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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)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2022**

The key interim performance indicators of CR Gas are as follows:

	<b>1st Half 2022</b>	1st Half 2021*	Increase/ (decrease)
<b>Turnover (HK\$ million)</b>	<b>48,101</b>	34,865	38.0%
<b>Profit attributable to equity shareholders of the Company (HK\$ million)</b>	<b>3,045</b>	3,250	-6.3%
<b>Basic earnings per share (HK\$)</b>	<b>1.34</b>	1.43	-6.3%
<b>Gross gas sales volume (million m<sup>3</sup>)</b>	<b>18,562</b>	17,159	8.2%
<b>Accumulated total connected customers (million)</b>	<b>48.83</b>	43.19	13.1%

\* Restated

The board of directors (the “Board”) of China Resources Gas Group Limited (the “Company” or “CR Gas”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2022 (the “Period”) with comparative figures for 2021 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2022

	NOTES	Six months ended 30th June,	
		2022 HK\$' 000 (Unaudited)	2021 HK\$' 000 (Unaudited) (restated)
Revenue	4	48,100,627	34,865,313
Cost of sales		(39,273,644)	(25,811,865)
Gross profit		8,826,983	9,053,448
Other income		402,477	413,445
Selling and distribution expenses		(2,879,161)	(2,733,487)
Administrative expenses		(1,560,582)	(1,460,131)
Finance costs		(223,783)	(200,713)
Share of results of joint ventures		370,489	419,255
Share of results of associates		210,473	179,693
Profit before taxation		5,146,896	5,671,510
Taxation	5	(1,217,619)	(1,429,144)
Profit for the period	6	3,929,277	4,242,366
Other comprehensive income/(expense) for the period			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		(2,748,734)	653,634
<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		(21,560)	151
Total comprehensive income for the period		1,158,983	4,896,151
Profit for the period attributable to:			
Owners of the Company		3,045,380	3,250,312
Non-controlling interests		883,897	992,054
		3,929,277	4,242,366
Total comprehensive income for the period attributable to:			
Owners of the Company		1,158,725	3,720,583
Non-controlling interests		258	1,175,568
		1,158,983	4,896,151
		HK\$ (Unaudited)	HK\$ (Unaudited)
Earnings per share – Basic	8	1.34	1.43

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30TH JUNE, 2022**

	<i>NOTES</i>	<b>At 30th June, 2022 HK\$' 000 (Unaudited)</b>	At 31st December, 2021 HK\$' 000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	46,722,742	47,349,282
Investment properties		76,266	89,262
Right-of-use assets	10	3,087,413	3,253,642
Interests in joint ventures		13,000,184	12,991,745
Interests in associates		7,506,977	7,692,448
Equity instruments at fair value through other comprehensive income		153,519	164,794
Goodwill		1,535,620	1,274,030
Operating rights		1,913,832	1,958,365
Deferred tax assets		504,665	463,247
Loans to a joint venture		2,023,880	–
Deposits for acquisition of assets		276,186	322,424
Deposits for investments		–	11,586
		<hr/>	<hr/>
Total non-current assets		<b>76,801,284</b>	<b>75,570,825</b>
<b>CURRENT ASSETS</b>			
Inventories		1,419,778	1,142,272
Trade and other receivables	11	18,021,383	15,705,278
Assets related to contract works		4,733,437	3,628,060
Pledged bank deposits and restricted cash		2,526,842	2,526,923
Bank balances and cash		6,996,410	7,562,950
		<hr/>	<hr/>
Total current assets		<b>33,697,850</b>	<b>30,565,483</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	25,589,259	26,184,673
Contract liabilities		13,975,507	15,185,964
Government grants		39,967	35,907
Lease liabilities		107,219	122,471
Bank and other borrowings		9,500,698	615,659
Senior notes		–	5,583,770
Taxation payable		827,028	969,296
		<hr/>	<hr/>
Total current liabilities		<b>50,039,678</b>	<b>48,697,740</b>
Net current liabilities		<b>(16,341,828)</b>	<b>(18,132,257)</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>60,459,456</b>	<b>57,438,568</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30TH JUNE, 2022**

	<b>At 30th June, 2022 HK\$' 000 (Unaudited)</b>	At 31st December, 2021 HK\$' 000 (Audited)
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>231,401</b>	231,401
Reserves	<b>39,643,838</b>	41,025,514
	<hr/>	<hr/>
Equity attributable to owners of the parent company	<b>39,875,239</b>	41,256,915
Non-controlling interests	<b>12,556,913</b>	12,780,747
	<hr/>	<hr/>
Total equity	<b>52,432,152</b>	54,037,662
	<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>		
Government grants	<b>872,769</b>	845,182
Lease liabilities	<b>270,303</b>	267,238
Bank and other borrowings	<b>5,037,215</b>	295,706
Other long-term liabilities	<b>558,595</b>	675,571
Deferred tax liabilities	<b>1,288,422</b>	1,317,209
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Total non-current liabilities	<b>8,027,304</b>	3,400,906
	<hr/>	<hr/>
<b>Net assets</b>	<b>52,432,152</b>	54,037,662
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# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE SIX MONTHS ENDED 30TH JUNE, 2022

### 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 PRC which is owned and controlled by the PRC government.

The Group is principally engaged in the sale and distribution of gas fuel and related products, gas connection operation, comprehensive services, design and construction services and gas stations operation in the PRC.

The interim results of the Group are unaudited and have been reviewed by the Company’s Audit and Risk Management Committee.

### 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

In preparing the condensed 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 approximately HK\$16,341,828,000, and the Group had capital commitment of approximately HK\$8,221,989,000 as at 30 June 2022. As at 30 June 2022, the Group had bank and other borrowings totalling approximately HK\$14,537,913,000, of which approximately HK\$9,500,698,000 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\$40,907,727,000 and internally generated funds of the Group, the Group has sufficient working capital for its present requirements for the next twelve months from 30 June 2022. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

### 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual improvements of HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The application of the above amendments to HKFRSs in the Period has had no material impact on the amounts and/or disclosures reported in the condensed consolidated financial information.

#### 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 pipelines networks under gas connection contracts
- (iii) Comprehensive services – sales of gas appliances and related products and extended services
- (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

Segment results represent the profit before taxation earned by each segment, excluding rental income, sundry income, interest income, finance costs, depreciation of investment properties, central administration costs, and directors' salaries.

In the first half of 2022, a new operating segment of (iii) Comprehensive services was identified which included the prior segment of sale of gas appliances and additional extended services. This new segment reporting is used by management to analyse its business performance, and corresponding figures for 2021 have been restated on the same basis.

The following is an analysis of the Group's segment revenue and segment results by operating and reportable segments for the periods under review:

**Six months ended 30 June 2022**

	Sale and distribution of gas fuel and related products <i>HK\$'000</i> (Unaudited)	Gas connection <i>HK\$'000</i> (Unaudited)	Comprehensive services <i>HK\$'000</i> (Unaudited)	Design and construction services <i>HK\$'000</i> (Unaudited)	Gas stations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue – external customers	<u>39,148,053</u>	<u>5,504,542</u>	<u>1,365,158</u>	<u>346,229</u>	<u>1,736,645</u>	<u>48,100,627</u>
Segment results	<u>2,778,688</u>	<u>2,160,573</u>	<u>559,630</u>	<u>40,853</u>	<u>231,022</u>	<u>5,770,766</u>
Share of results of joint ventures						370,489
Share of results of associates						210,473
Unallocated income						321,687
Unallocated expenses						(1,286,664)
Finance costs (other than interest on lease liabilities)						(239,855)
Profit before taxation						<u>5,146,896</u>

**Six months ended 30 June 2021**

	Sale and distribution of gas fuel and related products <i>HK\$'000</i> (Unaudited)	Gas connection <i>HK\$'000</i> (Unaudited)	Comprehensive services <i>HK\$'000</i> (Unaudited) (Restated)	Design and construction services <i>HK\$'000</i> (Unaudited)	Gas stations <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited) (Restated)
Segment revenue – external customers	<u>27,808,810</u>	<u>4,295,930</u>	<u>752,335</u>	<u>280,690</u>	<u>1,727,548</u>	<u>34,865,313</u>
Segment results	<u>3,642,148</u>	<u>1,836,253</u>	<u>217,425</u>	<u>38,904</u>	<u>347,469</u>	<u>6,082,199</u>
Share of results of joint ventures						419,255
Share of results of associates						179,693
Unallocated income						239,997
Unallocated expenses						(1,048,921)
Finance costs (other than interest on lease liabilities)						(200,713)
Profit before taxation						<u>5,671,510</u>

The following is an analysis of the Group's segment assets and segment liabilities by operating and reportable segments:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited) (Restated)
Segment assets:		
Sale and distribution of gas fuel and related products	57,322,699	56,314,132
Gas connection	7,266,617	5,845,281
Comprehensive services	570,393	306,115
Design and construction services	210,083	157,170
Gas stations	1,757,015	2,284,979
	<u>67,126,807</u>	<u>64,907,677</u>
Interests in joint ventures	13,000,184	12,991,745
Interests in associates	7,506,977	7,692,448
Deferred tax assets	504,665	463,247
Unallocated corporate assets ( <i>Note a</i> )	22,360,501	20,081,191
	<u>110,499,134</u>	<u>106,136,308</u>
Segment liabilities:		
Sale and distribution of gas fuel and related products	6,349,000	5,868,656
Gas connection	16,018,566	17,146,874
Comprehensive services	407,180	298,160
Design and construction services	1,480,591	1,902,116
Gas stations	100,496	118,140
	<u>24,355,833</u>	<u>25,333,946</u>
Taxation payable	827,028	969,296
Deferred tax liabilities	1,288,422	1,317,209
Unallocated corporate liabilities ( <i>Note b</i> )	31,595,699	24,478,195
	<u>58,066,982</u>	<u>52,098,646</u>

*Notes:*

- a. Unallocated corporate assets represent goodwill arising on acquisition of subsidiaries, investment properties, equity instruments at fair value through other comprehensive income, other receivables, pledged bank deposits and restricted cash, other deposits and bank balances and cash.
- b. Unallocated corporate liabilities represent other payables, accrued expenses, 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.

## 5. TAXATION

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Current tax		
PRC Enterprise Income Tax	1,263,844	1,419,252
Deferred taxation	<u>(46,225)</u>	<u>9,892</u>
	<u><b>1,217,619</b></u>	<u><b>1,429,144</b></u>

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits for the six months ended 30 June 2022. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and subsidiaries operating in Hong Kong had no assessable profits for both periods. Profits tax arising in the PRC is calculated based on the applicable tax rates on assessable profits.

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	1,124,482	1,003,525
Depreciation of investment properties	2,139	2,031
Amortization of operating rights (included in administrative expenses)	47,926	35,293
Amortization of right-of-use assets	119,378	101,967
(Gain)/loss on disposal of property, plant and equipment	(7,330)	3,224
Interests on:		
Senior notes	63,659	130,828
Lease liabilities	8,811	7,742
Bank and other borrowings	114,022	32,889
Amounts due to joint ventures	232	714
Amount due to an intermediate holding company	13,329	7,699
Other long-term liabilities	<u>23,730</u>	<u>20,841</u>
	<u><b>223,783</b></u>	<u><b>200,713</b></u>

<b>Six months ended 30 June</b>	
<b>2022</b>	<b>2021</b>
<b>HK\$'000</b>	<b>HK\$'000</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>

and after crediting/(debiting):

Interest income from bank and other deposits	<b>42,901</b>	89,696
Interest income from bank and other deposits placed in a fellow subsidiary	<b>11,596</b>	3,372
Interest income from associates	<b>2,281</b>	1,385
Interest income from joint ventures	<b>421</b>	784
Interest income from loan to a fellow subsidiary	<b>24,623</b>	30,157
Reversal/(impairment) of impairment of financial and contract assets, net	<b>3,841</b>	(20,347)

## 7. DIVIDENDS

During the six months ended 30 June 2022, a dividend of 112 HK cents per share, totalling HK\$2,540,401,000, was declared by the Company to its shareholders as the final dividend for the year ended 31 December 2021 and included in other payables as at 30 June, 2022.

During the six months ended 30 June 2021, a dividend of 78 HK cents per share, totalling HK\$1,769,208,000, was paid by the Company to its shareholders as the final dividend for the year ended 31 December 2020.

On 26 August 2022, the directors declared an interim dividend in respect of the current interim period of 15 HK cents per share amounting to HK\$340,232,000 in aggregate (six months ended 30 June 2021: 15 HK cents per share amounting to HK\$340,232,000 in aggregate) that will be paid to shareholders whose names appear on the register of members of the Company on 14 September 2022.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$3,045,380,000 (six months ended 30 June 2021: HK\$3,250,312,000) and on 2,268,215,487 (six months ended 30 June 2021: 2,268,215,487) weighted average number of shares in issue.

No diluted earnings per share is presented as there were no potential ordinary shares in issue in both periods.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group incurred a total cost of HK\$91,316,000 and HK\$2,017,471,000 (six months ended 30 June 2021: HK\$106,224,000 and HK\$1,637,056,000) on additions of gas pipelines and construction in progress, respectively.

## 10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, the Group had additions to prepaid land lease payments and other right-of-use assets of HK\$33,366,000 (six months ended 30 June 2021: HK\$81,653,000) and HK\$3,938,000 (six months ended 30 June 2021: HK\$16,361,000), respectively.

## 11. TRADE AND OTHER RECEIVABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade receivables	<b>9,907,562</b>	8,037,295
Less: Allowance for doubtful debts	<b>(362,279)</b>	(381,060)
	<b>9,545,283</b>	7,656,235
Amounts due from joint ventures ( <i>Note a</i> )	<b>212,515</b>	185,237
Amounts due from associates ( <i>Note b</i> )	<b>272,061</b>	142,917
Amounts due from non-controlling shareholders ( <i>Note c</i> )	<b>174,560</b>	521,670
Amounts due from fellow subsidiaries ( <i>Note d</i> )	<b>2,127,149</b>	1,908,802
Deposits	<b>852,126</b>	651,437
Prepayments	<b>4,153,076</b>	4,017,826
Other receivables	<b>730,355</b>	663,588
Impairment allowance	<b>(45,742)</b>	(42,434)
	<b>18,021,383</b>	15,705,278

### Notes:

- a. Except for the amount due from joint ventures of HK\$17,245,000 (2021: HK\$18,346,000) which are unsecured, bearing interests at a rate of 4.28% (2021: 3.4%) per annum and repayable within one year, the remaining balances are unsecured, interest-free and repayable on demand.
- b. Except for the amount of loans to associates of HK\$97,818,000 (2021: HK\$101,918,000) which are unsecured, bearing interests at a rate of 4.35% (2021: 4.35%) per annum and repayable within one year, the balances are unsecured, interest-free and repayable on demand.
- c. Amounts due from non-controlling shareholders are unsecured, interest-free and repayable on demand.
- d. Except for the amount due from a fellow subsidiary of HK\$1,754,016,000 (2021: HK\$1,485,687,000) which are unsecured, bear interests at a rate of 3.6% to 3.7% (2021: 4.35%) per annum and repayable within one year, the remaining balances are unsecured, interest-free and repayable on demand.

The Group generally allows credit periods ranging from 30 to 90 days to its customers. The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, and is presented based on the invoice date, which approximated to the revenue recognition date:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
0 – 90 days	8,832,442	6,841,770
91 – 180 days	290,605	297,500
181 – 365 days	292,626	368,450
Over 365 days	129,610	148,515
	<b>9,545,283</b>	<b>7,656,235</b>

## 12. TRADE AND OTHER PAYABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade payables	8,261,182	8,452,224
Amounts due to joint ventures ( <i>Note a</i> )	134,263	129,972
Amounts due to associates ( <i>Note b</i> )	52,947	58,650
Amounts due to non-controlling shareholders ( <i>Note c</i> )	632,189	784,293
Amounts due to fellow subsidiaries ( <i>Note b</i> )	323,198	313,388
Amounts due to an intermediate holding company ( <i>Note d</i> )	2,304,192	5,015,768
Receipts in advance	7,118,991	6,580,486
Other payables and accruals	6,762,297	4,849,892
	<b>25,589,259</b>	<b>26,184,673</b>

### Notes:

- a. Except for the amounts due to joint ventures of HK\$116,149,000 (2021: HK\$105,833,000) which are unsecured, bearing interests at rates ranging from 1.15% to 1.65% (2021: from 1.15% to 1.65%) per annum and are repayable within one year, the balances are unsecured, interest-free and repayable on demand.
- b. Amounts due to associates and fellow subsidiaries are unsecured, interest-free and repayable on demand.
- c. Amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

- d. Amounts due to an intermediate holding company of HK\$2,300,000,000 (2021: HK\$5,000,000,000) are unsecured and repayable within 12 months, bearing an interest of Hong Kong InterBank Offered Rate (HIBOR) plus 0.55% per annum (2021: Hibor plus 0.55%).

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

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
0 – 90 days	<b>6,892,394</b>	7,002,328
91 – 180 days	<b>558,849</b>	547,169
181 – 365 days	<b>244,940</b>	347,285
Over 365 days	<b>564,999</b>	555,442
	<b>8,261,182</b>	8,452,224

The credit period on purchases of goods ranges from 7 to 180 days.

## **REVIEW OF INTERIM RESULTS**

The interim results for the six months ended 30th June, 2022 are unaudited and have been reviewed by the Company's auditor and the Company's Audit and Risk Management Committee. The auditor's report on review of condensed consolidated financial statements is contained in the interim report to be dispatched to shareholders.

## **HALF-YEAR RESULTS**

In the first half of 2022, the global macro-environment was complex and volatile. The geopolitical tensions, the resurgence of the COVID-19 pandemic, rising commodity prices and high inflation posed challenges to the stability of global macroeconomic operations. China's economy was off to a good start, but the pandemic resurgence since March has suppressed economic activities to a certain extent. With the national conference on stabilizing the economy convened by the State Council in May, the fundamentals of the domestic economy were effectively stimulated, withstanding the pressure on the economy, and contributed to the positive growth in the second quarter. The government remained resolutely confident in promoting green and low-carbon transformation in the energy structure. The National Energy Administration issued the "Guiding Opinions on Energy Work for 2022", which states that China is striving to strengthen the clean energy industry and plans to increase domestic natural gas production volume to 214.0 billion cubic meters to constantly achieve its goal of "Carbon Peak and Carbon Neutrality".

During the Period, 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 consolidate the core advantages of the Group in the city gas market of large cities and sophisticated regions and cities. During the Period, the Group's gas sales business grew against the trend. By leveraging on excellent operating capabilities, the Group's total natural gas sales volume increased by 8.2% from the same period last year to 18.562 billion cubic meters. During the Period, the Group's turnover increased by 38.0% from the same period last year to HK\$48.101 billion.

During the Period, the Group adhered to the management objective of "bench-marking, safety-enhancing and development-reinforcing", benchmarked against outstanding companies, continued to optimize operations and management measures to build an integrated and digitally intelligent energy company spurred by city gas-centric, driven by integrated energy and integrated services, and with multiple possibilities coexisting as its future, with a view to constantly pushing forward the long-term growth of the Group's operating performance.

## **SALE OF NATURAL GAS**

In the first half of 2022, the Group recorded a total natural gas sales volume of 18.562 billion cubic meters, and industrial gas sales volume reached 8.876 billion cubic meters, representing a year-on-year increase of 6.0% and accounting for 47.8% of the total gas sales volume of the Group. Commercial gas sales volume reached 4.337 billion cubic meters, representing a year-on-year increase of 10.8% and accounting for 23.4% of the total gas sales volume of the Group. Residential gas sales volume reached 4.809 billion cubic meters, representing a year-on-year increase of 14.6% and accounting for 25.9% of the total gas sales volume of the Group.

## **DEVELOPMENT OF NEW USERS**

Most of the Group's city gas projects are located in economically developed areas. Benefiting from the steady operation of real estate in large and medium-sized cities and the continuous promotion of urbanization in the first half of the year, the Group's residential connection business has increased year-on-year, with 1.715 million new residential connection users being recorded, of which there were 1.452 million new gas connection users, connections of 245,000 old residential users and 18,000 rural "coal-to-gas conversion" users. As at the mid-2022, the penetration rate of residential household in the areas where the Group operated increased from 52.6% to 56.1% over the previous corresponding period.

## **NEW PROJECT EXPANSION**

The Group continued to focus on developing its core business of city gas operation. Leveraging on outstanding market expansion capabilities and excellent corporate branding, in the first half of 2022. There are 8 projects were registered and 9 new projects were signed at group and project level. The projects were located in Tianjin, Zhejiang, Sichuan, Qinghai, Shandong, Guangxi, Sichuan, Guangdong and other provinces and cities. It is expected that the increment of residential users will be 4.925 million with a potential gas sales volume of 4.83 billion cubic meters per year.

As at 30th June, 2022, the number of city gas projects of the Group reached 268, spanning across 22 provinces, 3 direct administrative municipalities and 76 prefecture-level cities. The expanding operational regions and prime geographic locations of the projects have laid a solid foundation for the sustainable and rapid growth of the Group's core business.

## **COMPREHENSIVE SERVICE BUSINESS**

As at the first half of 2022, the Company had 48.421 million residential users, 376,000 commercial users and 30,000 industrial users. Relying on its large and high quality customers resources, combining with the expertise and technological advantages of the Group in the area of gas safety, the Group focused on providing the customers with high quality comprehensive 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 offered one-stop solutions with "safety + quality", thus increasing the customers' loyalty and earning 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\$1.37 billion, representing a year-on-year increase of 81.5%, of which turnover of gas appliances reached HK\$320 million, representing a year-on-year increase of 24.3%; turnover of gas insurance business reached HK\$220 million, representing a year-on-year increase of 58.9%; turnover of relocation business reached HK\$820 million, representing a year-on-year increase of 132.4%, 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.

## **DEVELOPMENT OF COMPREHENSIVE ENERGY BUSINESSES**

In 2022, the Group strictly followed the development trends of the green and low carbon energy technologies, and vigorously developed comprehensive energy business with a combination of multiple energy forms such as steam, coldness, heat, electricity, hydrogen and photovoltaic as the core. Relying on its significant market and customer resources advantages, the Group continuously explored the operation model of comprehensive energy business, and steadily promoted the expansion of comprehensive energy projects to meet the diversified energy demand of customers.

During the Period, the Group selectively developed comprehensive energy business, newly signed 37 projects, with an estimated total investment of approximately HK\$180 million, and the cumulative number of projects reached 188.

The Group also actively expanded the clean transportation energy market, and continuously developed large users in transportation industries. During the Period, 7 charging stations were newly put into operation, resulting in a total of 139 charging stations being put into operation; the sale of electricity throughout the year increased by 1.7% to 108 million kWh as compared with the same period of last year; a total of 6 hydrogen refueling stations were put into operation, with a total of 15 being approved for construction; a total of 2 gas-hydrogen joint construction stations were put into operation, with a total of 6 being approved for construction. In the first half of the year, the sales volume of hydrogen amounted to 77.4 tons, representing a significant year-on-year increase of 138.9%.

## **SUSTAINABLE DEVELOPMENT**

In the course of the rapid development of the Company, the Group was active in promoting the development of corporate governance of the Board, built and continuously improved the composition of the Board and the management, clearly divided the powers and responsibilities for staff at different positions to perform their own duties, effectively restrained and balanced the authorities, and made scientific decisions so as to form an effective corporate governance structure. The Group attached great importance to integrity and compliance operations, abided by laws and regulations, international practices and business ethics, and adhered to the principle of fairness and integrity in handling relationships with stakeholders such as employees, suppliers, customers, government authorities, partners, and competitors. The Group won the trust and respect of the market with integrity and enhanced the inherent quality and value of the Company through compliance management.

The Group attached great importance to environmental, social, and governance (ESG) management, and established the Board and an ESG working group to actively promote the full implementation of the ESG sustainable development management system. With the efforts of all employees and effective management, in the first half of 2022, the Group set the goal of reducing the total greenhouse gas emissions for the whole year. The comprehensive energy consumption per RMB10,000 of revenue at comparable price decreased by 16.7%, and the carbon dioxide emission per RMB10,000 production value at comparable price decreased by 18.9%. The Group and its 83 companies successfully obtained OHSAS18001 or ISO45001 international certification, reflecting that the Group has an international-level occupational health and safety and environmental management system. The Group will continue to promote more member companies of the Group to obtain the above-mentioned international certification. The Group attached great importance to the life, health and safety of employees and users. During the Period, a total of 3,631 management personnel participated in safety training. The Group also continued to engage advisory firms to provide professional advice on the Group's ESG management system, policies, data disclosure, performance and practice, etc., and strove to further improve the Group's ESG performance. The Group believes that these measures will promote the sustainable development of the Company and contribute to the construction of a better ecological environment.

In the first half of 2022, the Group organized members of the Board and management to participate in anti-corruption and environmental protection trainings to have an in-depth study of the culture of clean government and awareness of environmental protection from top to bottom. During the Period, MSCI gave the Group an A ESG rating. The Group obtained recognition and approbation from all walks of life through pragmatic and accountable ESG quality management measures, and incorporated the national objectives of "Carbon Peak by 2030 and Carbon Neutrality by 2060" into the daily operation and management and implemented such in the actual business development.

## KEY FINANCIAL INFORMATION

In the first half of 2022, the Group achieved a total turnover of HK\$48.10 billion, representing an increase of 38.0% as compared with the corresponding period of last year. The Group's overall gross profit margin was 18.4%, representing a decrease of 7.6 percentage points as compared with the corresponding period of last year. The overall gross profit amounted to HK\$8.83 billion, representing a decrease of 2.5% over the corresponding period of last year. The decrease in overall gross profit and gross profit margin was mainly due to the substantial increase in upstream natural gas prices during the Period, as compared to the same period last year. Basic earnings per share were HK\$1.34, representing a decrease of 6.3% over the corresponding period of last year.

The Group has been adopting prudent financial resource management policies. The Group has sufficient funds and available banking facilities to meet capital expenditures and operating requirements in the future.

Capitalizing on the government's encouragement of the use of clean energy (including natural gas) and the Company's ever-expanding business scale and rising performance quality. In the first half of 2022, the Group's credit rating was affirmed by three international rating agencies, namely Standard & Poor's, Moody's and Fitch Ratings, at A-, A2 and A-, respectively. The above credit rating has reflected the Group's development strategy of focusing on its core business and its current financial performance have been widely recognized by the market, which will ensure to obtain lower finance costs by the Group in its potential financing activities, and provide sufficient financial resources for the long-term healthy development of the Group.

The Group further reduced costs and increased efficiency. In the first half of 2022, the total cost-to-revenue ratio decreased from 12.6% in the previous corresponding period to 9.7%, representing a decrease of 2.9 percentage points. In particular, the percentage of selling and distribution expenses to revenue decreased from 7.8% in the previous corresponding period to 6.0%, representing a decrease of 1.8 percentage points. The percentage of administration expenses to revenue decreased from 4.2% in the previous corresponding period to 3.2%, representing a decrease of 1.0 percentage point. Financial costs-to-revenue ratio decreased from 0.6% in the previous corresponding period to 0.5%, representing a decrease of 0.1 percentage point. The Group expects that the effectiveness of cost control implemented in 2022 will be further materialized.

## **DEVELOPMENT PROSPECT**

In the first half of 2022, amid the complex economic situation, the Chinese government continued to improve the economic structure and regional planning, while the central and local governments launched a number of economic stimulus policies to ensure the stable operation of the economy. Meanwhile, 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. Natural gas plays an important role in the future energy development structure and will maintain stable growth in the medium and long term.

In the second half of 2022, the Group will seize development opportunities arising from the new industry of regional integration of “one city, one enterprise” in various places to actively carry out industry integration, so as 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 selectively develop 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.

## **INTERIM DIVIDEND**

The directors have resolved to declare the payment of an interim dividend of 15 HK cents per share for the six months ended 30th June, 2022 (six months ended 30th June, 2021: 15 HK cents per share), payable on 25th October, 2022 to shareholders whose names appear on the register of members of the Company on 14th September, 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 13th September, 2022 to Wednesday, 14th September, 2022, both days inclusive. To qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 9th September, 2022.

## **SHAREHOLDERS' OPTION TO ELECT**

2022 Interim Dividend will be payable in cash to each shareholder in HK 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 2022 Interim Dividend in RMB at the exchange rate of HKD1.0: RMB0.872062, being the average central parity rate of HKD to RMB as published by the People’s Bank of China for the five business days immediately preceding 26th August, 2022 (including the date of this announcement). If shareholders elect to receive the 2022 Interim Dividend in RMB, such dividend will be paid to shareholders at RMB0.1308093 per share. To make such election, shareholders should complete the dividend currency election form (the “Dividend Currency Election Form”) which is expected to be despatched to shareholders on 21st September, 2022 as soon as practicable after the record date of 14th September, 2022 to determine shareholders’ entitlement to the 2022 Interim Dividend, and return it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 7th October, 2022.

Shareholders who are minded to elect to receive all 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 25th October, 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 during the six-month period ended 30th June, 2022.

## **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 has adopted a Corporate Governance Handbook (the “Handbook”) on 23rd 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 directors’ transactions in securities, 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 six months ended 30th June, 2022, the Company was in compliance with the mandatory provisions of the Code except for the deviation from code provision C.3.3 which is explained as follows:

Under the code provision C.3.3, 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 the 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.

Save as those mentioned above, in the opinion of the directors, the Company has met the code provisions set out in the Code during the six months ended 30th June, 2022.

## **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 to all directors, the Company confirmed that all directors have complied with the required standards set out in the Model Code throughout the Period.

## **INTERIM REPORT**

The 2022 Interim Report will be despatched to shareholders and published on the Stock Exchange's designated website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.crcgas.com](http://www.crcgas.com)) in due course.

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

Hong Kong, 26th August, 2022

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