31 December 2021, the Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and Renminbi based on the Loan prime rate (“LPR”). The Group expects HIBOR and LPR will continue to exist and there is no impact on the Group's HIBOR-based and LPR-based borrowings. For the LIBOR-based and LPR-based borrowings, since the interest rates were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.
- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on 1 April 2021. However, the Group has not received Covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided.

The Group's operating segments under HKFRS 8 are as follows:

- (i) Sale and distribution of gas fuel and related products – sale of natural gas and to a much lesser extent, liquefied petroleum gas for residential, commercial and industrial use;
- (ii) Gas connection – construction of gas pipeline networks under gas connection contracts;
- (iii) Sale of gas appliances – sale of gas appliances and related products;
- (iv) Design and construction services – design, construction, consultancy and management for gas connection projects;
- (v) Gas stations – sale of gas fuel in natural gas filling stations.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment results represent the profit before taxation earned by each segment, excluding sundry income, interest income, rental income, finance costs, depreciation of investment properties, central administrative costs and directors' salaries. This is the measure reported to the executive directors of the Company for the purpose of revenue allocation and assessment of segment performance.

4. REVENUE AND SEGMENT INFORMATION – CONTINUED

The information of segment revenue, segment results, segment assets and segment liabilities is as follows:

For the year ended 31st December, 2021

Segment revenue and results

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Sale of gas appliances <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Revenue</i>						
External sales	<u>61,324,854</u>	<u>11,976,401</u>	<u>768,151</u>	<u>606,074</u>	<u>3,499,656</u>	<u>78,175,136</u>
<i>Results</i>						
Segment results	<u>6,454,151</u>	<u>5,078,986</u>	<u>107,274</u>	<u>84,437</u>	<u>581,352</u>	<u>12,306,200</u>
Share of results of joint ventures						702,351
Share of results of associates						388,572
Finance costs (other than interest on lease liabilities)						(367,966)
Unallocated income						1,456,032
Unallocated expenses						<u>(3,301,472)</u>
Profit before taxation						<u><u>11,183,717</u></u>

4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2021 – continued

Segment assets and liabilities

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Sale of gas appliances <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS						
Segment assets	<u>56,308,618</u>	<u>5,861,976</u>	<u>294,934</u>	<u>157,170</u>	<u>2,284,979</u>	<u>64,907,677</u>
Interests in joint ventures						12,991,745
Interests in associates						7,692,448
Deferred tax assets						463,247
Unallocated corporate assets (<i>Note a</i>)						<u>20,081,191</u>
						<u><u>106,136,308</u></u>
LIABILITIES						
Segment liabilities	<u>5,773,491</u>	<u>17,146,874</u>	<u>294,190</u>	<u>1,902,116</u>	<u>118,140</u>	<u>25,234,811</u>
Taxation payable						969,296
Deferred tax liabilities						1,317,209
Unallocated corporate liabilities (<i>Note b</i>)						<u>24,577,330</u>
						<u><u>52,098,646</u></u>

4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2021 – continued

Other information

Amounts included in the measure of segment profit and segment assets:

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Sale of gas appliances <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current assets	6,206,151	–	–	9,237	94,755	2,228	6,312,371
Depreciation and amortisation	2,558,543	–	–	519	109,760	–	2,668,822
(Reversal of impairment loss)/ impairment loss on trade receivables, net	13,934	221	93	(1,537)	(48)	–	12,663
Reversal of impairment loss on other receivables, net	–	–	–	–	–	(790)	(790)
Reversal of impairment loss on contract assets, net	–	(552)	–	–	–	–	(552)
Impairment loss on construction in progress, net	2,730	–	–	–	–	–	2,730
Loss on disposal of property, plant and equipment	27,952	–	–	–	–	–	27,952
Gain on termination of right-of-use assets	(2)	–	–	–	–	–	(2)

For the year ended 31st December, 2020

Segment revenue and results

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Sale of gas appliances <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Revenue</i>						
External sales	41,848,125	9,969,201	372,974	691,763	2,982,106	55,864,169
<i>Results</i>						
Segment results	5,614,203	4,279,850	62,774	87,185	595,485	10,639,497
Share of results of joint ventures						656,895
Share of results of associates						258,419
Finance costs (other than interest on lease liabilities)						(433,020)
Unallocated income						1,045,933
Unallocated expenses						(3,177,461)
Profit before taxation						8,990,263

4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2020 – continued

Segment assets and liabilities

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Sale of gas appliances <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS						
Segment assets	47,347,202	5,440,844	176,768	164,962	1,811,197	54,940,973
Interests in joint ventures						12,114,832
Interests in associates						4,082,026
Deferred tax assets						345,422
Unallocated corporate assets (<i>Note a</i>)						22,387,556
						<u>93,870,809</u>
LIABILITIES						
Segment liabilities	4,593,671	16,428,605	154,058	2,150,358	174,740	23,501,432
Taxation payable						933,609
Deferred tax liabilities						1,195,678
Unallocated corporate liabilities (<i>Note b</i>)						21,371,731
						<u>47,002,450</u>

4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2020 – continued

Other information

Amounts included in the measure of segment profit and segment assets:

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Sale of gas appliances <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current assets	5,825,141	–	–	8,578	94,846	–	5,928,565
Depreciation and amortisation	2,058,655	–	–	3,131	56,692	–	2,118,478
Impairment loss/(reversal of impairment loss) on trade receivables, net	15,808	54,687	–	393	(70)	–	70,818
Reversal of impairment loss on other receivables, net	–	–	–	–	–	(9,652)	(9,652)
Impairment loss on contract assets, net	–	7,802	–	–	–	–	7,802
Loss on disposal of property, plant and equipment	12,553	–	–	–	–	–	12,553
Loss on termination of right-of-use assets	1,068	–	–	–	–	–	1,068

Notes:

- Unallocated corporate assets represent goodwill arising on acquisition of subsidiaries, investment properties, equity investments designated at fair value through other comprehensive income, other receivables, pledged bank deposits and restricted cash, other deposits and bank balances and cash.
- Unallocated corporate liabilities represent other payables, bank and other borrowings and senior notes. Bank and other borrowings and senior notes are classified as unallocated corporate liabilities because they are managed centrally by the treasury function of the Group.

Geographical information

Information about the Group's non-current assets (excluding financial instruments and deferred tax assets) is presented based on the locations of the assets:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PRC	74,939,169	62,722,980
Hong Kong	3,615	7,914
	74,942,784	62,730,894

The Group's revenue is arisen in the PRC during both years.

5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income included:		
Extended service income	880,916	618,076
Government grants	72,800	147,662
Interest income from bank deposits	26,669	18,232
Interest income from other deposits (<i>note</i>)	212,270	271,347
Dividend income from equity investments designated at fair value through other comprehensive income	2,647	2,036
Interest income from deposits placed with a fellow subsidiary	21,351	13,006
Interest income from a loan to a fellow subsidiary	63,572	57,794
Interest income from joint ventures	1,518	1,568
Interest income from associates	3,941	2,790
Rental income from operating leases	41,910	43,405
Gain on deemed disposal of a joint venture	95,393	6,165
Gain on deemed disposal of an associate	34,356	169
Gain on disposal of a subsidiary	25,074	–
Others	291,948	215,402
	1,774,365	1,397,652

Note: At 31st December, 2021, interest income from other deposits consisted of interest income from principal protected deposits and bank financing products denominated in RMB issued by banks in the PRC.

6. PROFIT BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs		
Directors' emoluments	17,659	8,759
Other staff		
– Salaries and bonus	3,721,131	3,456,353
– Other benefits	1,007,107	959,067
– Retirement benefit scheme contributions	976,731	509,717
Total staff costs	5,722,628	4,933,896
Auditor's remuneration	14,579	12,943
Depreciation and impairment of property, plant and equipment	2,392,713	1,873,436
Depreciation of investment properties	4,697	4,007
Depreciation of right-of-use assets	194,784	176,218
Amortisation of operating rights (included in administrative expenses)	76,628	64,817
Impairment of financial and contract assets, net		
– Impairment of trade receivables, net	12,663	70,818
– Reversal of impairment of other receivables, net	(790)	(9,652)
– (Reversal of impairment)/impairment of contract assets, net	(552)	7,802
Impairment of construction in progress	2,730	–
Loss on disposal of property, plant and equipment	27,952	12,553
(Gain)/loss on termination of right-of-use assets	(2)	1,068
Lease payments not included in the measurement of lease liabilities	104,330	80,811

7. TAXATION

	2021 HK\$'000	2020 HK\$'000
The tax charge comprises:		
Current taxation		
PRC Enterprise Income Tax, withholding tax paid for distributed profits and intergroup restructuring of investments in the PRC	2,962,557	2,305,904
Underprovision in prior years	41,523	49,570
	3,004,080	2,355,474
Deferred taxation	(260,195)	(77,099)
	2,743,885	2,278,375

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The company and its subsidiaries operating in Hong Kong did not have assessable profits, accordingly no provision for Hong Kong Profits Tax has been made in the consolidated financial statements for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for certain group entities which are entitled to various concessionary tax rates or tax exemptions and reliefs.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2011 No. 1, only the profits earned by foreign-investment enterprise prior to 1st January, 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to the Enterprise Income Tax at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules.

8. DIVIDENDS

	2021 HK\$'000	2020 HK\$'000
Dividends recognised as distribution during the year:		
2021 interim dividend – 15 HK cents per share (2020: 2020 interim dividend – 15 HK cents per share)	340,232	340,232
2020 final dividend – 78 HK cents per share (2020: 2019 final dividend – 72 HK cents per share)	1,769,208	1,633,115
	2,109,440	1,973,347

The directors recommend the payment of a final dividend of 112 HK cents (2020: 78 HK cents) per share for the year ended 31st December, 2021 in an aggregate amount of HK\$2,540,401,000 (2020: HK\$1,769,208,000).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings:		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	6,395,368	5,151,292
	2021	2020
Number of shares:		
Weighted average number of shares in issue less shares held for incentive award scheme for the purpose of basic earnings per share	2,268,215,487	2,232,313,848

No diluted earnings per share are presented as there were no potential ordinary shares in issue for both years.

10. TRADE AND OTHER RECEIVABLES

The Group generally allows credit periods ranging from 30 to 90 days to its customers. The ageing analysis of trade receivables, net of loss allowance, is presented based on the invoice date at the end of the reporting period, which approximated to the respective revenue recognition date as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 90 days	6,841,770	3,881,917
91 to 180 days	297,500	467,884
181 to 365 days	368,450	404,052
Over 365 days	148,515	141,728
	7,656,235	4,895,581

11. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables is presented based on the invoice date at the end of the reporting period as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 90 days	7,002,328	5,537,878
91 – 180 days	547,169	583,813
181 – 365 days	347,285	750,457
Over 365 days	555,442	546,397
	8,452,224	7,418,545

The average credit periods on purchases of goods range from 7 to 180 days.

REVIEW AND AUDIT OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31st December, 2021 have been reviewed by the Audit and Risk Management Committee of the Company, which comprises three Independent Non-executive Directors and two Non-executive Directors, and have been audited by the Company's auditor, Ernst & Young. The Independent Auditor's Report will be included in the Annual Report to the shareholders.

BUSINESS REVIEW

Annual results

In 2021, the global economy witnessed a recovery growth after the pandemic. As the only major economy in the world to achieve positive economic growth in 2020, China encountered grave challenges such as relapses of the pandemic as well as frequent floods in 2021; its annual GDP growth rate reached 8.1%, continuously maintaining a leading position in the world. 2021 is the commencement year of the "14th Five-Year" Plan. As the state issued the top-level design document of "achieving carbon peak by 2030 and carbon neutrality by 2060", governments at all levels successively introduced various policies to boost the share of clean energy in the energy consumption mix, demonstrating the resolve of the Chinese government to promote environment management. The sound development trend of China's clean energy market remains unchanged, injecting continuous growth momentum into the long-term development of the Group's clean energy sales business and comprehensive services business.

During the period, the Group proactively responded to various challenges, carried out in-depth safety inspections, continued to enhance the steadiness of gas supply and took the initiatives to participate in fighting against the pandemics and floods. The various management initiatives implemented by the Group had also gained unanimous recognition from governments at all levels and the media, and a sound social image had been built.

The Group has long been aggressively adhering to the spirit of pursuing excellence by rigorously facilitating the merger and acquisition of city gas projects, diving deep to explore the market potentials and committing to enhance the operating efficiency in order to constantly consolidating the core advantages of the Group in the city gas market of large cities and sophisticated regions and cities. During the period, the Group achieved rapid development with sale of natural gas reaching 34.082 billion cubic meters, representing a year-on-year increase of 17.4%, a turnover of HK\$78.175 billion, representing a year-on-year increase of 39.9%, and a profit attributable to owners of the Group of HK\$6.395 billion for the year, representing a year-on-year increase of 24.2%. It was proposed to distribute a final dividend of 112 HK cents, with a total dividend of 127 HK cents for the year, representing an increase of 36.6% from 93 HK cents in 2020, representing a dividend payout ratio of 45.0%.

SALE OF NATURAL GAS

In 2021, the added value of industrial enterprises above state designated scale in China increased by 9.6% over the previous year, 6.8 percentage points higher than that of 2020; the average growth rate of the past two years was 6.1%. Against the backdrop of the spread of the pandemic overseas, and thanks to China's well-established industry chain and supply chains, the export of industrial products continued to grow rapidly, with the export delivery value of industrial enterprises above state designated scale increasing by 17.7% over the previous year. The state constantly promoted the prevention and control of air pollution, and continued to strengthen the "coal-to-gas conversion" reform in civil, heating, industrial and other industries in key areas. The Group tightly grasped the market opportunity, actively promoted the development of key industries in the region, focused on small and micro business development, comprehensively promoted the "bottled-to-piped-gas conversion" reform, and realized the rapid growth in sales volume of natural gas.

During the period, the Group sold 34.082 billion cubic meters of natural gas, of which industrial gas sales recorded 18.212 billion cubic meters, an increase of 22.5%, accounting for 53.4% of the Group's gas sales; commercial gas sales recorded 6.851 billion cubic meters, an increase of 18.1%, accounting for 20.1% of the Group's gas sales, and residential gas sales increased by 9.5% to 7.654 billion cubic meters, accounting for 22.5% of the Group's gas sales.

DEVELOPMENT OF NEW USERS

By the end of 2021, the proportion of permanent urban residents across the country increased to 64.7% from 63.9% of last year. Meanwhile, the government also paid more attention to the construction of major strategic areas, core cities and city clusters, with core cities expanding continuously in geographical coverage amid greater population inflows. On 7 September, the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development issued the Notice on Strengthening the Construction of Supporting Facilities for the Reconstruction of Urban Old Residential Communities, which ushered in a development opportunity for developing users in urban old residential communities. On the back of its relatively large number of large-scale city gas projects, most of which being in major national strategic areas such as the Beijing-Tianjin-Hebei region, Yangtze River Delta region, Chengdu-Chongqing Two Cities Economic Zone, and Guangdong-Hong Kong-Macao Greater Bay Area, the Group believes that it will have room for relatively stable development of the user market going forward.

The Group continues to focus on the development of urban natural gas users, vigorously assists local governments in pollution prevention and control, prudently develops rural "coal-to-gas conversion" users around its projects, and optimizes the energy structure by replacing bulk coal. The Group had 39,000 new industrial and commercial users and 3,524,000 new residential users connected during the year, including the connection to 2,957,200 new houses users, 444,300 old houses users and 122,500 rural "coal-to-gas conversion" users.

Thanks to the constant merger and acquisition by the Group and expansion of more operation areas by the project companies of the Group, during the period, the average gas penetration rate of city gas projects operated by the Group in China increased from 52.4% at the end of 2020 to 55.0%.

EXPANSION OF NEW PROJECTS

The Group continues to focus on the core business development of city gas by leveraging on its reputable corporate brand image, strong market development capabilities and outstanding operation capabilities. In 2021, 11 projects were signed and 23 projects were registered at group and project level. 24,000 km² new concession areas in 2 municipalities and several prefecture-level cities with GDP of RMB3,800 billion, 6.7 billion m³ p.a. gas sales were expected to add.

As of 31 December 2021, the number of registered city gas projects at the Group level reached 266, spanning across 22 provinces, 3 direct administrative municipalities and 75 prefecture-level cities. The ever expanding operational regions and prime geographic locations where the projects are located have laid a solid foundation for the sustained and rapid growth of the Group's core business.

COMPREHENSIVE SERVICE BUSINESS

As at 2021, the Company had 45.4887 million residential users, 356,500 commercial users and 28,400 industrial users. Relying on its large and high quality customers resources, combining with the expertise and technological advantages of the Group, the Group focuses on providing the customers with high quality integrated service products and service and continuously enhancing the safety protection of the customers and user experience. The Group established an intelligent operation system based on security guarantee, built an intelligent terminal for kitchen electrical appliances. Leveraging on the Internet of Things technology and the cloud computing platform, the Group offers one-stop solutions with "safety + quality", thus increasing the customers' loyalty and rewarding the trust of customers.

The Group adhered to its philosophy of providing customers with high quality and safer services and built a convenient service system with grid management to facilitate the Group to carry out comprehensive service business operation with light assets.

During the period, the revenue from comprehensive services business on a statutory basis reached HK\$2.241 billion, representing a year-on-year increase of 67.6%, of which turnover of gas appliances and that of gas insurance business reached HK\$768 million and HK\$484 million, representing a year-on-year increase of 106.0% and 28.4%, respectively. The penetration rate of the Group's comprehensive service business is still at a low level. The Group believes that through continuously vigorous promotion, the comprehensive service business will step into a stage of rapid development in the future and become an important part of the Group's business.

COMPREHENSIVE ENERGY BUSINESS DEVELOPMENT

In 2021, the Group strictly followed the development trends of the green and low carbon energy technologies. Relying on its significant market and customer resources advantages, the Group continuously explored the operation model of comprehensive energy business, and steadily promote the expansion of comprehensive energy projects to meet the diversified energy demand of customers.

During the period, the Group steadily promoted the development of comprehensive energy business, newly signed 38 projects, with an estimated total investment of approximately HK\$690 million, the cumulative number of projects reaching 144.

The Group also actively expanded the clean transportation energy market, and continuously developed large users in specific industries. During the period, 25 charging stations were newly put into operation, resulting in the total number of 132 charging stations putting into operation; the sale of electricity throughout the year increased by 29.4% to 220 million kWh as compared with the same period of last year; 4 new hydrogen refueling stations were put into operation, bringing the total number of hydrogen refueling stations that had been approved for construction and operation to 15, spanning across Weifang, Xiangyang, Wuxi, Baicheng, Wuhan and Taizhou etc.

SUSTAINABLE DEVELOPMENT

In the course of its rapid development, the Group proactively facilitated the development of the corporate governance of the Board. It kept enhancing the role of the Board and the management, whereby each had defined terms of reference and responsibilities, executed effective check and balance and conducted rational decision-making, thus forming a corporate governance structure with high efficiency. The Group has always attached great importance to honesty & integrity management, and complied with laws and regulations, international practice and business ethics. It has also insisted that the relationship among staff, suppliers, customers, relevant authorities, partners, competitors and other interested parties shall be dealt with on an arm's length basis and in good faith, so as to gain the market share and win respect with integrity and to improve the Company's inherent qualities and value with compliance management.

The Group also attaches great importance to environmental, social and governance (ESG) management, and has established an ESG working group under the leadership of the Board with the participation of all departments of the Group to promote the full implementation of the ESG sustainable development management system. With the efforts of all employees and effective management, in 2021, the Group's carbon dioxide emission per RMB10,000 production value (comparables) reduced by 3.7% in terms of tons, comprehensive energy consumption per RMB10,000 revenue (comparables) reduced by 6.8% in terms of tons of standard coal, and the comprehensive energy consumption per RMB10,000 value added (comparables) reduced by 1.5% in terms of tons of standard coal. During the year, the Group and 76 companies of the Group successfully obtained OHSAS18001 or ISO45001 international certifications, reflecting that the Group's occupational health and safety and environmental management systems meet the international standards. We will continue to promote more member companies of the Group to obtain the above-mentioned international certifications. The Group attached great importance to the life, health and safety of employees and users, and provided a total of 741,000 hours of safety training throughout the year. We also continued to engage consulting firms to provide professional advice on the Group's ESG management system, policies, data disclosure, performance and practice, and strive to further improve the Group's ESG performance. The Group believes that these measures in place will promote the Group's sustainable development and contribute to the construction of a better ecological environment.

In 2021, the Group organized members of the Board and management to conduct anti-corruption and environmental protection training by carrying out an in-depth study to strengthen the culture of integrity and awareness of environmental protection. During the year, the Group was awarded the Environmental, Health and Safety Gold Award under the Hong Kong Green Awards 2021. During the year, MSCI raised the Group's ESG rating by 2 grades to A. The Group will obtain recognition and affirmation from all walks of life through pragmatic and accountable ESG quality management measures, integrating the national dual goals of "peak carbon dioxide emissions target by 2030 and reach carbon neutrality by 2060" into daily operational management to achieve substantive business development.

FINANCIAL INFORMATION

The Group achieved a turnover of HK\$78.175 billion in 2021, representing a year-on-year increase of 39.9%. Overall gross profit margin of the Group was 23.4%, representing a decrease of 3.5 per cent. compared with that of last year. The decrease in overall gross profit margin was mainly due to the increase in the share of revenue from sale and distribution of gas fuel and related products and gas filling stations to operating revenue from 80.3% in last year to 82.9% in 2021, and the decrease in the share of revenue from gas connection with higher gross profit margin from 17.8% in last year to 15.3%. The Group believes that the continuous enhancement of the Group's revenue structure, laying a solid foundation for the future sustainable development of the Group.

The Group has been adopting prudent financial resources management policies to keep borrowings and capital expenditure at a sound level. In 2021, the Group's operating cash flow achieved HK\$8.390 billion, representing a year-on-year decrease of 2.62%. The Group has sufficient funds and available banking facilities to meet capital expenditures and operating requirements in the future.

Given the Group's sustained and steady development and continuous improvement in performance, Moody's raised the credit rating of the Group to A2, while Standard & Poor's and Fitch maintained the credit rating of the Group at A- in 2021. The ratings reflect the Group's development strategy of focusing on its core business and its financial performance for current period has been widely recognised by the market, which will further reduce the finance costs to be incurred by the Group in its potential financing activities, and provide sufficient financial resources for the long-term healthy development of the Group.

DEVELOPMENT PROSPECT

Amid the complex and grave landscape at home and abroad as well as various risks and challenges in 2021, China's economy continued to recover and grow, its economic structure and regional planning continued to improve, supply-side structural reform further advanced and establishment of a civil ecosystem continued to proceed. As China maintains its stable development, its macroeconomic outlook will remain stable and positive going forward. During the year, the Chinese government continued to promote the initiative of "carbon peak by 2030 and carbon neutrality by 2060", and firmly adhered to its environmental governance policies, strongly driving the development of the natural gas industry. Although energy prices remain high and volatile and supply is affected in the short term, with the broadening and deepening of market-oriented reforms in the oil and gas industry, China's natural gas industry still maintains sound development prospects.

In 2022, China will face heightened risks and challenges in its development. The Chinese government has put forward the guiding principle of seeking progress while maintaining stability in its development, and China will keep its economy operating within a reasonable range. The Group will seize development opportunities in the industry and proactively aligns itself with the natural gas promotion and utilization policies of governments at all levels to achieve sustained growth in its city gas core business. While focusing on the development of its principal business, the Group will also extend customer value around the industry chain, continuously improve the penetration rate of comprehensive service business, and strengthen the development of comprehensive energy business, thus providing customers with diversified energy supply and services, constantly improving returns on shareholders, and promoting the sustainable development of the Group.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 112 HK cents per share. Together with the interim dividend of 15 HK cents per share paid, total distribution for 2021 would thus be 127 HK cents per share (2020: 93 HK cents per share).

Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be payable on 12 July 2022 to shareholders whose names appear on the register of members of the Company on 27 May 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 May 2022 to Friday, 20 May 2022, both days inclusive. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Friday, 20 May 2022, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 16 May 2022.

Subject to the approval of shareholders at the annual general meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 27 May 2022 and the register of members of the Company will be closed from Thursday, 26 May 2022 to Friday, 27 May 2022, both days inclusive, during which no transfer of shares of the Company will be registered. In order to be entitled to the proposed final dividend, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 25 May 2022.

SHAREHOLDERS' OPTION

The 2021 Final Dividend will be payable in cash to each shareholder in Hong Kong Dollars (“HKD”) unless an election is made to receive the same in Renminbi (“RMB”). Shareholders will be given the option to elect to receive all or part of the 2021 Final Dividend in RMB at the exchange rate of HKD1.0:RMB0.812696, being the average median exchange rate of HKD to RMB as published by the People’s Bank of China during the five business days immediately before 18 March 2022 (inclusive of the date of this announcement). If shareholders elect to receive the 2021 Final Dividend in RMB, such dividend will be paid to shareholders at RMB0.910220 per share. To make such election, shareholders should complete the dividend currency election form which is expected to be dispatched to shareholders on 6 June 2022 as soon as practicable after the record date of 27 May 2022 to determine shareholders’ entitlement to the 2021 Final Dividend, and lodge it to branch share registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on 21 June 2022. Shareholders who are minded to elect to receive all or part of their dividends in RMB by cheques should note that (i) they should ensure that they have an appropriate bank account to which the RMB cheques for dividend can be presented for payment; and (ii) there is no assurance that RMB cheques can be cleared without material handling charges or delay in Hong Kong or that RMB cheques will be honored for payment upon presentation outside Hong Kong. The cheques are expected to be posted to the relevant shareholders by ordinary post on 12 July 2022 at the shareholders’ own risk.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the period ended 31 December 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the mandatory provisions of the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules. In line with the mandatory provisions of the Code, the Company adopted a Corporate Governance Handbook (the “Handbook”) on 23 December 2005 and subsequently updated it in 2008, 2009, 2010, 2012, 2013, 2014, 2015, 2016 and 2018 respectively. The contents of the Handbook include, among others, directors’ duties, model code for securities transactions by directors, model code for securities transactions by relevant employees, the functions and terms of reference of the Audit and Risk Management, Remuneration, Nomination, Investment and Corporate Governance Committees, disclosure of information, communication with shareholders, procedures for shareholders to propose a person for election as a director and board diversity policy. During the year, the Company was in compliance with the then effective mandatory provisions of the Code except for the deviation from code provision D.1.4 and E.1.2 which are explained as follows:

Under the code provision D.1.4, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Company's Bye-Laws. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Code provision E.1.2 provides that the Chairman of the Board shall attend the annual general meetings. Due to other official duties, the Chairman of the Board did not attend the annual general meeting of the Company held on 21 May 2021.

Save as those mentioned above, in the opinion of the Directors, the Company has met the then effective code provisions set out in the Code during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code throughout the year.

EVENTS AFTER THE REPORTING PERIOD

There were no events that occurred subsequent to the reporting date which had significantly affected, or may significantly affect the Group's operations, results or state of affairs.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The Annual Report of the Company will be dispatched to shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.crcgas.com) in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our most sincere appreciation to our business partners, customers and shareholders for their unfailing support as well as all the Group's employees for their hard work and dedication in carrying out their duties and in achieving the Group's business goal.

By order of the Board
CHINA RESOURCES GAS GROUP LIMITED
WANG Chuandong
Chairman

Hong Kong, 18 March 2022

As at the date of this announcement, the Executive Directors of the Company are Mr. YANG Ping and Mr. GE Bin, the Non-executive Directors of the Company are Mr. WANG Chuandong, Mr. WANG Gaoqiang, Mr. LIU Xiaoyong and Mr. LIU Jian and the Independent Non-executive Directors of the Company are Mr. WONG Tak Shing, Mr. YU Hon To, David, Mr. YANG Yuchuan and Mr. HU Xiaoyong.