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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, 2023**

	<b>2023</b>	2022	<b>Increase/ (Decrease)</b>
<b>Revenue (HK\$ million)</b>	<b>101,272</b>	94,338	<b>7.35%</b>
<b>Profit attributable to owners of the Company (HK\$ million)</b>	<b>5,224</b>	4,733	<b>10.36%</b>
<b>Basic earnings per share (HK\$)</b>	<b>2.30</b>	2.09	<b>10.05%</b>
<b>Net operating cash flow (HK\$ million)</b>	<b>10,157</b>	4,351	<b>133.41%</b>
<b>Interim dividend paid and proposed final dividend per share (HK\$)</b>	<b>1.1569</b>	1.05	<b>10.18%</b>
<b>Gross gas sales volume (million m<sup>3</sup>)</b>	<b>38,784</b>	35,889	<b>8.1%</b>
<b>Total new connected residential customers (million)</b>	<b>3.31</b>	4.08	<b>(18.74)%</b>

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, 2023.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31st December, 2023*

	NOTES	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	101,271,905	94,338,329
Cost of sales		<u>(82,820,234)</u>	<u>(76,256,478)</u>
Gross profit		18,451,671	18,081,851
Other income	5	2,261,927	770,571
Selling and distribution expenses		(6,820,385)	(6,303,129)
Administrative expenses		(4,529,012)	(3,883,450)
Impairment losses on financial and contract assets, net		(158,547)	(2,803)
Finance costs		(940,931)	(557,018)
Share of results of joint ventures		277,682	83,385
Share of results of associates		<u>366,640</u>	<u>426,149</u>
Profit before taxation	6	8,909,045	8,615,556
Income tax	7	<u>(1,850,159)</u>	<u>(2,307,037)</u>
Profit for the year		<u><u>7,058,886</u></u>	<u><u>6,308,519</u></u>
Other comprehensive income for the year			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		<u>(1,602,022)</u>	<u>(4,957,019)</u>
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Equity instruments designated at fair value through other comprehensive income:			
Changes in fair value, net of tax		(19,634)	(18,834)
Remeasurement of defined benefit plan obligations		<u>(8,986)</u>	<u>(4,311)</u>
		<u>(28,620)</u>	<u>(23,145)</u>
Other comprehensive income for the year, net of tax		<u>(1,630,642)</u>	<u>(4,980,164)</u>
Total comprehensive income for the year		<u><u>5,428,244</u></u>	<u><u>1,328,355</u></u>
Profit for the year attributable to:			
Owners of the Company		5,223,705	4,733,455
Non-controlling interests		<u>1,835,181</u>	<u>1,575,064</u>
		<u><u>7,058,886</u></u>	<u><u>6,308,519</u></u>
Total comprehensive income for the year attributable to:			
Owners of the Company		3,972,715	975,825
Non-controlling interests		<u>1,455,529</u>	<u>352,530</u>
		<u><u>5,428,244</u></u>	<u><u>1,328,355</u></u>
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share – Basic	9	<u><u>2.30</u></u>	<u><u>2.09</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2023

		31st December, 2023	31st December, 2022
	NOTES	HK\$'000	HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment		61,198,859	48,464,774
Investment properties		913,030	83,506
Right-of-use assets		4,755,028	3,274,290
Interests in joint ventures		17,655,331	17,073,491
Interests in associates		4,646,000	7,483,917
Equity instruments designated at fair value through other comprehensive income		382,644	288,673
Goodwill		4,911,756	2,154,360
Other intangible assets		5,022,879	2,666,706
Deferred tax assets		608,779	508,859
Loans to a joint venture		1,909,907	1,937,600
Deposits for acquisition of assets		413,073	294,830
		<u>102,417,286</u>	<u>84,231,006</u>
Total non-current assets			
Current assets			
Inventories		1,493,608	1,306,646
Trade and other receivables	10	20,896,233	17,042,481
Assets related to contract works		2,727,615	3,285,077
Pledged bank deposits and restricted cash		357,875	896
Bank balances and cash		9,978,468	6,437,479
		<u>35,453,799</u>	<u>28,072,579</u>
Total current assets			
Current liabilities			
Trade and other payables	11	35,868,589	27,132,089
Contract liabilities		9,569,067	10,488,646
Government grants		29,628	21,587
Bank and other borrowings		4,892,674	7,695,765
Lease liabilities		144,160	102,566
Taxation payable		604,816	879,508
		<u>51,108,934</u>	<u>46,320,161</u>
Total current liabilities			
Net current liabilities			
		<u>(15,655,135)</u>	<u>(18,247,582)</u>
Total assets less current liabilities			
		<u>86,762,151</u>	<u>65,983,424</u>



# **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

## **FOR THE YEAR ENDED 31ST DECEMBER, 2023**

### **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, a company incorporated in Hong Kong, and its ultimate holding company is China Resources Company Limited, a company established in 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 results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31st December, 2023 but are extracted from those draft consolidated financial statements.

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRS, HKAS and Interpretations issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

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 Company and its subsidiaries (collectively referred to as 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\$15,655,135,000, and the Group had capital commitments of HK\$436,775,000 as at 31st December, 2023. As at 31st December, 2023, the Group had bank and other borrowings and medium-term notes totalling of HK\$22,723,798,000, of which HK\$4,892,674,000 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\$21,845,964,000 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, 2023. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amended Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) to these consolidated financial statements for the current accounting period:

Amendments to Hong Kong Accounting Standard (“HKAS”) 8	<i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>
Amendments to HKAS 1	<i>Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies</i>
Amendments to HKAS 12	<i>Income taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

#### **Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates**

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

#### **Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies**

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

#### **Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction**

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The above amendments have no material effect on how the Group’s results and financial position for the current and prior years have been prepared and presented in these consolidated financial statements.

#### 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 the 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) Comprehensive services – sales of gas appliances, 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.

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, 2023**

##### *Segment revenue and results*

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Comprehensive services <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>82,625,103</u>	<u>10,887,718</u>	<u>4,044,968</u>	<u>435,583</u>	<u>3,278,533</u>	<u>101,271,905</u>
<i>Results</i>						
Segment results	<u>7,344,444</u>	<u>4,040,844</u>	<u>1,372,947</u>	<u>64,819</u>	<u>255,965</u>	<u>13,079,019</u>
Share of results of joint ventures						277,682
Share of results of associates						366,640
Finance costs (other than interest on lease liabilities)						(919,010)
Unallocated income						2,032,318
Unallocated expenses						<u>(5,927,604)</u>
Profit before taxation						<u><u>8,909,045</u></u>

#### 4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2023 – continued

##### *Segment assets and liabilities*

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Comprehensive services <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ASSETS</b>						
Segment assets	<u>85,649,753</u>	<u>5,342,116</u>	<u>789,748</u>	<u>766,891</u>	<u>1,780,576</u>	<u>94,329,084</u>
Interests in joint ventures						17,655,331
Interests in associates						4,646,000
Deferred tax assets						608,779
Unallocated corporate assets ( <i>Note a</i> )						<u>20,631,891</u>
						<u>137,871,085</u>
<b>LIABILITIES</b>						
Segment liabilities	<u>20,429,836</u>	<u>13,692,011</u>	<u>395,132</u>	<u>2,471,982</u>	<u>156,468</u>	<u>37,145,429</u>
Taxation payable						604,816
Deferred tax liabilities						3,036,857
Unallocated corporate liabilities ( <i>Note b</i> )						<u>33,700,301</u>
						<u>74,487,403</u>

#### 4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2023 – 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>	Comprehensive services <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	6,117,561	-	-	3,938	17,843	2,350	6,141,692
Depreciation and amortisation	4,010,021	-	-	2,620	21,425	27,051	4,061,117
Impairment loss recognised on trade receivables, net	120,250	16,010	3,005	150	4,081	-	143,496
Impairment loss recognised on other receivables, net	-	-	-	-	-	21,115	21,115
Reversal of impairment loss on contract assets, net	-	(6,064)	-	-	-	-	(6,064)
Gain on disposal/write-off of property, plant and equipment	(45,929)	-	-	-	-	-	(45,929)
Gain on disposal of right-of-use assets	(29,056)	-	-	-	-	-	(29,056)
	<u>6,117,561</u>	<u>16,010</u>	<u>3,005</u>	<u>3,938</u>	<u>17,843</u>	<u>27,051</u>	<u>6,141,692</u>

For the year ended 31st December, 2022

##### *Segment revenue and results*

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Comprehensive services <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>75,137,134</u>	<u>12,207,857</u>	<u>3,185,334</u>	<u>471,289</u>	<u>3,336,715</u>	<u>94,338,329</u>
<i>Results</i>						
Segment results	<u>5,550,569</u>	<u>4,284,201</u>	<u>1,153,791</u>	<u>63,538</u>	<u>323,267</u>	<u>11,375,366</u>
Share of results of joint ventures						83,385
Share of results of associates						426,149
Finance costs (other than interest on lease liabilities)						(531,349)
Unallocated income						641,856
Unallocated expenses						<u>(3,379,851)</u>
Profit before taxation						<u>8,615,556</u>

#### 4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2022 – continued

##### *Segment assets and liabilities*

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Comprehensive services <i>HK\$'000</i>	Design and construction services <i>HK\$'000</i>	Gas stations <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
<b>ASSETS</b>						
Segment assets	<u>65,849,577</u>	<u>5,615,327</u>	<u>703,460</u>	<u>1,216,355</u>	<u>1,834,191</u>	<u>75,218,910</u>
Interests in joint ventures						17,073,491
Interests in associates						7,483,917
Deferred tax assets						508,859
Unallocated corporate assets ( <i>Note a</i> )						<u>12,018,408</u>
						<u>112,303,585</u>
<b>LIABILITIES</b>						
Segment liabilities	<u>14,418,529</u>	<u>12,188,571</u>	<u>671,066</u>	<u>2,751,604</u>	<u>136,251</u>	<u>30,166,021</u>
Taxation payable						879,508
Deferred tax liabilities						1,726,679
Unallocated corporate liabilities ( <i>Note b</i> )						<u>26,985,954</u>
						<u>59,758,162</u>

#### 4. REVENUE AND SEGMENT INFORMATION – CONTINUED

For the year ended 31st December, 2022 – 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>	Comprehensive services <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 (Restated)	6,819,033	-	-	4,467	20,936	405	6,844,841
Depreciation and amortisation	3,281,222	-	-	2,108	75,334	-	3,358,664
Impairment loss (reversed)/recognised on trade receivables, net	(2,127)	(8,195)	(162)	2,004	218	-	(8,262)
Impairment loss recognised on other receivables, net	-	-	-	-	-	10,429	10,429
Impairment loss recognised on contract assets, net	-	636	-	-	-	-	636
Gain on disposal/write-off of property, plant and equipment	(19,793)	-	-	-	-	-	(19,793)
Gain on disposal of right-of-use assets	(9,473)	-	-	-	-	-	(9,473)
	<u>6,819,033</u>	<u>-</u>	<u>-</u>	<u>4,467</u>	<u>20,936</u>	<u>405</u>	<u>6,844,841</u>

##### *Notes:*

- Unallocated corporate assets represent goodwill, investment properties, equity instruments designated at fair value through other comprehensive income, loans to a joint venture, certain trade and other receivables, pledged bank deposits and restricted cash and bank balances and cash.
- Unallocated corporate liabilities represent other payables, bank and other borrowings, medium-term notes and certain long-term liabilities.

##### **Geographical information**

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

	<b>2023</b> <b><i>HK\$'000</i></b>	2022 <i>HK\$'000</i> (Restated)
PRC	<b>99,508,506</b>	81,488,276
Hong Kong	<b>7,450</b>	7,598
	<u><b>99,515,956</b></u>	<u>81,495,874</u>

The Group's revenue was derived in the PRC during both years.

## 5. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend income from equity instruments designated at fair value through other comprehensive income	9,524	1,748
Gain on deemed disposal of associates	694,093	–
Gain on deemed disposal of joint ventures	382,127	6,755
Gain on disposal/write-off of property, plant and equipment	45,929	19,793
Gain on disposal of right-of-use assets	29,056	9,473
Government grants	229,609	128,715
Integrated energy services	269,647	122,179
Interest income from bank deposits	62,108	59,757
Interest income from other deposits ( <i>Note</i> )	211,032	67,824
Interest income from deposits placed with a fellow subsidiary	26,629	18,385
Interest income from associates	2,366	1,920
Interest income from joint ventures	66,860	47,411
Interest income from a loan to fellow subsidiaries	12,024	47,493
Rental income from operating leases	78,259	41,859
Others	142,664	197,259
	<b><u>2,261,927</u></b>	<b><u>770,571</u></b>

*Note:* For the years ended 31st December, 2023 and 31st December, 2022, interest income from other deposits consisted of interest income from principal protected deposits and bank financing products denominated in Renminbi issued by banks in the PRC.

## 6. PROFIT BEFORE TAXATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging/(crediting):		
Staff costs		
Directors' emoluments	11,756	11,906
Other staff		
– Salaries and bonus	4,116,681	3,765,846
– Other benefits	1,165,531	1,078,079
– Retirement benefit scheme contributions	1,044,893	946,058
	<hr/>	<hr/>
Total staff costs	<b>6,338,861</b>	<b>5,801,889</b>
	<hr/> <hr/>	<hr/> <hr/>
Auditor's remuneration	14,236	16,248
Depreciation of property, plant and equipment	3,205,192	2,969,890
Depreciation of investment properties	27,051	5,018
Depreciation of right-of-use assets	423,929	269,777
Amortisation of other intangible assets (included in administrative expenses)	404,945	113,979
Impairment of financial and contract assets, net		
– Impairment recognised/(reversed) on trade receivables, net	143,496	(8,262)
– Impairment recognised on other receivables, net	21,115	10,429
– Impairment (reversed)/recognised on contract assets, net	(6,064)	636
Lease payments not included in the measurement of lease liabilities	81,989	84,420

## 7. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The tax charge comprises:		
Current taxation		
PRC Enterprise Income Tax, withholding tax for distributable profits and intergroup restructuring of investments in the PRC	1,876,618	2,082,353
Under-provision in prior years	18,330	34,911
	<u>1,894,948</u>	<u>2,117,263</u>
Deferred taxation	(44,789)	189,774
	<u>1,850,159</u>	<u>2,307,037</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 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 the State Administration of Taxation, Cai Shui 2011 No. 1, only the profits earned by foreign-investment enterprises 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2023 interim dividend – 15 HK cents per share (2022: 2022 interim dividend – 15 HK cents per share)	340,232	340,232
2022 final dividend – 90 HK cents per share (2022: 2021 final dividend – 112 HK cents per share)	2,041,394	2,540,401
	<u>2,381,626</u>	<u>2,880,633</u>

The directors recommend the payment of a final dividend of 100.69 HK cents (2022: 90 HK cents) per share for the year ended 31st December, 2023 in an aggregate amount of HK\$2,283,866,000 (2022: HK\$2,041,394,000).

## 9. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Earnings:</b>		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<u>5,223,705</u>	<u>4,733,455</u>
	<u>2023</u>	<u>2022</u>
<b>Number of shares:</b>		
Weighted average number of shares in issue less shares held for incentive award scheme for the purpose of basic earnings per share	<u>2,268,215,487</u>	<u>2,268,215,487</u>

No diluted earnings per share is 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 aging analysis of trade receivables, net of loss allowance, is presented based on the invoice dates or the revenue recognition dates as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 90 days	7,599,525	9,677,224
91 to 180 days	258,442	398,498
181 to 365 days	1,436,956	283,526
Over 365 days	<u>2,141,004</u>	<u>140,725</u>
	<u>11,435,927</u>	<u>10,499,973</u>

## 11. TRADE AND OTHER PAYABLES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 90 days	10,939,344	7,883,213
91 – 180 days	893,948	750,875
181 – 365 days	1,020,617	697,810
Over 365 days	<u>1,581,196</u>	<u>945,692</u>
	<u>14,435,105</u>	<u>10,277,590</u>

The 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, 2023 have been reviewed by the Audit and Risk Management Committee of the Company, which comprises three Independent Non-executive Directors and one Non-executive Directors, and have been audited by the Company's auditor, KPMG. The Independent Auditor's Report will be included in the Annual Report to the shareholders.

## **BUSINESS REVIEW**

### **Annual results**

In 2023, in the context of intensified geopolitical conflicts, complex changes in the international situation, and high inflation in many countries, the overall world economy has shown a weak recovery trend. The International Monetary Fund forecasts that global economic growth by 3.1% in 2023. During the year, China's economic recovery took the lead among major economies in the world and experienced an economic upturn, with the gross domestic product (GDP) growing by 5.2% year-on-year. The China Natural Gas Development Report published by the National Energy Administration points out that natural gas, as the cleanest and lowest-carbon fossil energy, is an indispensable and important component in the construction of China's new energy system and its usage will continue to grow steadily for a long time. Natural gas's flexible and efficient characteristics can also support synergistic development of various energies and continue to play a positive role in the carbon peak and carbon neutrality.

During the year, the Group has adhered to the spirit of pursuing excellence by formulating the annual management theme of "benchmarking, rebeginning and creating first-class". Benchmarked against the leading companies in the industry, the Group efficiently promotes business innovation and continuously improves the operating efficiency in order to constantly consolidate the core advantages of the Group in the city gas market of sophisticated regions and cities. By leveraging on excellent operating capabilities, the Group's total natural gas sales volume increased by 8.1% from the same period last year to 38.78 billion cubic meters, the revenue increased by 7.3% from the same period last year to HK\$101.27 billion and the profit attributable to owners of the Company increased by 10.4% from the same period last year to HK\$5.22 billion. It is proposed to distribute a final dividend of 100.69 HK cents, resulting in a total dividends of 115.69 HK cents for the year, representing a dividend payout ratio of 50.3%.

### **Sale of natural gas**

In 2023, the national apparent consumption of natural gas reached 394.53 billion cubic meters, representing an increase of 7.6% as compared with the corresponding period of last year. The domestic natural gas procurement costs still remained high. During the year, the Group took a number of measures to safeguard the supply capacity of natural gas and improve the cost of natural gas procurement, with a total gas volume of approximately 3.00 billion cubic meters and representing a year-on-year increase of 68%. A total of 400 million cubic meters of unconventional natural gas resources such as coal-to-gas and Shale gas were contracted, which is expected to save approximately RMB0.01/cubic meter of natural gas procurement cost. The leasing of 160 million cubic meters of underground gas storage to achieve "summer gas for winter use" (夏氣冬用) through the model of natural gas production and storage is expected to save approximately RMB16.50 million in the procurement cost of natural gas during the heating season.

During the year, the Group sold 38.78 billion cubic meters of natural gas, an increase of 8.1%, of which industrial gas sales was 20.11 billion cubic meters, an increase of 7.2%, accounting for 51.9% of the Group's gas sales; commercial gas sales was 8.21 billion cubic meters, an increase of 9.0%, accounting for 21.2% of the Group's gas sales; and residential gas sales increased by 11.1% to 9.44 billion cubic meters, accounting for 24.3% of the Group's gas sales.

### **Development of new users**

Benefiting from the Group's relatively large-scale city gas projects, most of which are located in major national strategic regions such as the Beijing-Tianjin-Hebei Region, the Yangtze River Delta Region, the Chengdu-Chongqing Shuangcheng Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will continue to have a stable user market development space. The Group continued to focus on the development of urban gas users, seized the policy opportunity of promoting urban village transformation in mega-cities to accelerate the development of residential users, promote the transformation of energy-saving technology for industrial users, and took the opportunity of national security rectification to promote commercial "bottled-to-piped-gas conversion" through the linkage of government and enterprises. The Group prudently developed rural "coal-to-gas conversion" users around its projects, and optimised the energy structure by replacing bulk coal.

During the year, the Group had 41,310 new industrial and commercial users; 3,313,000 residential users were newly developed, including the connection to 2,883,000 new houses users, 384,000 old houses users, and 46,000 rural "coal-to-gas conversion" users. The average gas penetration rate of city gas projects operated by the Group in China increased from 58.2% for the same period of 2022 to 59.3%.

### **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. In 2023, 3 new projects were signed and 8 projects were registered at the Group and subsidiary level. The new projects expanded the operational region by 4,057 square kilometers, and the scale of the city gas business was further expanded. During the year, 重慶燃氣集團股份有限公司 was consolidated into the consolidated financial statements of the Group, and it acquired 51% equity interest in 昆明煤氣(集團)控股有限公司, and the increase of 2% shareholding in the 廈門華潤燃氣有限公司 was completed and consolidated, thus further consolidating the Company's leading position in the city gas core business.

As of 31st December, 2023, the number of registered city gas projects at the Group level reached 276, spanning across 25 provinces, including 15 provincial capital cities, and 76 prefecture-level cities. The ever-expanding operational regions and prime geographic locations of the projects have laid a solid foundation for the sustained and rapid growth of the Group's core business.

## **Comprehensive service business**

In 2023, the Group comprehensively promoted the integrated network service model of maintenance, safety inspection, meter reading and comprehensive services, covering more than 30 million users. The Group has endeavoured to develop “Gas Butler (燃氣管家)”, which enables customers to change from doing business in a sales office to having a Gas Butler providing online service; Over 10,000 Gas Butlers has become a “mobile shop (流動商店)” operating comprehensive services, creating the “one million shops in one hundred cities (百城萬店)” model characterised by the comprehensive services of CR Gas. The Group aims to improve customer service experience in all aspects, empowering Gas Butler to better serve its users and to realise that customers’ needs can be met with our network through the management tools such as Enterprise WeChat and the core intelligent carriers such as the 95777 national unified service hotline and the public account content management platform. We provided one-stop intelligent kitchen and residence assembly solutions with the use of quality products and services as the core, providing customers with a hassle-free experience throughout the process. During the year, the Group held the fourth online marketing campaign of the “Good Life Festival (美好生活節)”, with a turnover of RMB93.61 million, hitting a record high. The Group has built the online store of “Runran Selection (潤燃臻選)” to provide customers with better comprehensive products and services.

During the year, the comprehensive service turnover increased by 27.0% from HK\$3.19 billion to HK\$4.04 billion, and the segment profit increased by 19.0% from HK\$1.15 billion to HK\$1.37 billion. Excluding the effect of exchange rate fluctuations, the comprehensive service turnover and segment profit increased by 33.3% and 24.9%, 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 2023, the Group fully explored the energy demand of large-scale industrial and commercial users in the operational region, made use of the pipeline advantage and land resources advantage of the city gas business, selected the best distributed photovoltaic, distributed energy and transportation charging business. Based on the gas supply, we created opportunities for the integration of green power, cooling and heating, solar energy storage and charging, energy and carbon management and other businesses with the main business, continued to enhance its comprehensive energy solution capability and built a comprehensive energy business with the characteristics of CR Gas.

During the year, the distributed energy business contracted 30 new projects, and the cumulative number of projects reached 173, with an installed capacity of 1.2GW; 98 new distributed photovoltaic projects were signed, with the cumulative number of projects reaching 168, and the installed capacity reaching 213.7MW. During the year, the Group leveraged on the strengths of its city gas business and shared resources and pipelines to jointly develop an area-wide distributed photovoltaic project in Jiangning District, Nanjing City, Jiangsu Province, with an installed capacity of 100MW and electricity generation of 100 million kwh per annum. In Yiliang Industrial Park in Kunming City, Yunnan Province, the Group developed a distributed central heating project, with a project investment of RMB48.96 million and steam sales volume of 380,000 tons per annum. The Group has also actively expanded the transportation charging business by setting up specialised vehicle charging companies in Taizhou City, Zhejiang Province and other places, continued to expand its sites for bonding bus users and piloted social charging station business. During the period, 61 charging stations were newly put into operation, resulting in a total of 232 charging stations being put into operation; the sale of electricity increased by 14.7% to 310 million kwh as compared with the same period of last year.

## **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 government authorities, partners, competitors, and other stakeholders shall be dealt with on an arm's length basis and in good faith, so as to gain 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. We also continue to engage consulting firms to provide professional advice on the Group's ESG management system, policies, information 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 2023, the Group organised 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, MSCI maintained the Company's ESG rating of 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\$101.27 billion in 2023, representing a year-on-year increase of 7.3%. Overall gross profit margin of the Group was 18.2%, representing a decrease of 1PPT as compared with that of last year. The decrease in overall gross profit margin was mainly due to the decrease in the share of revenue from gas connection with a higher gross profit margin from 12.9% the same period last year to 10.8%. The Group believes that revenue structure will continue to be optimised in the future, and the Group is optimistic that it will maintain high quality and sustainable development in the future.

The Group has been adopting prudent financial resources management policies to keep borrowings and capital expenditure at a sound level. In 2023, the Group's operating cash flow achieved HK\$10.16 billion, representing a year-on-year increase of HK\$5.8 billion and continuously optimising the operating quality. The Group has sufficient funds and available banking facilities to meet capital expenditures and operating requirements in the future. Given the Group's sustained in performance, Moody's, Standard & Poor's and Fitch maintained the credit rating of the Group at A2, A – and A – during the year. The ratings reflect the Group's development strategy of focusing on its core business comprehensive services and comprehensive energy 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**

In 2023, despite the complex and severe international environment and the arduous tasks of domestic reform, development and stability, China's economy rebounded well with steady improvement in supply and demand, economic transformation and upgrading were actively promoted, employment and commodity prices were generally kept stable, and people's livelihood was effectively safeguarded, advancing high-quality development steadily. In 2024, the government work report of the PRC proposed to actively and steadily promote the carbon peak and carbon neutrality, and solidly carry out the Top Ten Actions for Carbon Peak. At present, natural gas, as the cleanest and lowest-carbon fossil energy, is an indispensable and important component in the construction of China's new energy system and its usage will continue to grow steadily for a long time. Natural gas's flexible and efficient characteristics can also support synergistic development of various energies and continue to play a positive role in the carbon peak and carbon neutrality. In the context of the construction of a new energy system, natural gas is becoming an important energy source to support the overall green transformation of the economy and society, continuously replacing high-polluting fuels and supporting the large-scale development of new energy. Looking forward to 2024, China's macro-economy will continue to grow steadily. As international natural gas prices continue to go down, China's natural gas industry will show a healthy and stable development trend.

In 2024, the Group will adhere to the business strategy of “1+2+N”. Based on the steady growth of principal business, the Group will follow its country’s objective to develop clean energy, enrich the self-controlled natural gas resources, comprehensively enhance the industrial control, promote investment in external high-quality projects, continuously raise the penetration rate of the comprehensive service businesses, upsize the integrated energy, facilitate steady growth in results, constantly improve shareholders’ return and realise the sustainable development of the Group.

## **FINAL DIVIDEND**

The Directors have resolved to recommend the payment of a final dividend of 100.69 HK cents per share for the year ended 31st December, 2023 (“**2023 Final Dividend**”). Together with the interim dividend of 15 HK cents per share paid, total distribution for 2023 would thus be 115.69 HK cents per share (2022: 105 HK cents per share).

Subject to the approval of shareholders at the forthcoming annual general meeting, the 2023 Final Dividend will be payable on Wednesday, 17th July, 2024 to shareholders whose names appear on the register of members of the Company on Friday, 31st May, 2024.

## **SCOPE OF WORK OF AUDITOR**

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2023 as set out in this announcement of results have been compared by the Group’s auditor, KPMG, Certified Public Accountants, Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 21st May, 2024 to Friday, 24th May, 2024, 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, 24th May, 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 20th May, 2024.

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, 31st May, 2024 and the register of members of the Company will be closed from Thursday, 30th May, 2024 to Friday, 31st May, 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 29th May, 2024.

## SHAREHOLDERS' OPTION

The 2023 Final Dividend will be payable in cash to each shareholder in Hong Kong Dollars (“HK\$”) 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 2023 Final Dividend in RMB at the exchange rate of HK\$1.0: RMB0.90731, being the average median exchange rate of HK\$ to RMB as published by the People’s Bank of China during the five business days immediately before 28th March, 2024 (inclusive of the date of this announcement). If shareholders elect to receive the 2023 Final Dividend in RMB, such dividend will be paid to shareholders at RMB0.9135704 per share. To make such election, shareholders should complete the dividend currency election form which is expected to be dispatched to shareholders on Friday, 7th June, 2024 as soon as practicable after the record date of Friday, 31st May, 2024 to determine shareholders’ entitlement to the 2023 Final Dividend, and lodge it to branch share registrar of the Company, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 25th June, 2024. 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 Wednesday, 17th July, 2024 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 year ended 31st December, 2023.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the mandatory provisions of the Corporate Governance Code (the “Code”) set out in Appendix C1 (formerly Appendix 14) to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”). In line with The mandatory provisions of the Code, the Company adopted a Corporate Governance Handbook (the “Handbook”) on 23rd December, 2005 and subsequently updated it in 2008, 2009, 2010, 2012, 2013, 2014, 2015, 2016, 2018 and 2022 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. For the year ended 31st December, 2023, the Company was in compliance with the mandatory provisions of the Code except for the deviation from code provision C.3.3 and F.2.2 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 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 F.2.2 stipulates that the chairman of the Board should attend the Annual General Meeting. The chairman of the Board was unable to attend the Annual General Meeting of the Company held on 25th May, 2023 due to other business commitments.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the Code for the year ended 31st December, 2023.

### **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 C3 (formerly 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 for the year ended 31st December, 2023.

### **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](http://www.hkexnews.hk)) and the Company's website ([www.crcgas.com](http://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, 28th March, 2024

*As at the date of this announcement, the Directors of the Company are Mr. YANG Ping and Mr. LI Xiaoshuang, being Executive Directors; Mr. WANG Chuandong, Mr. WANG Gaoqiang, Mr. LIU Jian and Ms. GE Lu, being Non-executive Directors; and Mr. WONG Tak Shing, Mr. YU Hon To, David, Mr. YANG Yuchuan and Mr. LI Pok Yan, being Independent Non-executive Directors.*