



2019

**Interim Results
Presentation**

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1H2019, the Company's key financial and operational indicators continued to improve, business scale maintained rapid growth.

	30 Jun 2019	30 Jun 2018	Growth Rate
Gas sales volume (billion m³)	14.00	12.38	13.1%
Number of customers (million)	35.88	32.52	10.3%
Turnover (HK\$ billion)	28.17	23.85	18.1%
Profit for the year (HK\$ billion)	3.69	3.40	8.5%
Profit attributable to shareholders (HK\$ billion)	2.93	2.65	10.6%
Interim dividend proposed/paid per share (HK\$ cents)	15	15	0.0%

As a result of the continuous development of existing and new markets, gas sales volume (14.00 billion m³), number of customers (35.88 million) and turnover (HK\$28.17 billion) achieved a high growth rate in 1H2019.

Volume

14.00 billion m³, an increase of **13.1%** :

- Industrial growth: **22.6%**;
- Commercial growth: **7.5%**;
- Residential growth: **12.8%**.

14.00B m³

Customer

35.88 million, an increase of **3.36 million** new customers:

- Residential: **3.33 million**;
- C&I: **30,000**.

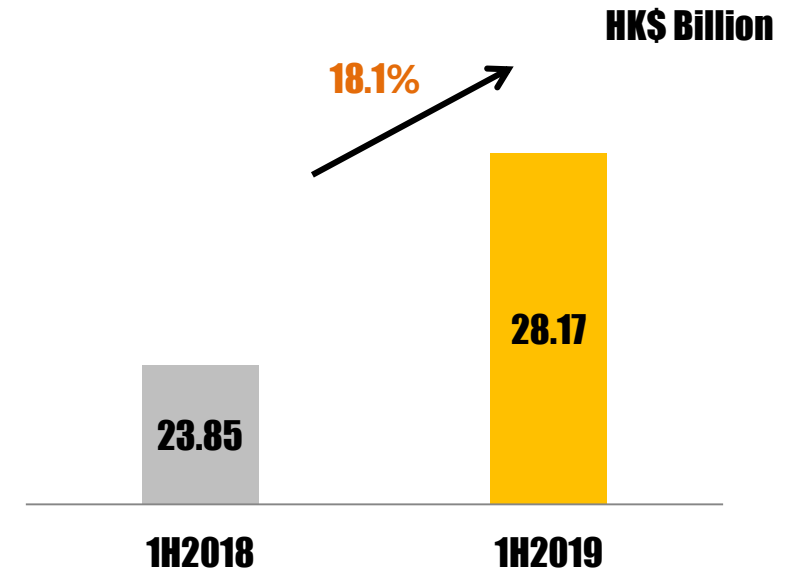
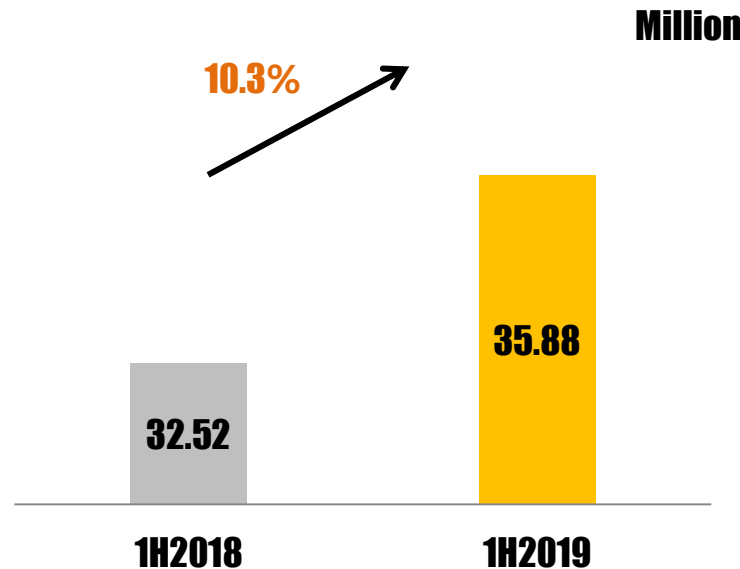
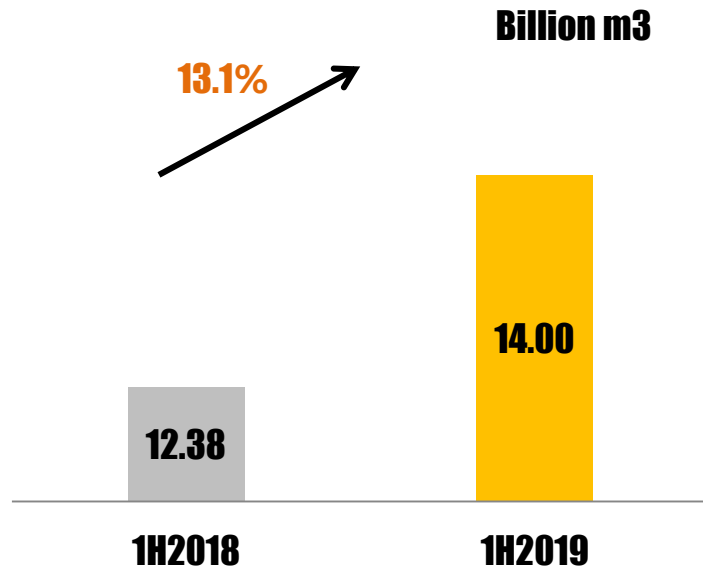
35.88 M

Turnover

HK\$28.17 billion, an increase of **18.1%**:

- Gas sales growth: **16.2%**;
- Connection fee growth: **32.8%**.

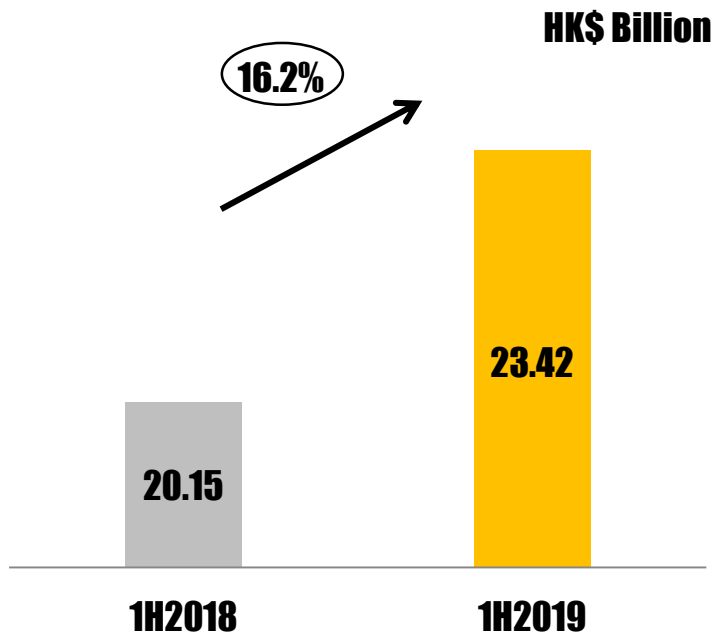
HK\$ 28.17B



1H2019, gas sales revenue was HK\$23.42 billion, an increase of 16.2%, driven by the rapid growth of industrial gas sales volume.

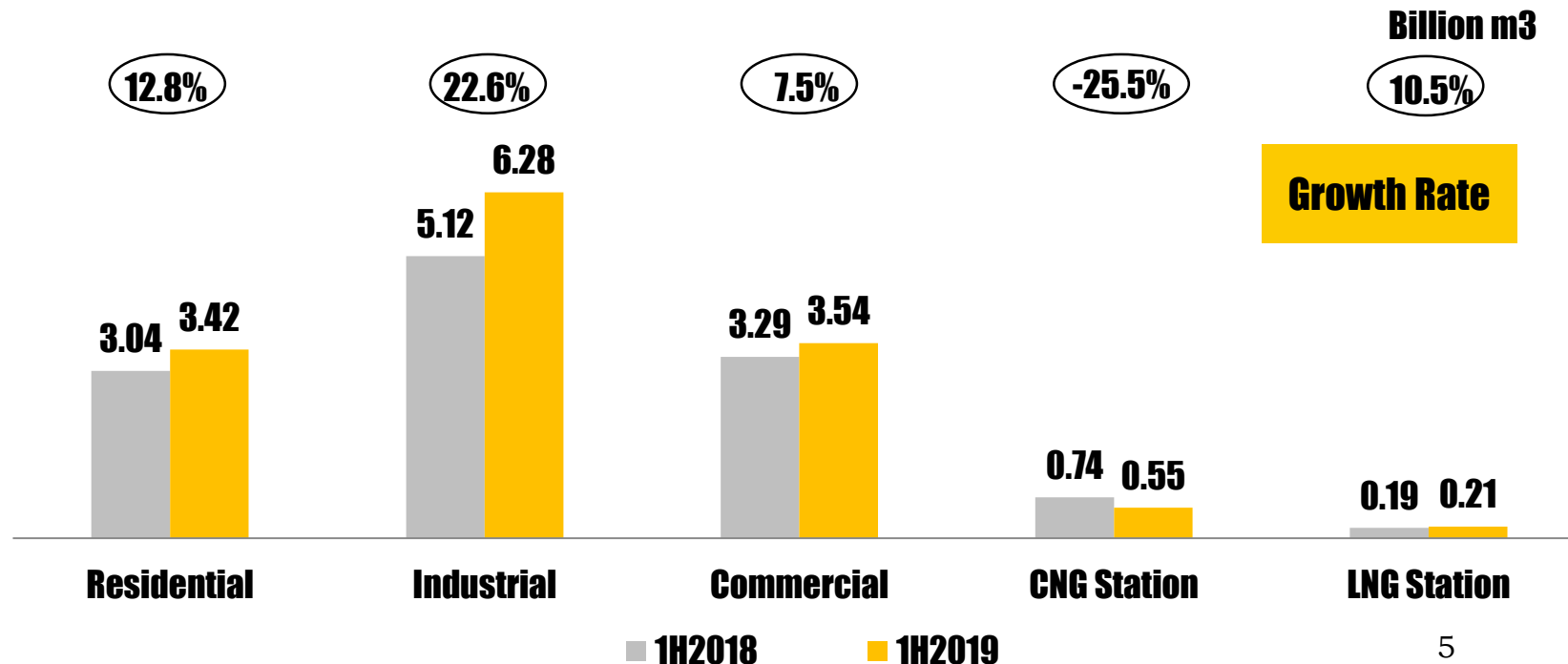
Continuous Increase in Gas Sales Revenue

Recurring gas sales revenue reached **HK\$23.42 billion**, an increase of **16.2%** in **1H2019**.



Optimization in Gas Sales Volume Mix

Growth in gas sales volume is mainly driven by the rapid growth of industrial customers.



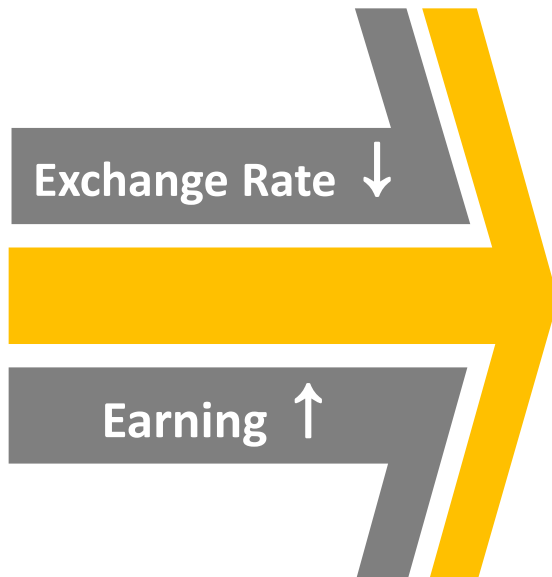
RMB depreciated significantly in 1H2019, CR Gas's profit attributable to shareholders increased 10.6%, excluding the exchange impact, increased 17.6%

RMB vs HKD

Source: Bank of China

Period: Dec 1, 2017 – Jul 1, 2019

Unit: Month

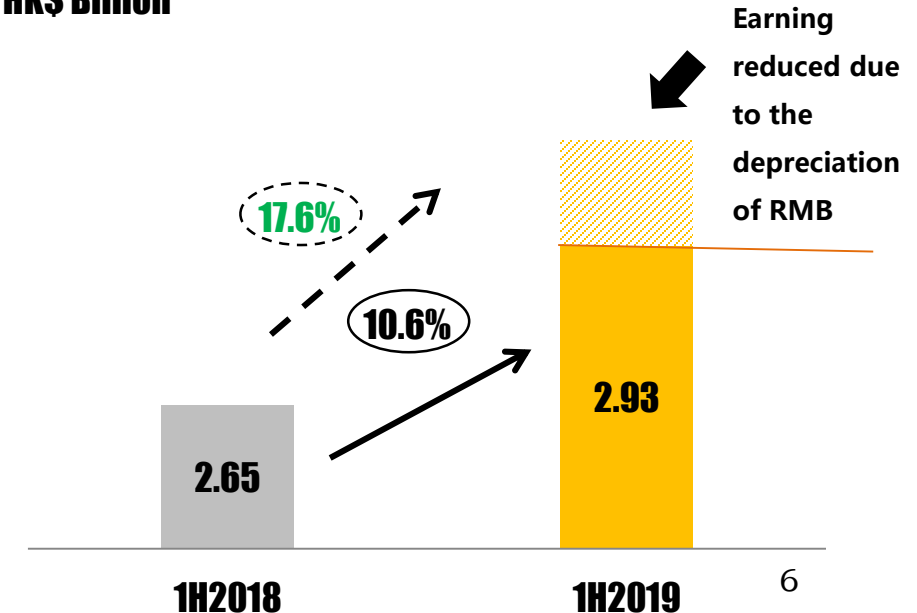


Net Profit

HK\$ 2.93B

Profit attributable to shareholders increased **10.6%**, excluding the exchange impact increased **17.6%**.

HK\$ Billion






1H2019, international credit rating agencies Moody's, Standard & Poor's and Fitch Ratings re-affirmed CR Gas credit rating to A3, A- and A- respectively, the highest rating granted to the Chinese city gas operators.

**Industry
Highest Rating**

A3/A-/A-

- **1H2019, Moody's** affirmed CR Gas **A3** credit rating, the highest rating granted to the Chinese city gas operators; it affirmed CR Gas sustainable growth and outstanding performance;
- **1H2019, S&P** and **Fitch Ratings** affirmed CR Gas **A-** credit rating;
- The **A3/A-/A-** credit ratings will further enhance CR Gas financing capacity for future development and expansion.

Rating Agency		2018		1H2019
	Stable	A3	→	A3
	Stable	A-	→	A-
	Stable	A-	→	A-

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1H2019, 3 new project companies were set up at group level, total investment was HK\$93.01 million; new investments will be continuous in 2H2019. Further penetrate the existing projects to improve the organic growth performance.

Market Expansion

New Investment in 1H2019

Project	Type	Share %
内江沱江燃气	City Gas	70%
江阴充电站公司	Charging Station	65%
厦门分布式能源项目	Integrated Energy	51%

Market Penetration

Illegal gas usage prevention

- Investigated **1,248** case in 1H 2019, gas fee of **RMB14.74 million** was recovered, an increase of **108%** over 1H2018

C&I customer development

- Promote C&I “coal-to-gas” , “ oil-to-gas” , provide integrated services for new customer connection

Old/Small district reconstruction

- Leverage on policy support to speed up old/small district connection

Leverage on the promotion of new energy vehicle, 64 charging stations commenced operation, 50 million units sold, turnover was HK\$60 million in 1H2019. Hydrogen refueling stations were built in Wuxi and Weifang.

Developing Charging Station

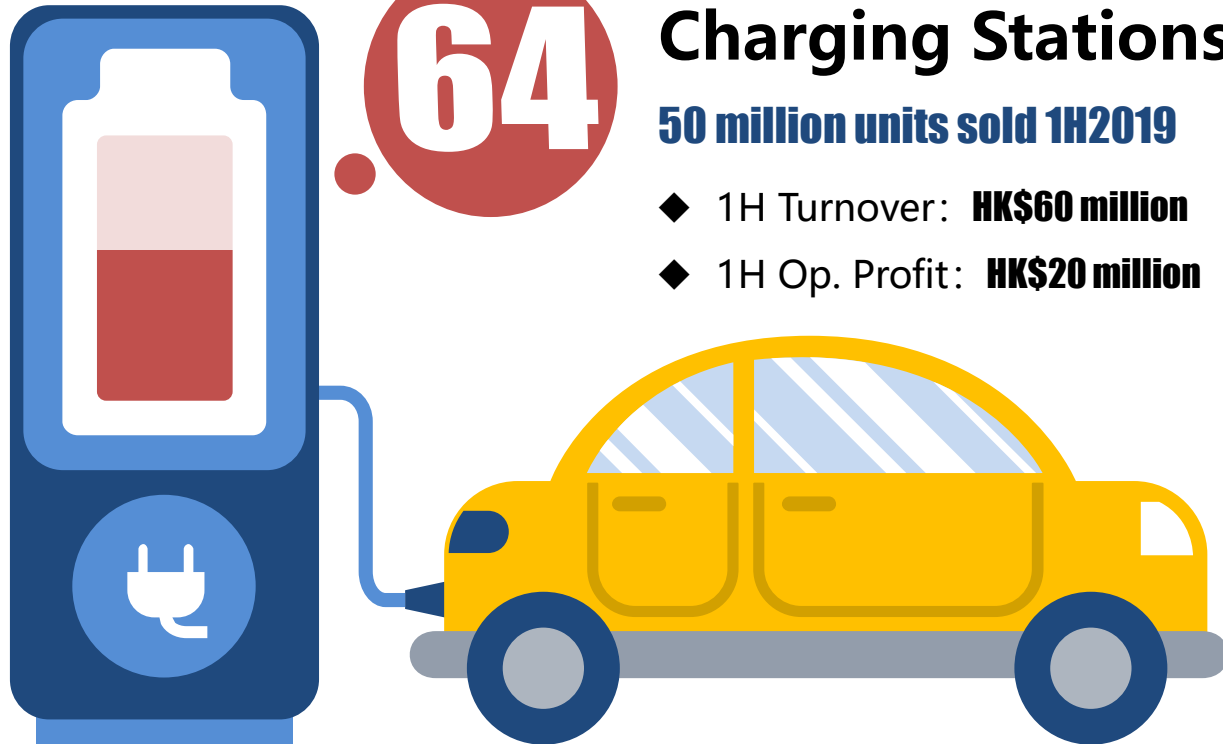
Charging stations operate in Nanjing, Hangzhou and Zhenjiang. New station will be in Jiangyin from 2019.

64

Charging Stations

50 million units sold 1H2019

- ◆ 1H Turnover: **HK\$60 million**
- ◆ 1H Op. Profit: **HK\$20 million**



Exploring Hydrogen Refueling Station

1

Wuxi

- ◆ Production base of Hydrogen Fuel Cell and Hydrogen Fuel Vehicle, huge demand for Hydrogen Fuel
- ◆ Exploring the Hydrogen refueling business in Wuxi

2

Weifang

- ◆ Plan to be a "Hydrogen Fuel City"
- ◆ Exploring the Hydrogen refueling business in Weifang

Steadily invest in the distributed energy projects, 2 new projects were signed in 1H2019, estimated total investment of HK\$78.32 million. A total of 25 projects were signed, total designed capacity is 289MW; 2 projects commenced operations in 1H 2019 with total investment of HK\$72.16 million.



Steadily Tap into the Distributed Energy Market

New Projects in 1H2019

Location	HK\$ Million (Estimated)	Industry
Chengdu	15.85	Hospital
Chengdu	62.47	Commercial Complex

Projects commenced operations in 1H2019

Location	HK\$ Million	Designed Capacity	Industry
Wuxi	61.16	1.8MW	Pharmaceutical
Sichuan	11.00	45t/h (Boiler)	Rubber

Key Industrial Park Projects



- Jieyang Puning

- Shantou Hongcao

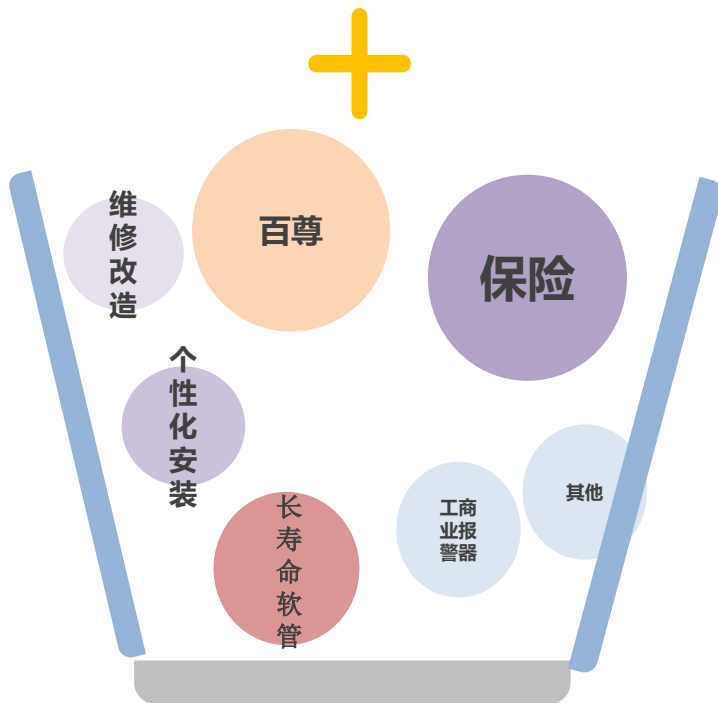
- Taizhou Linhai

- Jiangning Binjiang

By enriching the products, expanding the channels and organizing marketing activities, turnover of value-added service was HK\$658 million in 1H2019

Expansion of Value-Added Service

Core City Gas Business



Enrichment of Insurance Product

- Provide different product combination
- Introduce “润安保” integrated gas insurance product
- Establish online and offline selling platform



Insurance Revenue:
HK\$145 Million

Revenue Growth:
98.2%

Quality Enhancement of “Percen”



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As at	30 Jun 2019	30 Jun 2018	Increase/(Decrease)
	HK\$'000	HK\$'000	
Turnover	28,172,527	23,846,503	18.1%
Gross profit	7,029,871	6,741,865	4.3%
Profit from operation (before finance costs and share of JVs & associates results)	4,448,846	4,004,301	11.1%
Profit for the year	3,686,473	3,396,858	8.5%
Profit attributable to the equity holders	2,928,087	2,647,744	10.6%
Net cash from operating activities	2,973,934	4,070,696	(26.9%)
Basic EPS ⁽¹⁾ (HK\$)	1.34	1.22	9.8%
Interim dividend proposed/paid per share (HK\$ cents)	15	15	0.0%

Note: (1) Basic earnings per share is calculated based on weighted average number of issued shares, excluding restricted award shares held by trustee.

As at	30 Jun 2019	31 Dec 2018	Increase/(Decrease)
	HK\$'000	HK\$'000	
Total assets	78,579,310	73,571,778	6.8%
Bank balance and cash	11,877,349	10,392,696	14.3%
Total bank, note and other borrowings ⁽¹⁾	12,581,295	11,638,022	8.1%
Net borrowings	703,946	1,245,326	(43.5%)
Equity attributable to the equity holders	25,533,184	24,081,120	6.0%
Non-controlling interests	8,250,131	7,527,360	9.6%
Total equity	33,783,315	31,608,480	6.9%

Note: (1) The amount due to (1H2019: HK\$3,523,633,000; 2018: HK\$3,501,781,000) and due from (1H2019: HK\$795,760,000; 2018: HK\$573,610,000) an intermediate holding company are included in total bank, note and other borrowings

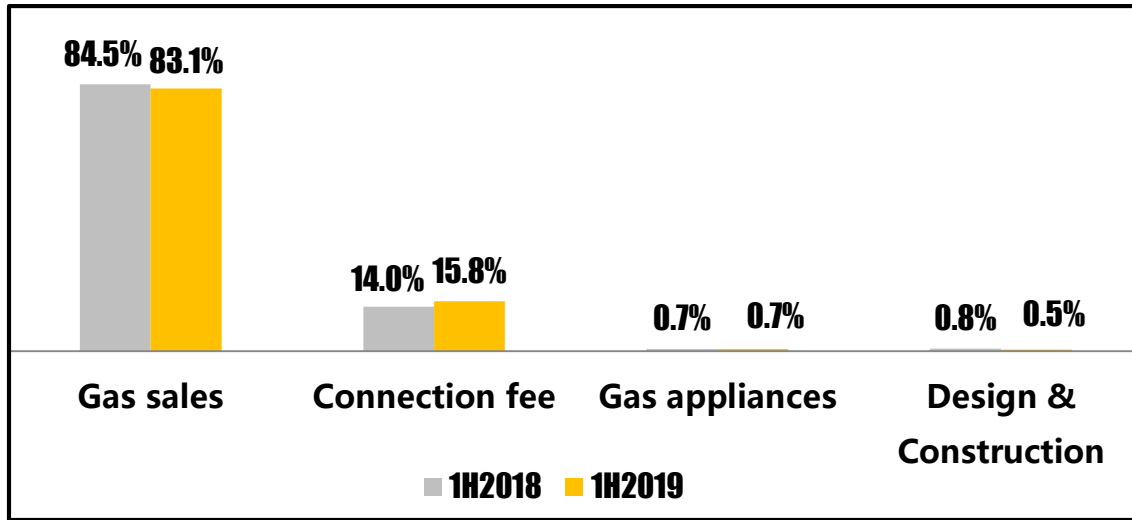
Financial Indicators	30 Jun 2019	30 Jun 2018	Increase/(Decrease)
Gross profit margin	25.0%	28.3%	(3.3ppt)
Net profit margin	13.1%	14.2%	(1.1ppt)
Net profit margin attributable to owners of the Company	10.4%	11.1%	(0.7ppt)
Debt to capitalization ratio ⁽²⁾	27.1%	26.9% ⁽¹⁾	0.2ppt
Debt to asset ratio ⁽³⁾	16.0%	15.8% ⁽¹⁾	0.2ppt
Return on equity (annualised)	22.9%	22.3%	0.6ppt

Notes: (1) Debt ratio as at 31 Dec 2018

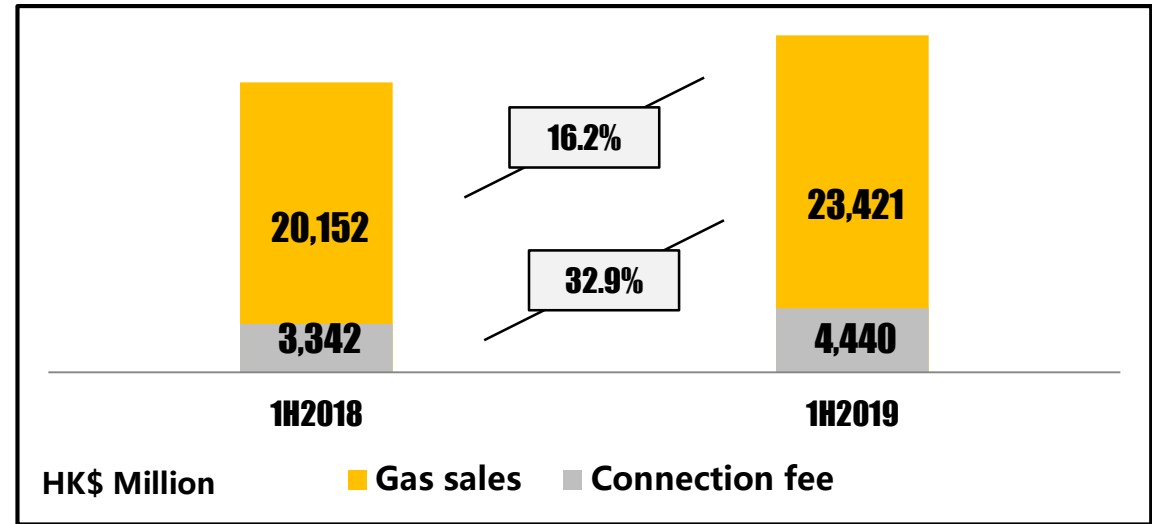
(2) Debt/capitalization gearing ratio is the ratio of total bank, note and other borrowings to total bank, note and other borrowings and total equity

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

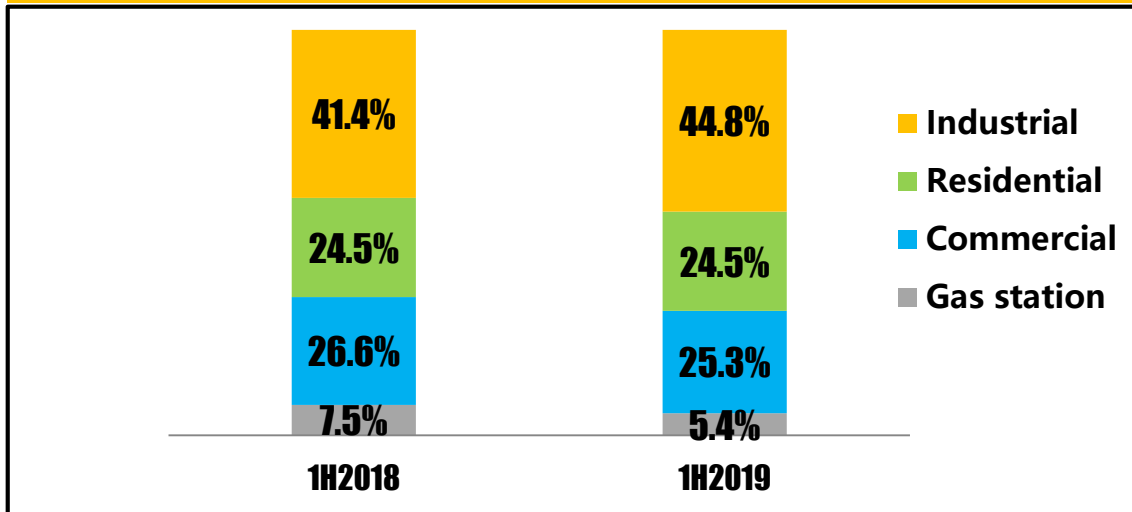
Revenue



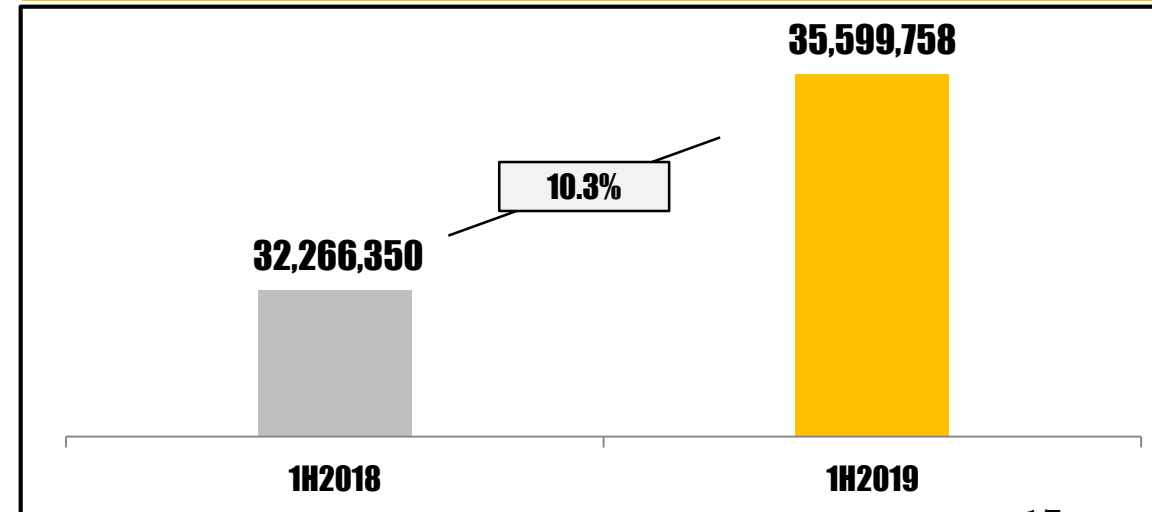
Gas Sales & Connection Revenue



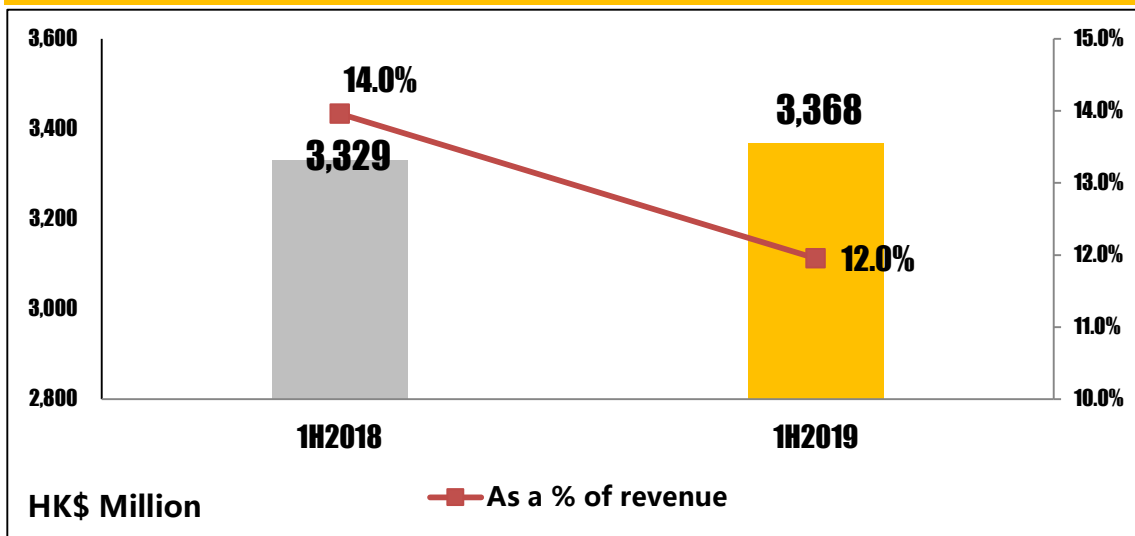
Gas Sales Volume



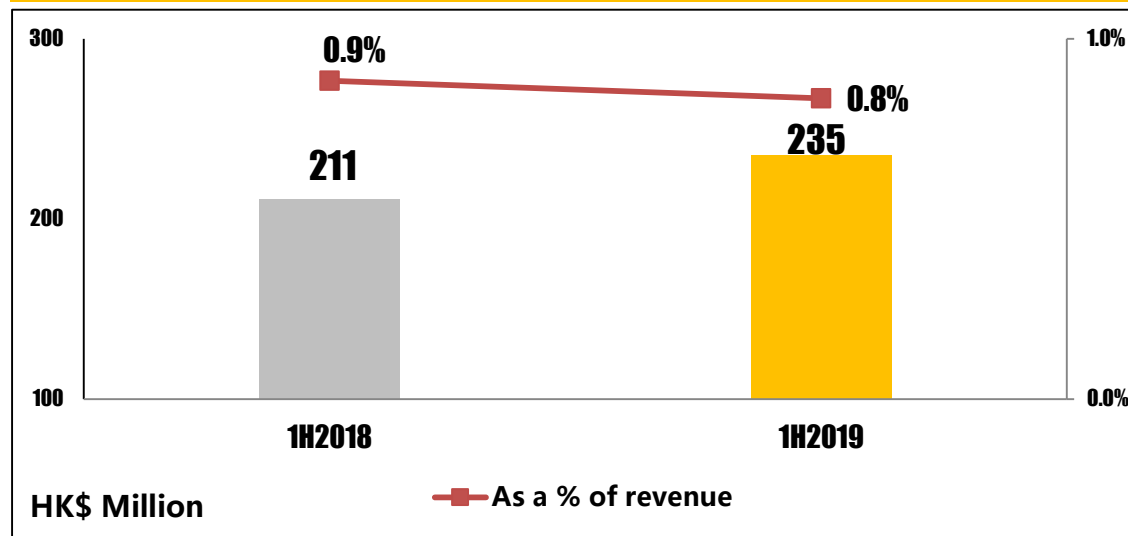
Residential Customer



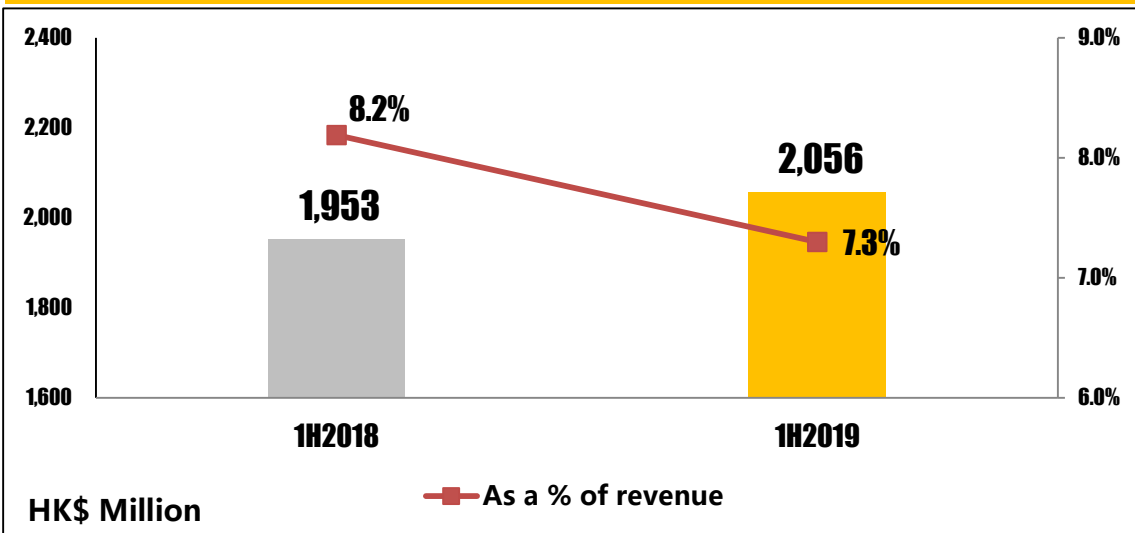
Total Costs



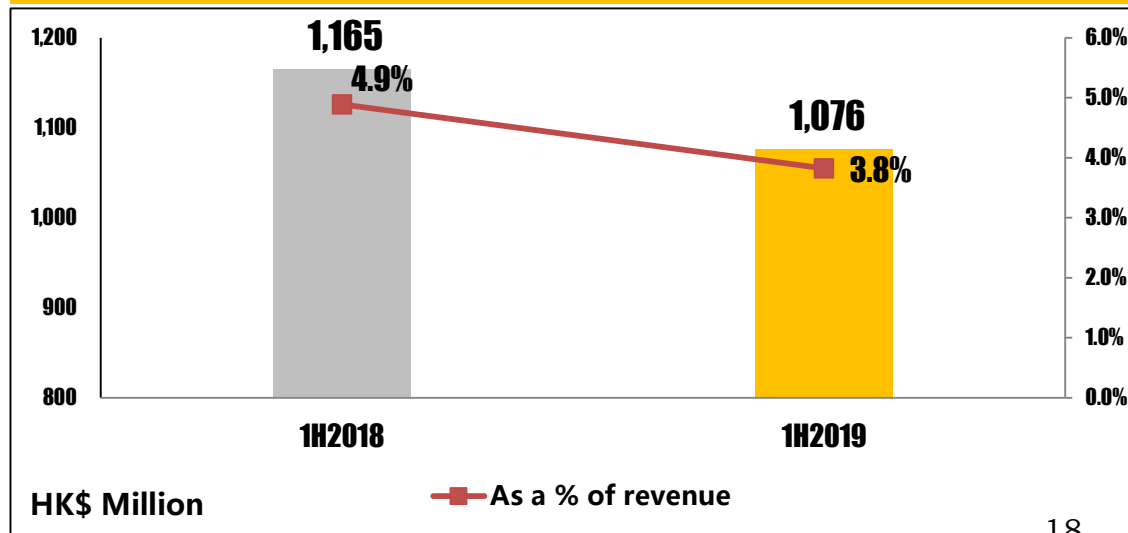
Finance Costs



Selling & Distribution Expenses

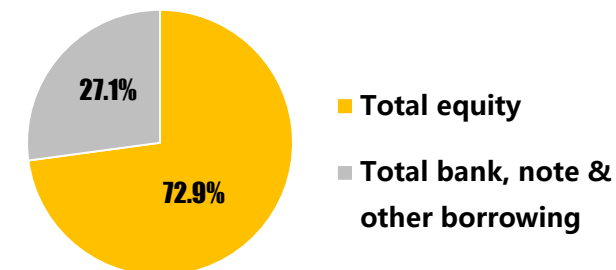


General & Administrative Expenses



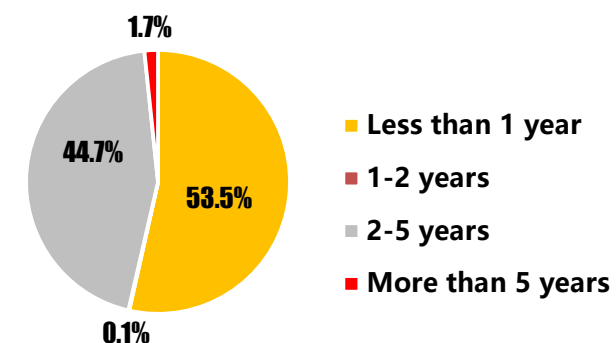
Equity & Debt

	HK\$'000	%
Total equity	33,783,315	72.9%
Total bank, note & other borrowing	12,581,295	27.1%
Total capital	46,364,610	100.0%



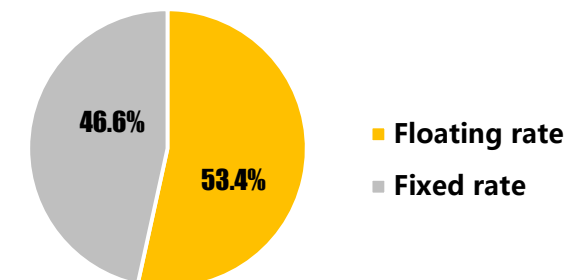
Long & Short Term Borrowings

	HK\$'000	%
Less than 1 year	6,737,532	53.5%
1-2 years	9,223	0.1%
2-5 years	5,625,885	44.7%
More than 5 years	208,655	1.7%
Total	12,581,295	100.0%



Fixed & Floating Borrowings

	HK\$'000	%
Floating rate	6,723,789	53.4%
Fixed rate	5,857,506	46.6%
Total	12,581,295	100.0%



	As at 30 Jun 2019	As at 30 Jun 2018	Change
Number of projects	249	243	6
Connectable householders (million)	68.99	65.83	3.16
Penetration rate of residential household	51.6%	49.0%	2.6ppt
Gross gas sales volume (million m³)	13,998	12,375	13.1%
Residential	3,423	3,035	12.8%
Industrial	6,276	5,118	22.6%
Commercial	3,539	3,292	7.5%
CNG station	551	740	(25.5%)
LNG station	210	190	10.5%
Average gas tariff / cost / gross margin (RMB per m³)	2.78/2.20/0.58	2.74/2.12/0.62	0.04/0.08/(0.04)

	As at 30 Jun 2019	As at 30 Jun 2018	Change
Total length of pipeline (km)	169,587	151,651	17,936
Connected customers	35,877,087	32,518,837	3,358,250
Residential	35,599,758	32,266,350	3,333,408
Industrial	19,019	16,174	2,845
Commercial	258,310	236,313	21,997
Average residential connection fee (RMB)	2,730	3,230	(500)
New residential with paid connection fee			
Gross	1,477,692	1,117,934	359,758
Consolidated basis	1,019,201	755,625	263,576
Gas stations (CNG/LNG/L-CNG)	353 (227/83/43)	354 (228/83/43)	-1 (-1/0/0)

Disclaimer and Contact

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