



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

## **CR GAS'S PROFIT AFTER TAX UPSURGES FOLLOWING ITS SUCCESSFUL TRANSFORMATION TO CITY GAS DISTRIBUTION BUSINESS AND ACQUIRES 9 NEW CITY GAS PROJECTS IN 2009**

### **Results Highlights:**

- **Turnover of gas distribution business for 2008 increased by 40% to HK\$2,145 million**
- **Net profit after tax for gas distribution business increased by 81% to HK\$302 million**
- **Profit attributable to equity holders for the gas distribution business increase by 91% to HK\$260 million**

China Resources Gas Group Limited ("CR Gas" or the "Group", stock code: 1193) reported outstanding performance from its new core city gas distribution business, which was the major contributor to the Group's net profit after tax of HK\$273 million and profit attributable to equity holders of HK\$237 million for the year ended 31 December 2008. Basic earnings per share for the continuing gas operations, using weighted average number of shares after adjusting retrospectively for the capital reduction and share consolidation, amounted to HK\$0.55 per share (2007: HK\$0.49 per share).

CR Gas's Board of Directors resolved to recommend the payment of a final dividend of 4 HK cents per share for the year ended 31 December 2008 (2007: nil).

The core city gas distribution business contributed to the Group a profit after tax of HK\$302 million for the financial year of 2008, after the Group acquired the entire issued share capital of China Resources Gas Limited from China Resources (Holdings) Company ("CRH"), the holding company of the Group.

On the other hand, the discontinued semiconductor and ready mixed concrete operations, which the Group disposed in March and December 2008 respectively, together reported a loss after tax of HK\$29 million for the year under review.

Turnover of the continuing city gas distribution business of the Group for 2008 amounted to HK\$2,145 million, representing a 40 per cent increase from that of the previous year.

"The sterling results were mainly attributable to our newly acquired city gas distribution business, which provided the Group with immediate profit and cash flow contributions. This reaffirms the Group's belief that this business will provide a solid platform for the Group to tap into the burgeoning city gas distribution business in the PRC, thereby enhancing the long term return of the shareholders," said Mr Wang Chuandong, Managing Director of CR Gas.

Revenue from the Group's city gas distribution business is mainly derived from gas sales and connection fee, accounting for 78 per cent and 22 per cent respectively. In terms of gross profit margin, connection fee generates a relatively higher margin of 46 per cent in 2008, while gas sales had a gross margin of 24 per cent resulting in an overall gross margin of 29 per cent. A high

proportion of 77 per cent of gas sales come from commercial and industrial customers, which provide higher margins than residential customers.

Between 2005 and 2008, gas sales volume of the Group's city gas distribution business had been achieving significant growth, with a compound annual growth rate of 168.3 per cent to 1,371 million cubic metre in 2008. Geographically, Chengdu accounted for the largest gas sales volume, followed by Wuxi and Suzhou.

"The continued economic growth and the rapid industrialisation and urbanisation of China has spiked the demand for energy in the PRC. The PRC government has been very supportive of the development of the natural gas industry and has promulgated various policies and guidelines to encourage and rationalise the usage of natural gas. The "West to East Gas Transmission" pipelines were constructed to bring natural gas from the Xinjiang Autonomous Region to the coastal regions of the PRC. Construction of the second phase of the "West to East Gas Transmission" pipelines and the "Sichuan to East" pipelines from the gas-rich Central Asia and Sichuan province to coastal regions of the PRC as well as construction of LNG terminals in coastal cities are actively in progress. All these offer significant opportunity for future growth in the natural gas industry in China," Mr Wang remarked.

To capture the enormous business opportunities, since January 2009 the Group has acquired 7 city gas distribution projects in addition to controlling interests in Wuhan and Kunming city gas distribution projects, as part of its ongoing expansion plan.

"The ongoing organic expansion of our existing city gas distribution business and the external acquisition of new city gas businesses will continue to deliver stable cash flow as well as excellent growth opportunity for the enhancement of the Company's shareholders' value in the foreseeable future," Mr Wang added.

### **About CR Gas**

CR Gas is principally engaged in city gas distribution business including piped natural or petroleum gas, CNG (compressed natural gas) filling stations and bottled LPG (liquefied petroleum gas) distribution. Its piped natural gas operations are strategically located in areas of China with rich reserves of natural gas and areas which are economically more developed and densely populated. CR Gas aspires to become a respected market leader in city gas distribution business in China.

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**China Resources Gas Group Limited**  
(Stock code: 1193)  
**Audited Consolidated Income Statement**  
**for the Year Ended 31 December 2008**

	For the Year ended 31 December	
	2008 HK\$'000	2007 HK\$'000 (Restated)
Turnover		
Continuing Operations	2,144,567	1,537,244
Discontinued operations	841,531	4,630,969
	<b>2,986,098</b>	<b>6,168,213</b>
Cost of sales	<b>(2,111,671)</b>	<b>(4,586,276)</b>
Gross profit	874,427	1,581,937
Other income	76,984	154,209
Selling and distribution expenses	<b>(190,041)</b>	<b>(303,063)</b>
Administrative expenses	<b>(341,072)</b>	<b>(578,836)</b>
Other expenses	<b>(74,890)</b>	<b>(233,239)</b>
	<b>345,408</b>	<b>621,008</b>
Financial costs	<b>(27,565)</b>	<b>(113,368)</b>
Share of results of associates	3,387	2,439
Gain on disposal of discontinued operations	–	61,864
Loss on closure of a production plant	–	<b>(69,868)</b>
Profit before taxation		
Continuing operations	335,972	132,215
Discontinued operations	<b>(14,742)</b>	369,860
	<b>321,230</b>	<b>502,075</b>
Taxation		
Continuing operations	<b>(33,668)</b>	34,728
Discontinued operations	<b>(14,893)</b>	<b>(59,945)</b>
	<b>(48,561)</b>	<b>(25,217)</b>
Profit for the year		
Continuing operations	302,304	166,943
Discontinued operations	<b>(29,635)</b>	309,915
	<b>272,669</b>	<b>476,858</b>
Attributable to		
Equity holders of the Company		
Continuing operations	260,338	136,118
Discontinued operations	<b>(23,561)</b>	263,408
	<b>236,777</b>	399,526
Minority interests	35,892	77,332
	<b>272,669</b>	<b>476,858</b>

Dividends per share <sup>(1)</sup>	HK cents	HK cents
Interim dividends paid	nil	1.0
Final dividends proposed	4.0	nil
Earnings per share <sup>(2)</sup>	HK\$	HK\$ (Restated)
From continuing operations		
Basic	0.55	0.49
Diluted	0.54	0.48
From continuing and discontinued operations		
Basic	0.50	1.44
Diluted	0.50	1.41

Note: (1) Excludes dividends paid due to restructuring exercises

(2) For the year ended 31 December 2008 and 2007, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted retrospectively for the capital reduction and share consolidation. No retrospective adjustment has been made for rights issue since the rights issue price is higher than the market price on the date of rights issue.