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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 30 JUNE 2024

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

	1st Half 2024	1st Half 2023	Increase/ Decrease
Revenue (HK\$ million)	52,076	48,370	7.7%
Profit attributable to owners of the Company (HK\$ million)	3,457	3,545	-2.5%
Basic earnings per share (HK\$)	1.52	1.56	-2.6%
Gross gas sales volume (million m³)	20,901	19,842	5.3%
Accumulated total connected customers (million)	58.84	55.85	5.3%

The board (the “Board”) of directors (the “Directors”) 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 30 June 2024 (the “Period”) with comparative figures for 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	4	52,075,587	48,369,601
Cost of sales		(42,404,405)	(39,550,736)
Gross profit		9,671,182	8,818,865
Other income		664,836	1,208,214
Selling and distribution expenses		(2,872,452)	(2,812,059)
Administrative expenses		(1,642,926)	(1,617,144)
Finance costs		(549,379)	(433,884)
Share of results of joint ventures		286,261	197,782
Share of results of associates		158,903	230,292
Profit before taxation		5,716,425	5,592,066
Income tax	5	(1,223,007)	(1,034,520)
Profit for the period	6	<u>4,493,418</u>	<u>4,557,546</u>
Other comprehensive income for the period:			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation		(492,669)	(1,226,465)
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Equity instruments designated at fair value through other comprehensive income:			
Net movement in fair value reserve (non-recycling), net of tax		1,080	(1,090)
Other comprehensive income for the period, net of tax		<u>(491,589)</u>	<u>(1,227,555)</u>
Total comprehensive income for the period		<u>4,001,829</u>	<u>3,329,991</u>
Profit for the period attributable to:			
Owners of the Company		3,456,742	3,545,256
Non-controlling interests		1,036,676	1,012,290
		<u>4,493,418</u>	<u>4,557,546</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		3,127,803	2,518,688
Non-controlling interests		874,026	811,303
		<u>4,001,829</u>	<u>3,329,991</u>
		HK\$ (Unaudited)	HK\$ (Unaudited)
Earnings per share – Basic	8	<u>1.52</u>	<u>1.56</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024

	<i>Notes</i>	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	62,374,891	61,198,859
Investment properties		888,658	913,030
Right-of-use assets	10	4,649,528	4,755,028
Interests in joint ventures		17,823,636	17,655,331
Interests in associates		4,566,900	4,646,000
Equity instruments designated at fair value through other comprehensive income		368,524	382,644
Goodwill		4,876,829	4,911,756
Other intangible assets		4,875,565	5,022,879
Deferred tax assets		592,346	608,779
Loans to a joint venture	11	1,896,389	1,909,907
Deposits for acquisition of assets		300,724	413,073
Total non-current assets		<u>103,213,990</u>	<u>102,417,286</u>
CURRENT ASSETS			
Inventories		1,031,865	1,493,608
Trade and other receivables	12	20,875,512	20,896,233
Assets related to contract works		2,821,404	2,727,615
Pledged bank deposits and restricted cash		176,236	357,875
Bank balances and cash		11,568,360	9,978,468
Total current assets		<u>36,473,377</u>	<u>35,453,799</u>
CURRENT LIABILITIES			
Trade and other payables	13	31,208,418	35,868,589
Contract liabilities		8,946,205	9,569,067
Government grants		46,053	29,628
Bank and other borrowings		16,020,738	4,892,674
Lease liabilities		113,484	144,160
Taxation payable		721,722	604,816
Total current liabilities		<u>57,056,620</u>	<u>51,108,934</u>
Net current liabilities		<u>(20,583,243)</u>	<u>(15,655,135)</u>
Total assets less current liabilities		<u>82,630,747</u>	<u>86,762,151</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2024

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
EQUITY		
Share capital	231,401	231,401
Reserves	41,384,767	40,540,830
	<hr/>	<hr/>
Equity attributable to owners of the Company	41,616,168	40,772,231
Non-controlling interests	23,288,186	22,611,451
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Total equity	64,904,354	63,383,682
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NON-CURRENT LIABILITIES		
Government grants	846,738	819,489
Bank and other borrowings	11,592,572	17,279,384
Lease liabilities	349,335	328,030
Medium-term notes	547,835	551,740
Other long-term liabilities	1,521,651	1,362,969
Deferred tax liabilities	2,868,262	3,036,857
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Total non-current liabilities	17,726,393	23,378,469
	<hr/>	<hr/>
	82,630,747	86,762,151
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NOTES TO INTERIM FINANCIAL REPORT

AT 30 JUNE 2024

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 People’s Republic of China (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 financial results set out in this announcement do not constitute the Group’s interim financial report but are extracted from the interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

In preparing the interim financial report, 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\$20,583,243,000 and the Group has capital commitment of approximately HK\$127,738,000 as at 30 June 2024. As at 30 June 2024, the Group has bank and other borrowings and medium-term notes totaling approximately HK\$28,161,145,000, of which approximately HK\$16,020,738,000 was classified as current liabilities.

The directors of the Company are of the opinion that, taking into account of unutilised banking facilities of HK\$37,579,135,000 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 2024. Accordingly, the interim financial report has been prepared on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES

New and amended HKFRSs

The Group has applied the following amended HKFRSs issued by the HKICPA to the interim financial report for the current accounting period:

Amendments to HKAS 1	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to HKAS 1	Presentation of financial statements: Non-current liabilities with covenants
Amendments to HKAS 16	Leases: Lease liability in a sale and leaseback
Amendments to HKAS 7	Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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, 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 rental income, sundry income, interest income, finance costs, depreciation of investment properties, central administration 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.

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 2024

	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 sales	<u>45,923,708</u>	<u>3,016,023</u>	<u>1,765,090</u>	<u>335,500</u>	<u>1,035,266</u>	<u>52,075,587</u>
Segment results	<u>4,654,900</u>	<u>1,124,459</u>	<u>761,123</u>	<u>33,961</u>	<u>93,886</u>	<u>6,668,329</u>
Share of results of joint ventures						286,261
Share of results of associates						158,903
Unallocated income						567,931
Unallocated expenses						(1,425,464)
Finance costs (other than interest on lease liabilities)						<u>(539,535)</u>
Profit before taxation						<u><u>5,716,425</u></u>

Six months ended 30 June 2023

	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 sales	<u>41,236,701</u>	<u>4,254,610</u>	<u>1,470,499</u>	<u>326,969</u>	<u>1,080,822</u>	<u>48,369,601</u>
Segment results	<u>3,509,041</u>	<u>1,592,332</u>	<u>623,234</u>	<u>47,588</u>	<u>107,244</u>	<u>5,879,439</u>
Share of results of joint ventures						197,782
Share of results of associates						230,292
Unallocated income						1,143,112
Unallocated expenses						(1,433,073)
Finance costs (other than interest on lease liabilities)						<u>(425,486)</u>
Profit before taxation						<u><u>5,592,066</u></u>

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Segment assets:		
Sale and distribution of gas fuel and related products	84,716,768	85,649,753
Gas connection	4,998,218	5,342,116
Comprehensive services	819,458	789,748
Design and construction services	826,380	766,891
Gas stations	1,567,649	1,780,576
	92,928,473	94,329,084
Interests in joint ventures	17,823,636	17,655,331
Interests in associates	4,566,900	4,646,000
Deferred tax assets	592,346	608,779
Unallocated corporate assets (<i>note a</i>)	23,776,012	20,631,891
	139,687,367	137,871,085
Segment liabilities:		
Sale and distribution of gas fuel and related products	18,528,181	20,429,836
Gas connection	12,600,539	13,692,011
Comprehensive services	375,237	395,132
Design and construction services	3,125,779	2,471,982
Gas stations	117,100	156,468
	34,746,836	37,145,429
Taxation payable	721,722	604,816
Deferred tax liabilities	2,868,262	3,036,857
Unallocated corporate liabilities (<i>note b</i>)	36,446,193	33,700,301
	74,783,013	74,487,403

Notes:

- a. 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, other deposits and bank balances and cash.
- b. Unallocated corporate liabilities represent other payables, bank and other borrowings, medium-term notes and certain long-term liabilities.

5. TAXATION

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	1,357,984	939,311
Deferred taxation	(134,977)	95,209
	1,223,007	1,034,520

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profits for the six months ended 30 June 2024. No provision for Hong Kong Profits Tax has been made in the interim financial report 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	1,548,538	1,509,233
Depreciation of investment properties	17,242	2,348
Amortisation of operating rights (included in administrative expenses)	131,096	64,392
Amortisation of right-of-use assets	203,590	117,010
Gain on disposal of property, plant and equipment	(45,929)	(21,648)
Impairment of financial and contract assets, net	27,695	214
Interests on:		
Super short-term commercial papers	–	3,926
Medium-term notes	7,956	7,799
Lease liabilities	9,844	8,398
Bank and other borrowings	522,932	399,895
Amounts due to joint ventures	407	404
Amount due to an intermediate holding company	4,344	11,292
Amounts due to fellow subsidiaries	–	934
Other long-term liabilities	3,896	1,236
	549,379	433,884

Six months ended 30 June	
2024	2023
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

and after crediting:

Interest income from bank and other deposits	149,777	136,735
Interest income from bank and other deposits placed in a fellow subsidiary	2,903	6,298
Interest income from associates	2,325	924
Interest income from joint ventures	32,741	35,859
Interest income from loan to a fellow subsidiary	29,013	4,438
Gain from deemed disposal of an associate	–	694,093
	–	694,093

7. DIVIDENDS

During the six months ended 30 June 2024, a dividend of 100.69 HK cents per share, totaling HK\$2,283,866,000, was declared by the Board to shareholders of the Company as the final dividend for the year ended 31 December 2023 and included in other payables and accruals as at 30 June 2024.

During the six months ended 30 June 2023, a dividend of 90 HK cents per share, totaling HK\$2,041,394,000, was declared and subsequently paid by the Company to its shareholders as the final dividend for the year ended 31 December 2022.

On 30 August 2024, the directors declared an interim dividend in respect of the current interim period of 25 HK cents per share amounting to HK\$567,054,000 in aggregate (six months ended 30 June 2023: 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 17 September 2024.

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\$3,456,742,000 (six months ended 30 June 2023: HK\$3,545,256,000) and on 2,268,215,487 (six months ended 30 June 2023: 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 2024, the Group incurred a total cost of HK\$20,408,000 (six months ended 30 June 2023: HK\$33,028,000) and HK\$2,513,240,000 (six months ended 30 June 2023: HK\$1,965,553,000) on additions of gas pipelines and construction in progress, respectively.

10. RIGHT-OF-USE ASSETS

During the six months ended 30 June 2024, the Group had additions to prepaid land lease payments and other right-of-use assets of HK\$47,130,000 (six months ended 30 June 2023: HK\$39,923,000) and HK\$77,673,000 (six months ended 30 June 2023: HK\$80,700,000), respectively.

11. LOANS TO A JOINT VENTURE

The loans to a joint venture are unsecured, bearing interests at a rate of the 5-year Loan Prime Rate (“LPR”) floating downward 20% (31 December 2023: 5-year LPR floating downward 20%) per annum and the loan term is five years.

12. TRADE AND OTHER RECEIVABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade receivables	11,639,265	11,847,395
Impairment	(446,444)	(411,468)
	11,192,821	11,435,927
Amounts due from joint ventures (<i>note a</i>)	1,012,318	433,893
Amounts due from associates (<i>note b</i>)	290,694	150,100
Amounts due from non-controlling shareholders (<i>note c</i>)	114,223	186,740
Amounts due from fellow subsidiaries (<i>note d</i>)	2,364,249	824,312
Deposits	690,929	830,866
Prepayments	4,871,953	6,690,904
Other receivables	411,753	424,138
Impairment allowance	(73,428)	(80,647)
	20,875,512	20,896,233

Notes:

- a. Except for the amounts due from joint ventures of HK\$79,383,000 (31 December 2023: HK\$75,409,000) which are declared but unpaid dividends, the remaining balances are in trade nature.
- b. Except for the amounts due from associates of HK\$105,235,000 (31 December 2023: HK\$105,937,000) which are unsecured, bearing interests at a rate of 4.35% (31 December 2023: 4.35%) per annum and repayable within one year, the remaining balances are in trade nature.
- c. Amounts due from non-controlling shareholders are in trade nature.
- d. Except for the amounts due from a fellow subsidiary of HK\$383,485,000 (31 December 2023: HK\$463,462,000) and HK\$1,753,072,000 (31 December 2023: nil) which are unsecured, bearing interest at a rate of 3.20% (31 December 2023: 3.20%) and 2.65% (31 December 2023: nil) per annum, respectively, and repayable within one year, the remaining balances are in trade nature.

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 expected credit loss, and is presented based on the invoice date or the revenue recognition date:

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0 – 90 days	7,151,121	7,599,525
91 – 180 days	724,794	258,442
181 – 365 days	1,002,182	1,436,956
Over 365 days	2,314,724	2,141,004
	11,192,821	11,435,927

13. TRADE AND OTHER PAYABLES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade payables	13,382,458	14,435,105
Amounts due to joint ventures (<i>note a</i>)	70,133	99,912
Amounts due to associates (<i>note b</i>)	176,642	53,259
Amounts due to non-controlling shareholders (<i>note c</i>)	567,509	537,503
Amounts due to fellow subsidiaries (<i>note d</i>)	54,667	16,346
Amount due to an intermediate holding company (<i>note e</i>)	–	3,804,920
Receipts in advance	8,973,043	10,134,560
Other payables and accruals	7,983,966	6,786,984
	31,208,418	35,868,589

Notes:

- a. Except for the amounts due to joint ventures of HK\$65,384,000 (31 December 2023: HK\$95,249,000) which are unsecured, bearing interests at rates ranging from 1.15% to 1.65% (31 December 2023: from 1.15% to 1.65%) per annum and are repayable within one year, the remaining balances are in trade nature.
- b. Amounts due to associates are in trade nature.
- c. Except for amounts due to non-controlling shareholders of HK\$29,528,000 (31 December 2023: HK\$29,739,000) which are unsecured, bearing interest at a rate of 4.28% per annum and are repayable on demand with maturity of three years, the remaining balances are in trade nature.
- d. Amounts due to fellow subsidiaries are in trade nature.
- e. Except for the amount due to an intermediate holding company of HK\$3,800,000,000 is unsecured and repaid in January 2024, bearing an interest of the Hong Kong Interbank Offered Rate plus 0.55% per annum as at 31 December 2023, the remaining balances are in trade nature.

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

	30 June 2024 <i>HK\$'000</i> (Unaudited)	31 December 2023 <i>HK\$'000</i> (Audited)
0 – 90 days	10,081,262	10,939,344
91 – 180 days	990,061	893,948
181 – 365 days	700,335	1,020,617
Over 365 days	1,610,800	1,581,196
	13,382,458	14,435,105

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

REVIEW OF ACCOUNTS

The interim results for the six months ended 30 June 2024 are unaudited and have been reviewed by the Company's Audit and Risk Management Committee. The interim financial results set out in this announcement do not constitute the Group's interim financial report but are extracted from the interim financial report. The auditor's report on review of the interim financial report is contained in the interim report to be published on the website of the Stock Exchange and the Company.

BUSINESS REVIEW

HALF-YEAR RESULTS

In the first half of 2024, the overall growth of the world economy slows down and faces multiple challenges. According to the report released by the World Bank in June 2024, the global economic growth rate is expected to stabilize at 2.6% in 2024. In the first half of 2024, China's gross domestic product (GDP) represents a year-on-year increase of 5.0%, indicating a gradual recovery in market demand. On 23 July 2024, the National Energy Administration released the China Natural Gas Development Report (2024) which pointed out that in the second half of 2024, domestic natural gas production will continue to increase steadily, with annual consumption reaching a total of 419.62 billion cubic meters, representing a year-on-year increase of 6.36%. The Climate, Nature and Energy agenda at Davos Forum 2024 focuses on the interlinkages between global climate change, natural resource conservation and energy transition. China is particularly emphasized and regarded as an important promoter of global green and low-carbon development. The trend of natural resource protection and low-carbon development will promote the further development of the natural gas industry. As a relatively clean form of energy, natural gas will usher in a broader development space driven by the trend of environmental protection and low carbon.

During the Period, the Group has adhered to the spirit of pursuing excellence by formulating the annual management theme of "Benchmarking and Innovating for Quality and Efficiency Enhancement". 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 5.3% from the same period last year to 20.9 billion cubic meters, the revenue increased by 7.7% from the same period last year to HK\$52.08 billion.

SALE OF NATURAL GAS

In the first half of 2024, The Group continues to enhance its ability to coordinate natural gas resources; an additional of 750 million m³ secured, annual gas contract coverage rate increased to 99.7%, 1.75 billion m³ natural gas were procured, an increase of 30%, supplemental unconventional gas was 200 million m³, gas supply security and costs continue to improve.

During the Period, the Group recorded a total natural gas sales volume of 20.9 billion cubic meters, among which the industrial gas sales volume reached 9.66 billion cubic meters, representing an increase of 3.7% and accounting for 46.2% of the gas sales volume of the Group. Commercial gas sales volume reached 5.01 billion cubic meters, representing an increase of 8.1% and accounting for 24.0% of the gas sales volume of the Group. Residential gas sales volume increased by 7.0% to 5.76 billion cubic meters, accounting for 27.6% of the gas sales volume of the Group.

DEVELOPMENT OF NEW USERS

Supported by its relatively large number of large-scale city gas projects, most of which are in major national strategic areas such as the Beijing-Tianjin-Hebei region, Yangtze River Delta region, Chengdu-Chongqing Two Cities Economic Zone, and Guangdong-Hong Kong-Macao Greater Bay Area, the Group has room for relatively stable development of the user market. The Group is concerned about the rollout of “assurance of housing project delivery” policy, taking the opportunity of the Nation’s “Urban Village Renovation in Super and Super-Large City” policy, accelerate the development of residential users; categorize potential industrials, design pipeline network in advance to accelerate industrial customer development; enlarge commercial gas usage and promote quick quotation, together with the safe reform approach, promote commercial customers adopting “bottle to gas” by government and gas company.

The Group had 25,000 new industrial and commercial users and 1.031 million new residential users connected during the Period, including the connection to 0.882 million new houses users, 0.134 million old houses users, and 15,000 other users. The average gas penetration rate of city gas projects operated by the Group in China increased from 58.4% at the same period of 2023 to 59.6%.

NEW PROJECT EXPANSION

The Group continues to focus on the core business development of city gas by leveraging on its reputable corporate brand image. In the first half of 2024, 2 projects were signed and 3 projects were registered at subordinate level, which further strengthened the leading position of our city gas core business.

As of the first half of 2024, 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 the first half of 2024, the Group promoted a new customer service model and further implemented network management, which has covered 32.61 million users at present. The Group has endeavoured to develop ‘Gas Butler (燃氣管家)’, which evolves from carrying out business operations for customers at sales office to having a Gas Butler providing on-site service, 19.86 million WeChat Business users; Each Gas Butler has become a ‘mobile shop (流動商店)’ operating integrated services, creating the ‘one million shops in one hundred cities (百城萬店)’ model characterised by the consolidated services of CR Gas. The Group has comprehensively built a smarter customer service system, empowering Gas Butler to better serve its users through its core intelligent carriers, such as Enterprise WeChat and other management tools, the 95777 Intensive Call Centre (95777 集約呼叫中心) and public account content management platform, and introducing AI engines to provide smarter and warmer intelligent customer services. Establish CR Gas best selection online store and service center revitalization to enrich the marketing methods of comprehensive service products with high quality products and services, create a comprehensive service ecosystem to expand our brand coverage and offer our customers high quality comprehensive service products.

During the Period, the market share of the kitchen appliances and heaters and insurance agency businesses continued to increase, and the customer unit price of the consolidated service stock continued to improve. The consolidated service turnover increased by 20% from HK\$1.47 billion for the same period of 2023 to HK\$1.77 billion in first half of 2024, and the segment profit increased by 22.1% from HK\$0.62 billion for the same period of 2023 to HK\$0.76 billion in first half of 2024. Excluding the effect of exchange rate fluctuations, the consolidated service turnover and segment profit increased by 23.5% and 25.7%, 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 the first half of 2024, the Group made full use of the pipeline advantage and user resource advantage of the city gas business, selected the best distributed photovoltaic, distributed energy and charging business, and continued to enhance its comprehensive energy solution capability to build a comprehensive energy business with the characteristics of CR Gas. With the use of smart energy management platform, taking green power photovoltaic and energy saving control as the starting point to reform customer’s energy usage structures, achieve intelligent management and exploit the value of energy data. During the Period, 27 new distributed photovoltaic projects were signed and 18 were newly put into operation, resulting in a total of 208 distributed photovoltaic projects developed, and 28 new distributed energy projects were signed and 31 were newly put into operation, resulting in a total of 211 distributed energy projects developed, with energy sales volume of 1.49 billion kWh, representing an increase of 54.6%.

The Group accelerated the development of transport charging business, taking advantage of the location advantages of city gas projects to deploy liquid-cooled supercharging stations and promote the integrated application of supercharging and solar energy storage and charging. The Group cooperated with its profit center in Hong Kong to invest vehicle charging market in Hong Kong by giving full play to both parties’ advantages in technology and resources, resulting in a total of 263 charging stations put into operation, representing an increase of 86, and a total of 9,386 bonding bus vehicles, with electricity sales in the first half of the year 180 million kWh, representing an increase of 20%.

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 roles and functions 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 and integrity management, and complied with laws and regulations, international practice, and business ethics. It has also insisted that the relationships 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 to 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 2024, the Group's comprehensive energy consumption per RMB10,000 operating revenue decreased by 7.8%, and comprehensive energy consumption per RMB10,000 value added decreased by 10.9%. We also continue to engage consulting firms to provide professional advice on the Group's ESG management system, policies, data disclosure, performance, and practice, and strive to further improve the Group's ESG performance. The Group believes that these measures in place will promote the Group's sustainable development and contribute to the construction of a better ecological environment.

In the first half of 2024, the Group organized members of the Board and management to conduct anti-corruption and environmental protection training by carrying out an in-depth study to strengthen the culture of integrity and awareness of environmental protection. During the Period, MSCI maintained the Company's ESG rating at 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 revenue of HK\$52.08 billion in the first half of 2024, representing a year-on-year increase of 7.7%. Overall gross profit margin of the Group was 18.6%, representing an increase of 0.4ppt compared with the same period last year. The proportion of revenue from gas connection business decreased from 8.8% in the corresponding period in 2023 to 5.8% in first half of 2024. The Group believes that revenue structure will continue to be optimized in the future, and the Group is optimistic of 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 the first half of 2024, the Group's operating cash flow achieved HK\$4.25 billion, maintain high-quality management. The Group has sufficient funds and available banking facilities to meet capital expenditures and operating requirements in the future. Given the Group sustained stable performance, Moody's, Standard & Poor's and Fitch maintained the credit rating of the Group at A2, A – and A – in the Period. 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 the first half of 2024, with China's economy showing signs of a mild recovery, China was striving to forge a new horizon in the synchronization development of diversified energy. Specifically, natural gas, played a key role in helping to build a multi-energy complementary energy system. Meanwhile, China was active in participating in and optimizing the global energy governance system on the international stage and played an active leading role in stabilizing the global natural gas market, boosting consumer confidence, promoting international trade and attracting foreign investment. The long-term positive trend of China's economy remains unchanged, with promising future development prospects, whereby the natural gas industry maintains a strong momentum of development.

As we entered into the second half of 2024, the long-term positive trend of China's economy and the steady development of natural gas industry have provided a favorable external environment for the Group. While solidifying its principal businesses, the Group will optimize its price management strategy in a proactive respond to the promotion of the development of clean energy advocated by the PRC government. We plan to continue to expand and deepen the scale of the dual-comprehensive businesses development and continue to promote regional integration to ensure steady improvement in performance. These initiatives, through which a solid foundation for the Group's sustainable development have been laid, ensured the dual growth of the Group's performance and the interests of shareholders.

Events After the Reporting Period

The Group had no significant subsequent events since the end of the Period and up to the date of this announcement.

Significant Investments, Acquisitions and Disposals, Investments in Joint Venture(s) and Associate(s)

As at 30 June 2024, the Group did not have any significant investments. Save as disclosed in this announcement, the Group did not have any significant acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of 25 HK cents per share for the six months ended 30 June 2024 (six months ended 30 June 2023: 15 HK cents per share), payable on 4 November 2024 to shareholders whose names appear on the register of members of the Company on 17 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 September 2024 to Tuesday, 17 September 2024, 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, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 13 September 2024.

SHAREHOLDERS' OPTION TO ELECT

The 2024 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 2024 Interim Dividend in RMB at the exchange rate of HKD1.0: RMB0.91310, being the average benchmark rate of HKD to RMB as published by the People's Bank of China for the five business days immediately preceding 30 August 2024 (inclusive of the date of this announcement). If shareholders elect to receive the 2024 Interim Dividend in RMB, such dividend will be paid to shareholders at RMB0.2282745 per share. To make such election, shareholders should complete the dividend currency election form (the "Dividend Currency Election Form") which is expected to be dispatched to shareholders on 25 September 2024 as soon as practicable after the record date of 17 September 2024 to determine shareholders' entitlement to the 2024 Interim Dividend, and return it to the Company's branch share registrar and transfer office, in Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 14 October 2024.

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 4 November 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 during the six-month period ended 30 June 2024. The Company does not have any treasury shares (as defined under the Listing Rules) as at 30 June 2024.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the “Code”) set out in Appendix C1 to the Listing Rules as its own code of corporate governance. In line with the Code, the Company has adopted a Corporate Governance Handbook (the “Handbook”) on 23 December 2005 and subsequently updated it from time to time. 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 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 30 June 2024, the Company was in compliance with all applicable code 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 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 applicable code provisions set out in the Code during the six months ended 30 June 2024.

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 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 standard set out in the Model Code throughout the Period.

Publication of Interim Report

The 2024 Interim Report will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.crcgas.com) in due course.

By order of the Board
CHINA RESOURCES GAS GROUP LIMITED
YANG Ping
Chairman

Hong Kong, 30 August 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 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.