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

(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with limited liability)

股份代號 stock code : 1193

2014 Annual Results Presentation

Agenda

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

1. 2014 Results Highlights
2. Operational Highlights
3. Major Development in 2014
4. 2008-2014 CR Gas Performance
5. 2015 and Future Outlook
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China Resources Gas Group Limited

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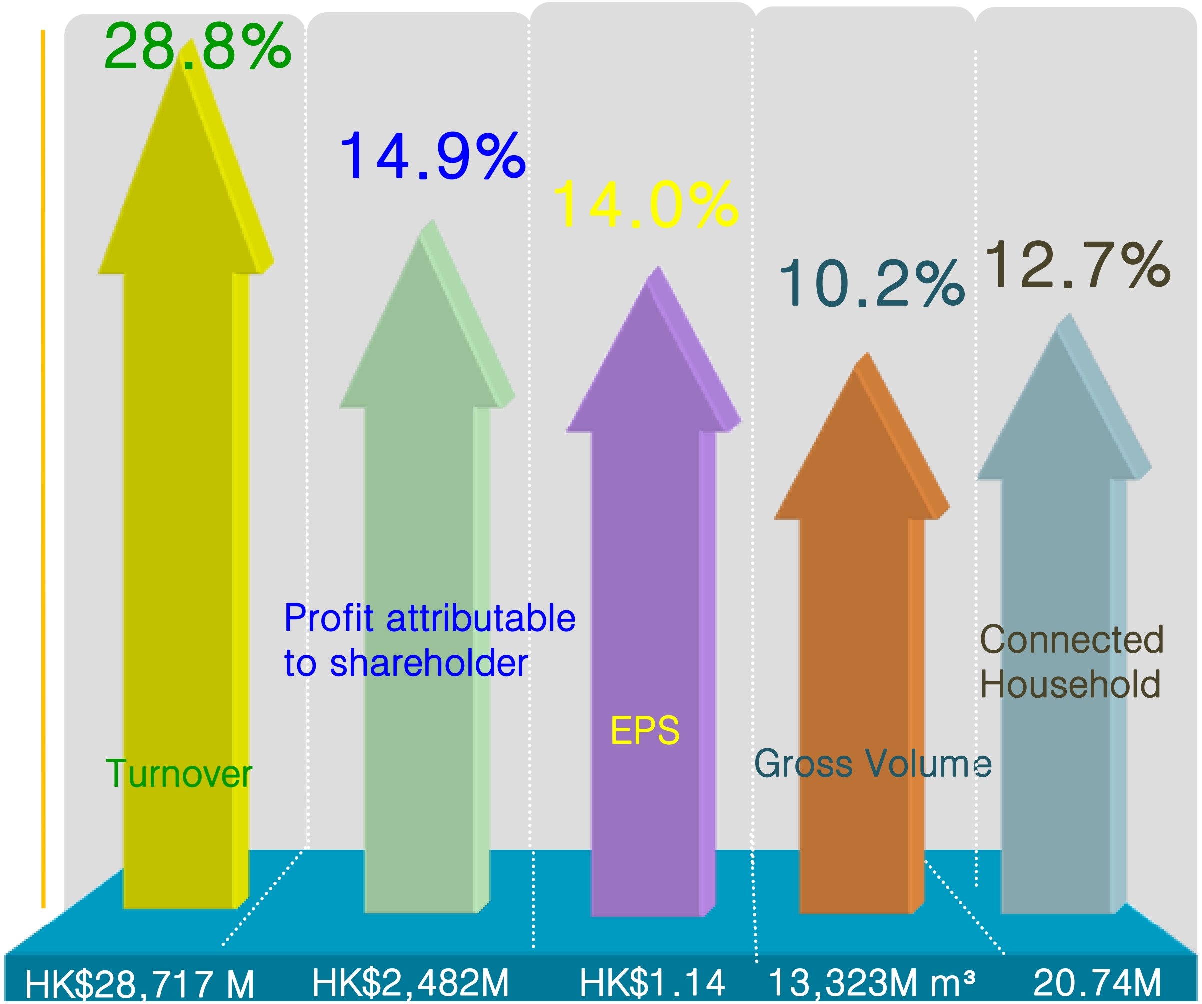
1 **2014 Results Highlights**

2014 Results Highlights

- Turnover reached HK$ 28,717 million, an increase of HK$ 6,429 million or 28.8% over that of the 2013 HK$ 22,288 million, driven mainly by organic growth.
- Gross Profit margin of 30.4%, a decrease of 3.8% [(1)] over that of 34.2% in 2013.
- Profit attributable to shareholders was HK$ 2,482 million, 14.9% higher than the HK$ 2,161 million for 2013, this was in turn driven by：
  - 10.2% increase in gas sales volume from 12,091 million m^3 to 13,323 million m^3
  - 12.7% increase in connected households from 18.41 million units to 20.74 million units
- Weighted average EPS: HK$ 1.14 per share with an increase of 14.0% (2013: HK$1.00)
- Final dividend proposed: 20 HK Cents (2013: 20 HK Cents)
- Interim dividend paid: 5 HK Cents (2013: 2 HK Cents)
- Total dividend for the year: 25 HK Cents, 14% increase over the 22 HK Cents in 2013.

Stable Growth & Profitability

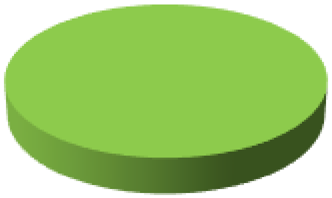


Note: (1) Overall gross margin reduction is mainly due to the decrease in connection fee gross margin from 62.2% to 59.8%; decrease in C&I sales margin and the increase in low margin residential customer gas volume. The decrease of 3.6% in gross profit margin of gas sales was contributed by C&I customers (-5.2%), residential customers(-3.7%) and gas stations (-1.1%).

2014 Results Highlights

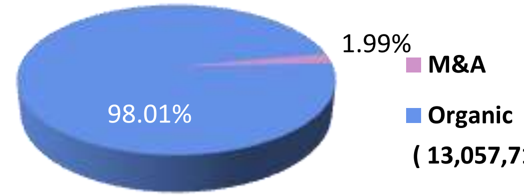
Stable Volume Growth

Gross Sales Volume



2013
12,090,522,000 m^3

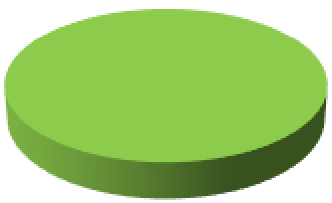
Overall Growth: 10.2%[1]
Organic Growth: 8.0%
External Growth: 2.2%



(13,057,717,000 m^3)

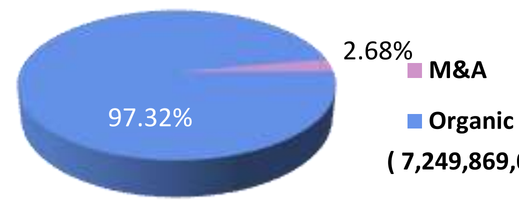
2014
13,322,946,000 m^3 [3]

Attributable Sales Volume



2013
6,542,150,000 m^3 [3]

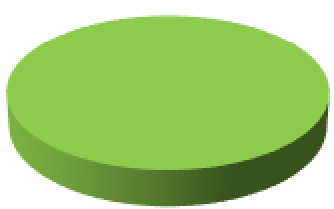
Overall Growth: 13.9%[2]
Organic Growth: 10.8%
External Growth: 3.1%



(7,249,869,000 m^3)

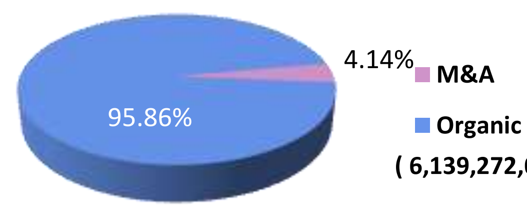
2014
7,449,469,000m^3 [3]

Consolidated Sales Volume



2013
5,404,232,000 m^3

Overall Growth: 18.5%
Organic Growth: 13.6%
External Growth: 4.9%



(6,139,272,000 m^3)

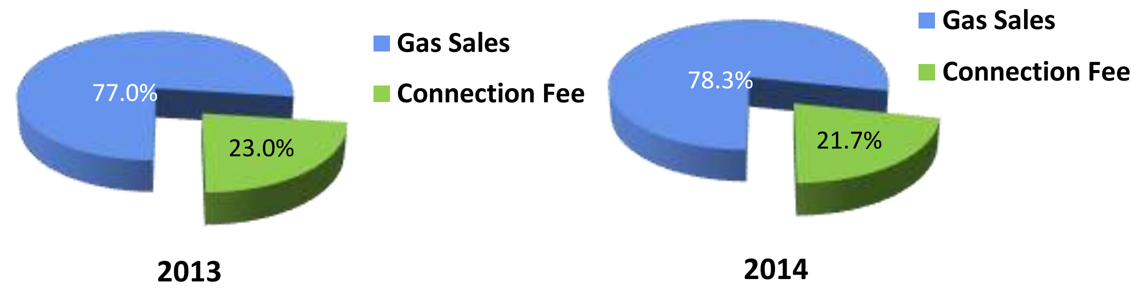
2014
6,404,501,000 m^3

Notes: (1) 15.6% if excluding Chongqing
(2) 16.7% if excluding Chongqing
(3) Our associated company in Chongqing ceased supplying a low margin local chemical company with annual gas consumption of about 400 million m^3.

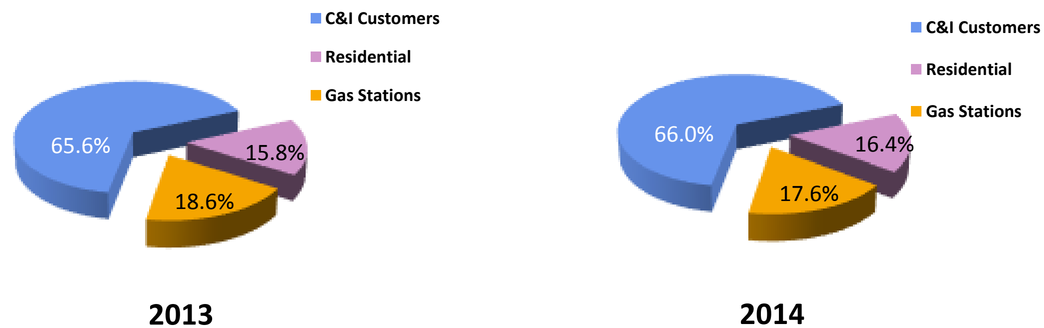
2014 Results Highlights

Sustainable Revenue and Superior Customer Mix

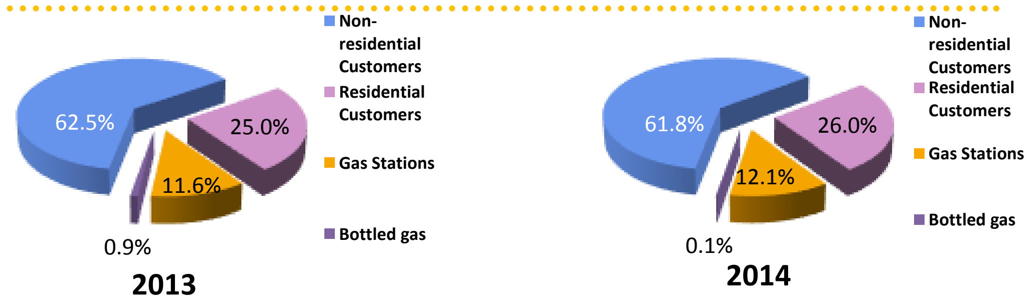
Revenue Breakdown - High proportion of revenue derived from recurring gas sales ensures protection against the risk of reduction in one-off connection fees.



Gas Sales Revenue by Customer - Reasonable proportions of gas sales derived from commercial/industrial customers, CNG stations and residential customers provides stable margin.



Gas Sales Volume by Customer - Reasonable proportions of gas sales derived from commercial/industrial customers, CNG stations and residential customers provides stable margin.



2014 Results Highlights

In 2014, Chongqing Project registered a negative growth rate of 12.15% due to cessation of supply to a big state-owned fertilizer plant which consumes 400 million m3 of gas annually as feedstock. This incident however did not impact the bottom line of Chongqing Project materially as the gas was traditionally supplied at an extremely low margin due to the subsidized nature of the fertilizer industry.

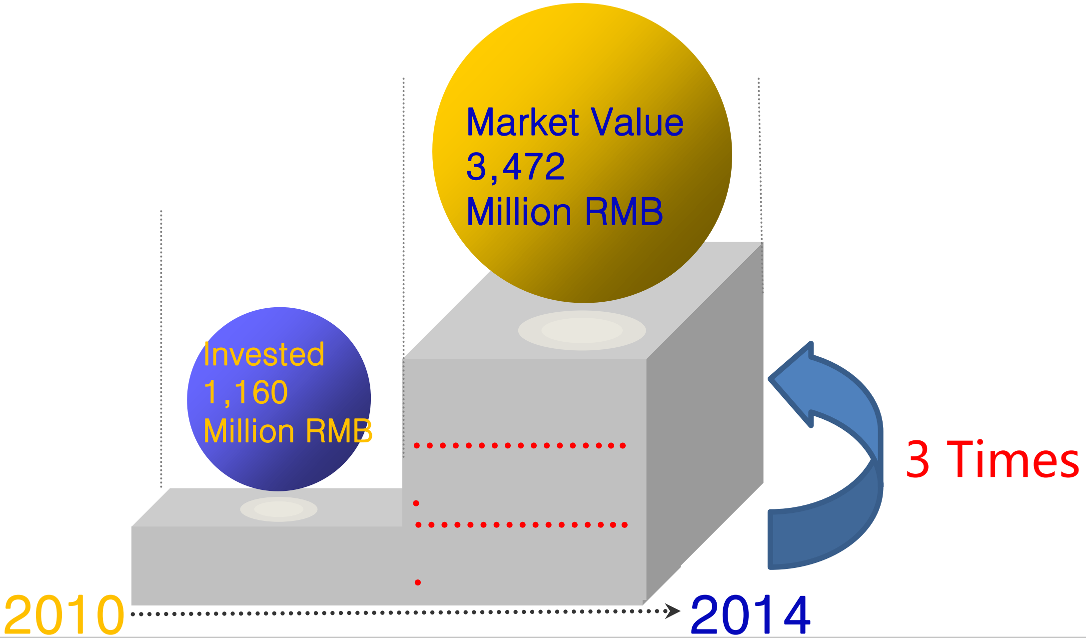
In fact, most of this volume has started to be made up by new transmission volume to Sinopec ‘s industrial customer with RMB 0.1 per m^3 of transmission fee. Chongqing will have a better profit contribution in 2015 since most of its loss of volume will be fully recovered and its operational efficiency is also continuously enhanced after being listed in September 2014.

Our Original Investment for 25% ownership of Chongqing project in 2010 was RMB 1,160 million. Chongqing Gas was listed on Shanghai A share market on September 30th, 2014. By the end of December 31st 2014, market capitalization of Chongqing surged to RMB 15,436 million and our 22.49% share after dilution amounted to RMB 3,472 million, which is about 3 times of our initial investment.

Chongqing Project Update

重庆燃气 CHONGQING GAS

	2013	2014	YoY
Distribution Volume (Million m^3)	2,363	2,076	-12.15%
Profit Contribution to CR Gas(Million HK$)	95	83	-12.63%



2014 Results Highlights

Tianjin Project Update

Tianjin Project (49% interest jointly-controlled enterprise) recorded a loss of HK$ 91.8 million during the first half of 2014, the Group's share was HK$ 45.0 million. The losses were mainly due to margin erosion resulting from inability to fully pass through the city-gate price increase of July 2013 and the procurement of higher cost LNG to supplement gas supply during the previous winter period.

During the second half of 2014, Tianjin Project has not only fully passed through the new September 2014 city-gate price increase but also managed to increase more to wipe off the dollar margin erosion suffered in July 2013 price hike. The recent winter procurement cost of LNG have been managed to lower level due to lesser volume requirement and lower price than previous winter. Thus for the second half of 2014, Tianjin Project registered a profit of HK$ 2.9 million, an improvement compared to a loss of HK$ 91.8 million for the first half of 2014. Tianjin project turned around during 2H 2014 and consequently the loss for 2014 is limited to HK$ 43.6 million.

	2013	1H2014	2H2014	2014	YoY
Volume(Million m3)	1,590	902	829	1,731	8.9%
Profit of the project (Million HK$)	-71.0	-91.8	2.9	-88.9	(25.2%)
Profit Contribution to CR Gas(Million HK$)	-34.8	-45.0	1.4	-43.6	(25.3%)

Improvement in 2H2014

Outlook of Tianjin Project in 2015

1. The Mayor of Tianjin recently announced that all the coal-fired boilers in the city center of Tianjin will be converted into gas-fired boilers by the end of 2015. This green policy may bring Tianjin joint venture extra gas sales volume of some 200 million m^3 in 2015.

2. On 16 March 2015, the Board of Tianjin JV has, in accordance with the JV agreement, approved the appointment of CR Gas's nominee, the current GM of Zhengzhou CR Gas / Vice-President of CR Gas Group, as the new General Manager of the JV.

2014 Results Highlights

Future Potential of Tianjin Project

Highlights:

1. The GDP of Tianjin is 13% higher than Chongqing's.

2. 4 built or planned gas-fired power plants in Tianjin might potentially contribute 3.88 BCM gas consumption in the coming years.

3. Tianjin project has a higher percentage of non-residential customers with higher profit margin than Chongqing project.

4. Tianjin, which has a lot more future growth potential as noted above, if valued conservatively similar to Chongqing's valuation, should be at least worth around RMB 15 billion. 49% thereof is RMB 7.4 billion, about 3 times of the original CR Gas's investment cost of RMB 2.45 billion in Tianjin.

Comparison of Development Potential between Tianjin Project and Chongqing Gas

2014 Economic and Operational Data	Tianjin Project	Chongqing Gas
Size of the City	Direct Municipality City	Direct Municipality City
GDP of 2013 (Billion RMB)	1,444.2 ★	1,278.3
GDP Growth (2012-2013)	12%	12%
Total Gas Sales Volume (BCM)	1.73	2.08
Residential Volume (BCM)	0.18	0.81
Non-Residential Volume (BCM)	1.55 ★	1.27
Total Connected Household (Units)	2,222,563	3,679,977
Length of Pipeline(km)	10,393	14,000
Number of Gas-fired Power Plants(Built or Planned)	4 ★	0
Potential Volume Contribution from Gas-fired Power Plants (BCM)	3.88 ★	0.00

2 Operational Highlights

Operational Highlights

Operational Performance in 2014

Note: (1) 2,329,225 (2013:1,695,911) gross new households with paid connection fee during 2014, out of which 1,340,068 (2013:1,062,944) are accounted in consolidated financial statements.

Operational Performance	As at 31 Dec 2014	As at 31 Dec 2013	Change/%
Number of projects	205	176	29
Gross Gas Sale Volume (million m^3)	13,323	12,091	10.2%
Residential	3,467	3,023	14.7%
Commercial & Industrial	8,235	7,567	8.8%
Gas station	1,617	1,397	15.8%
Bottled gas	4	104	(96.2%)
Connected Customers and Gas stations			
Residential	20,738,125[1]	18,408,900	2,329,225[1]
Commercial & Industrial	142,172	128,002	14,170
Gas station(CNG/LNG/L-CNG)	279(194/55/30)	192(156/27/9)	87(38/28/21)
Average Gas Tariff / Cost / Gross Margin (RMB per m^3)	2.91/2.24/0.67	2.75/2.04/0.71	0.16/0.20/(0.04)
Residential	2.16/1.99/0.17	2.17/1.92/0.25	(0.01)/0.07/(0.08)
Commercial & Industrial	2.99/2.27/0.72	2.74/1.97/0.77	0.25/0.30/(0.05)
Gas station	3.62/2.55/1.07	3.55/2.46/1.09	0.07/0.09/(0.02)
Average Gas Gross Profit Margin	22.2%	25.8%	(3.6%)pt
Residential	7.8%	11.5%	(3.7%)pt
Commercial & Industrial	23.0%	28.2%	(5.2%)pt
Gas station (CNG/LNG/L-CNG)	29.5% (30.1%/19.6%/21.8%)	30.6% (31.7%/21.5%/26.3%)	(1.1)%pt
Average Residential Connection Fee (RMB) [1]	3,160	3,250	(90)
Installed designed capacity for C&I customers (m3 per day) / Utilization rate(%)	47,431,293 47.6%	40,308,000 52.1%	7,123,293 (4.5%)pt
Penetration Rate of Residential Household	41.5%	42.8%	(1.3%)pt
Total Length of Pipeline (km)	98,512	85,140	13,372

Agenda

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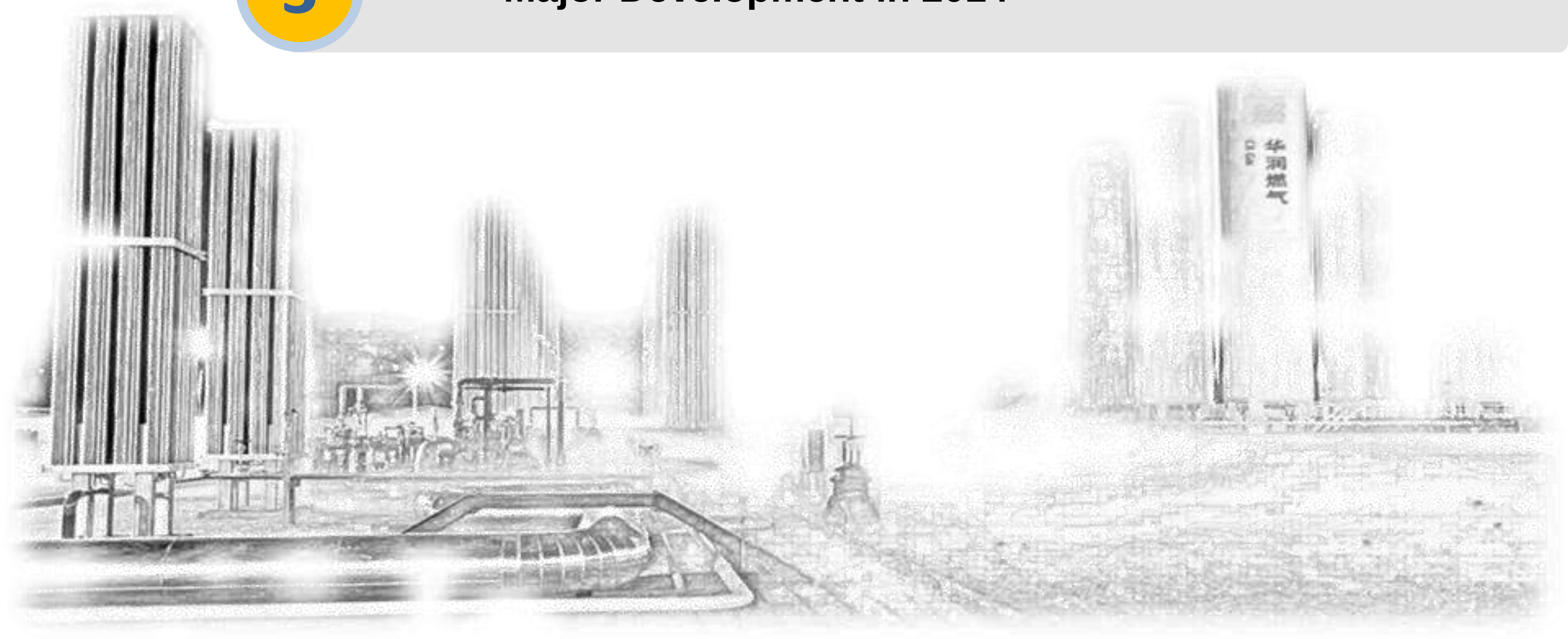
China Resources Gas Group Limited

3 **Major Development in 2014**



Major Development in 2014

New registered projects in 2014 **29**

Total No. of registered projects up to Dec. 2014 **205**

CR Gas has paid or committed to pay a total investment of **RMB 1,554.2 million** in **29** city gas distribution and related projects in the PRC, most of which are either wholly-owned or majority-owned by the Group. The investment represents a **142%** increase over the investment of RMB 642.8 million on 27 projects in 2013.

Further new projects approved by the Board **24**

Total no. of projects after all the above projects are registered **229**

2014 New Investment

New registered Projects

Province	Projects(% of equity ownership by CR Gas)			
Anhui	Suzhou(100%)	Huoshan(40%	Shitai(60%)	Dongzhi(60%)
Guangdong	Xuwen(70%)	Yunan(100%)	Xingning(80%)	Fogang(57%)
Guangxi	Liudong(39%)	Hezhou(100%)		
Guizhou	Qingzhen(75%)			
Hebei	Zaoqiang(80%)			
Heilongjiang	Shangzhi(100%)			
Henan	Xiayi(100%)	Nanzhao(100%)	Dengzhou(100%)	
Hunan	Lianyuan(70%)			
Jiangxi	Yongfeng(70%)			
Shandong	Zaozhuang VG(45%)			
Shanxi	Xian Lintong(49%)			
Shanxi	Loufan(51%)			
Sichuan	Pengzhou(96%)	Quqian(60%)	Dazhou(60%)	Kaijiang(60%)
Zhejiang	Hangzhou VG(60%)	Taizhou East(80%)	Changxing(70%)	Panan(100%)

Approved by the board and pending for business registration or completion

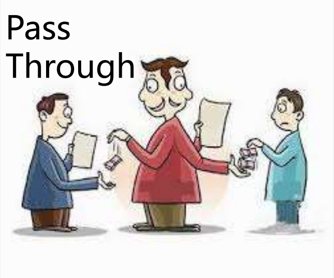
The Board has approved another 24 proposed city gas distribution and related projects with proposed investments of RMB 674.9 million. These are located in Fujian (1), Guangdong(2), Guangxi(1), Hebei(2), Heilongjiang(4), Henan (1), Hunan(1), Inner-Mongolia(1), Jiangsu (2), Jiangxi(1), Jilin(2), Qinghai(2), Shanxi (1), Shandong(1), Yunnan(1) and Zhejiang(1). The above 53 Investments cover 45 city gas projects, 7 gas stations and 1 midstream gas transmission pipelines projects in 22 provinces in the PRC and expected to deliver gross gas sales volume of 1billion m^3 by 2020.

Major Development in 2014

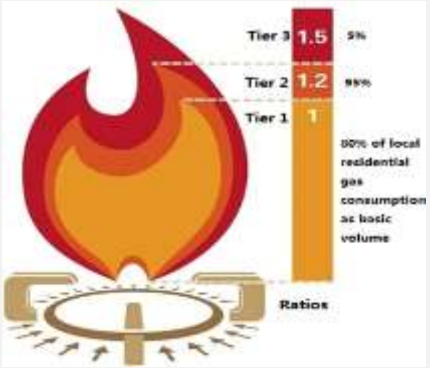
2014 Gas Price Hike

A RMB 0.4/cm hike in city-gate prices was announced by the NDRC on 12th August for the existing volume of non-residential users, effective on 1st September, 2014. The above price hike will stimulate the increase in gas supply in order to meet the growing gas demand growth in China. The NDRC stated that this tariff hike is also a means to eliminate inefficiency in industrial capacity, implying that the support for price pass-through will continue.

By the end of 2014, CR Gas's pass through rate in terms of affected gas sales volume was 98.1%, with slight dollar margin reduction of RMB 0.04/m^3.



In March 2014, the NDRC announced a three-tiered progressive gas tariff system for the residential sector will be implemented nationwide by 2015. By the end of December 2014, 21 projects have adopted step pricing system for residential customers. This step pricing mechanism, once fully implemented throughout CR Gas's projects by the end of 2015, could lead to a potential upside in residential dollar-margin.



Major Development in 2014

Russian Gas Supply

CR Gas's 32 projects in North-eastern and Northern China with current gas volume of 2.2 BCM will benefit from the proposed pipeline networks of Russian gas supply.

In May 2014, CNPC and Gazprom signed the long awaited Sino-Russian gas deal bringing future gas supply from Siberia to North-eastern and Northern China (Eastern Russia-China Pipeline). The 38bcm annual gas supply from Russia after 2018 is positive for downstream city gas industry, because China's natural gas market has been a supply-driven market where the growth rate is restrained by supply shortages. CR Gas will be one of the main beneficiaries from the new Russian gas supply, due to our significant exposure in the North-eastern and Northern China regions. We are currently operating 26 existing projects in North-eastern China. Additionally, CR Gas's 6 projects in Northern China (Hebei Province and Tianjin) will also benefit from the future Russian gas supply. We expect that CR Gas will have more than 50 projects in these regions by 2018.

The preliminary agreement to build the second Russia-China pipeline (Western Russia-China Pipeline) was announced by Putin and President Xi Jinping at an economic summit in Beijing on 9th Nov,2014. The pipeline would deliver as much as 30 billion cubic meters of gas a year for 30 years, adding to the 38 billion agreed in the first supply contract.

Major Development in 2014

Benchmarking

Continuing "1+2+3" management system to further enhance operational efficiency, improve core competence, so as to drive and sustain the organic growth of the Group.

- **1 Principle: Integrity and Compliance**
- **2 Approaches: Action Learning and Lean Management**
- **3 Themes: Borderless, Organization, 3C Leadership and Benchmarking**

Both "Benchmarking" and "Lean Management" campaigns remained as two very useful company-wide management measures for CR Gas to accomplish the fundamental transformation of its growth model from resources-driven growth to efficiency improvement and create a foundation from which the company can further its organic growth in the future.

During the year 2014, all member companies were required to not only sign "Benchmarking Responsibility Contracts" containing 82 benchmarking criteria with head office, but also to implement those targets as their daily working standards. This ongoing campaign has led to many satisfying results in various management areas last year. For example, our average gas leakage rate has decreased further to 2.73%, lower than the industry average of 5% and the period needed to install gas connection to commercial & industrial customers was further reduced from 54 days to 42 days.

Major Development in 2014

Enhance Safety Management

1. Regular Safety Inspection
2. Strict Safety Guidelines
3. Frequent CEO Inspection
4. Dedicated Safety Team

CR Gas has always been following a sustainable business model and performed a high standard Corporate Social Responsibility in 2014 by improving its compliance with local and national laws and regulations, minimizing the disturbance caused by the installation of gas mains and services on the surrounding environment and vegetation, providing reliable and safe supply of gas to more than 20 million customers, and maintaining permanent dialogue with society in order to understand and satisfy its needs.

To improve our safety standard, the Group implemented a range of company-wide safety and environment conscious campaigns involving 23,809 persons, closely monitored safety performance by conducting regular safety inspection of gas stations, branch pipelines, customer pipelines, gas meters and gas appliances, carried out safety related trainings and seminars in regional centers and hired more than 500 state certified safety technicians to manage and prevent any potential accidents in our natural gas related facilities which may cause damage to the environment. In 2014, we have made great achievements in many pipeline network KPI indices. For example, our pipeline leakage self-inspection rate has been enhanced 26% in 2014 and our Network Third Party Damage Index has been reduced 29% in the past two years.

Major Development in 2014

Awards Received in 2014

Platts Top 250

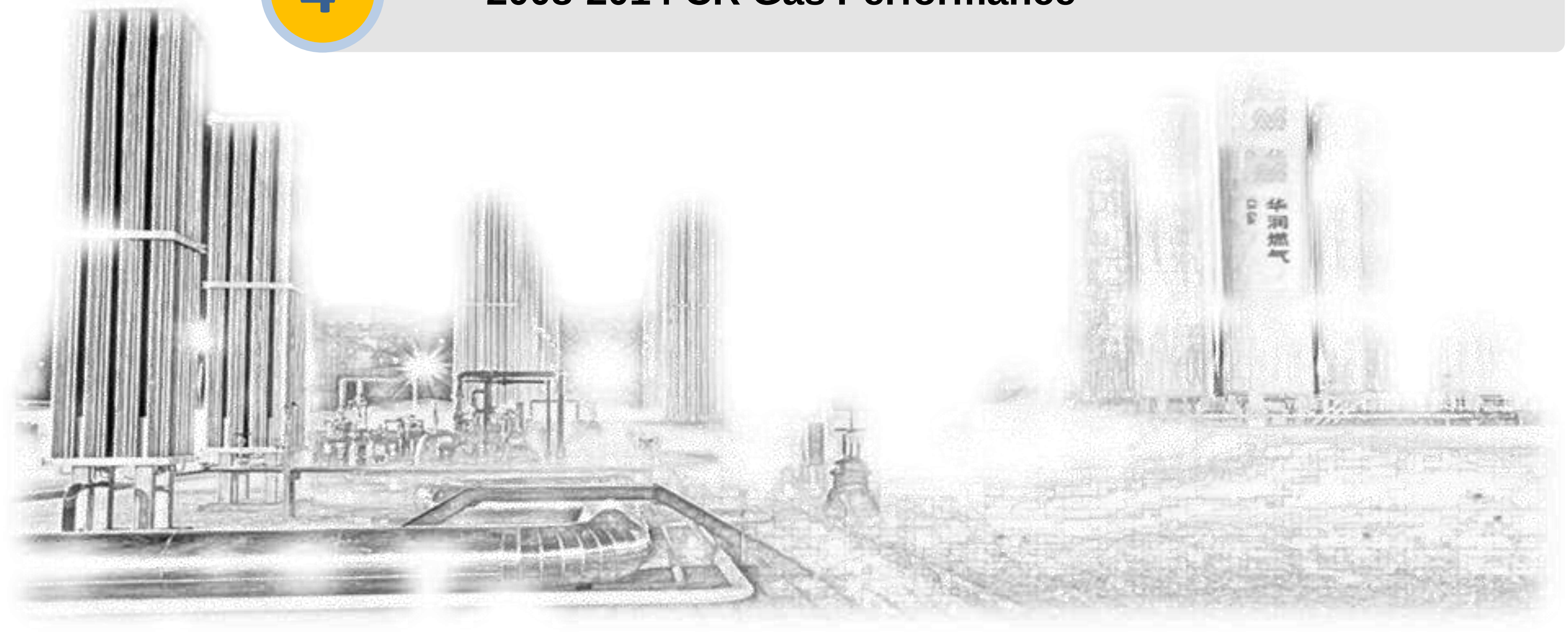
On 30th October 2014, CR Gas was named the Third Fastest Growing Energy Company in Asia for the Second Year in Platts Top 250 Global Energy Company Rankings® ("Platts Top 250") because of its strong growth and financial performance. Having been included in the list last year at position 232, CR Gas continued its climb and advanced significantly in the 2014 rankings to position 218.

Asia News-week

On 28th August 2014, CR Gas took great pride in winning the "Best Results Performance Company" as well as "Green New Energy Enterprise" awarded by Asia Newsweek(Yazhou Zhoukan), a well-known international business and finance magazine, in recognition of excellent past three year financial performance and continuous contribution to the environment protection though clean energy distribution.

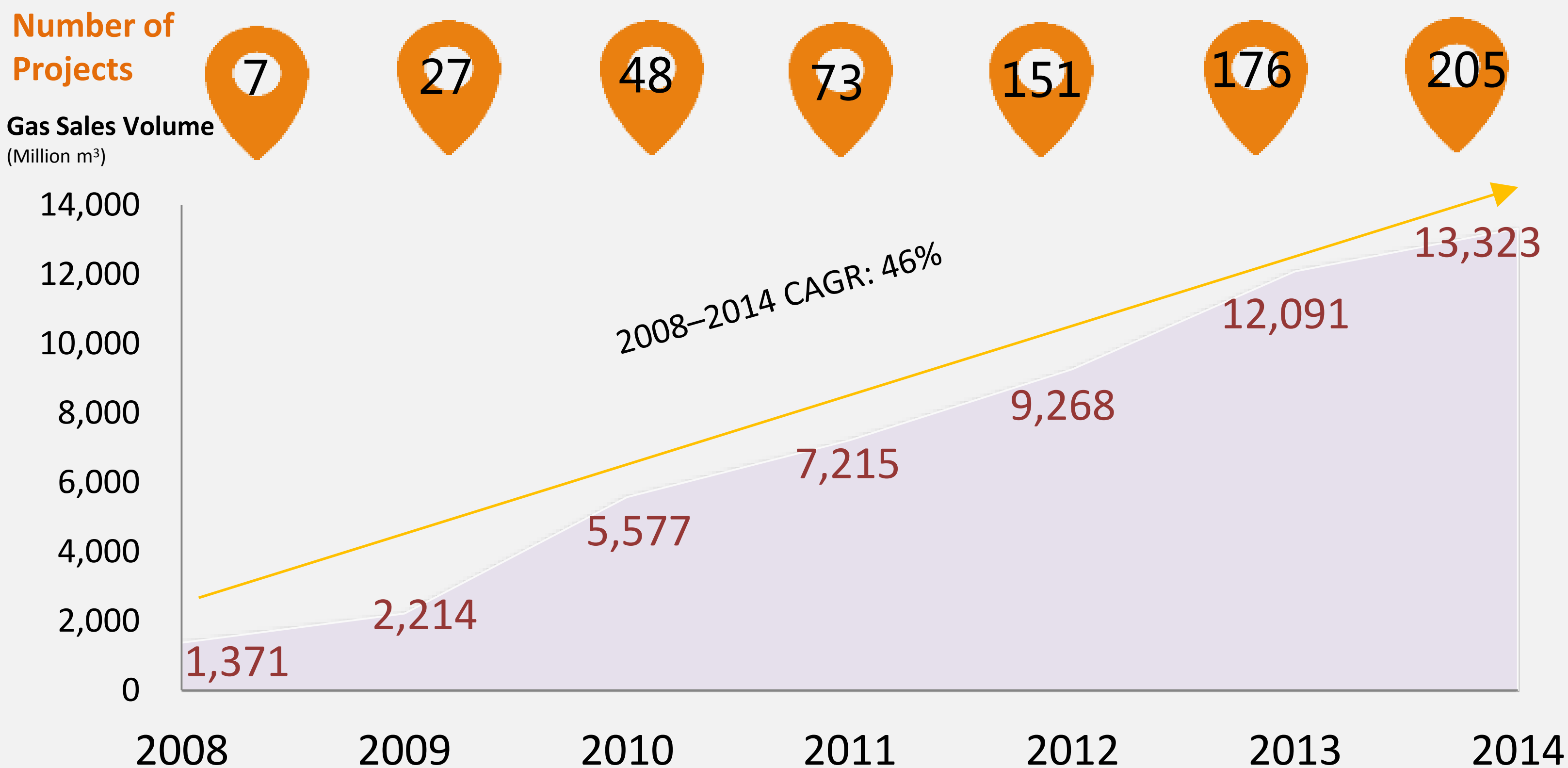
Agenda

4 2008-2014 CR Gas Performance



2008-2014 CR Gas Capital Market Performance

CR Gas's Rapid Growth Since Its Listing in 2008



	2008	2014
Market Cap (HK$MM)	3,946	44,814
Revenue (HK$MM)	2,986 [(1)]	28,717
Attributable Net Profit (HK$MM)	237 [(1)]	2,482

- Market Cap growth: **1,035.7%**
- Hang Seng Index same period growth : 64.1%

Note:(1)Before restatement

2008-2014 CR Gas Capital Market Performance

CR Gas Investment Grade Credit Ratings were Reaffirmed

International Credit Rating Agencies Moody's & Fitch reaffirmed CR Gas Investment Grade Credit Rating in 2014 with stable outlook.

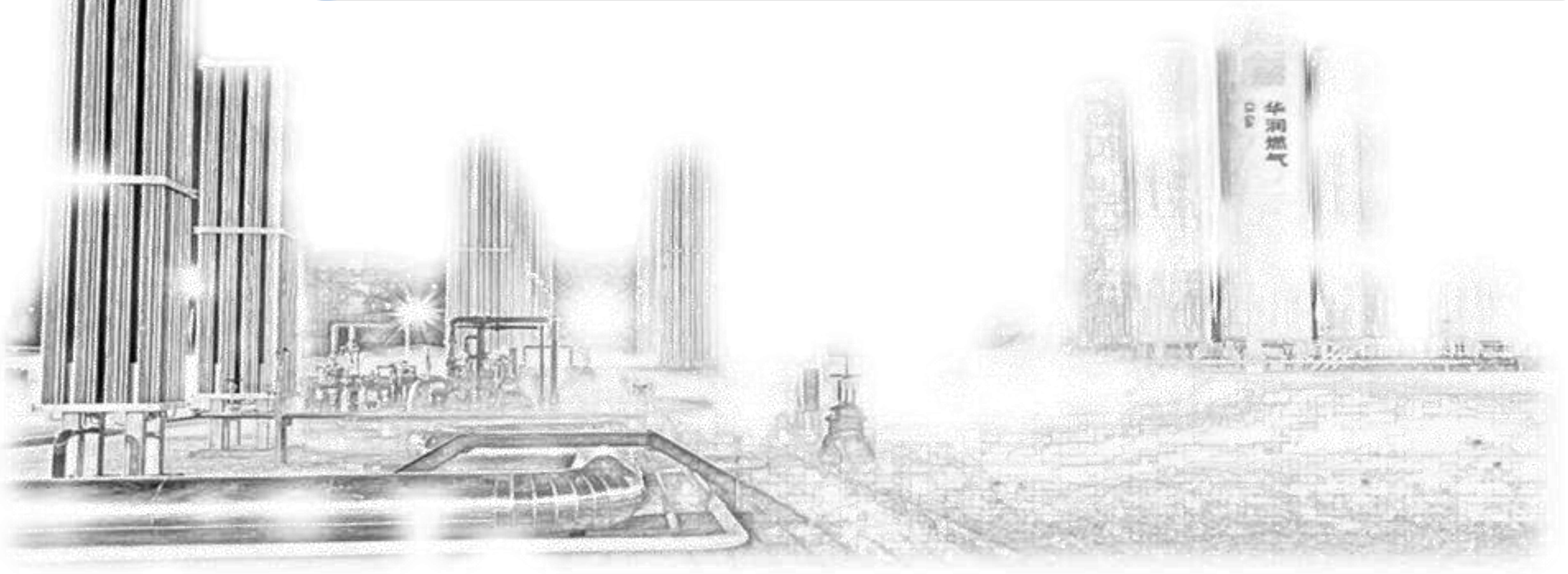
Moody's	Baa1
FitchRatings	BBB+

Credit Analysis

1) Leading position in China's city piped-gas distribution industry;
2) Strong operating support from its parent, CRH, a conglomerate owned by the State Council of China;
3) Well geographically diversified city-gas projects and end-user portfolio;
4) Exposure to China's evolving regulatory and operating environment;
5) Improved financial profile.

Agenda

5 2015 and Future Outlook



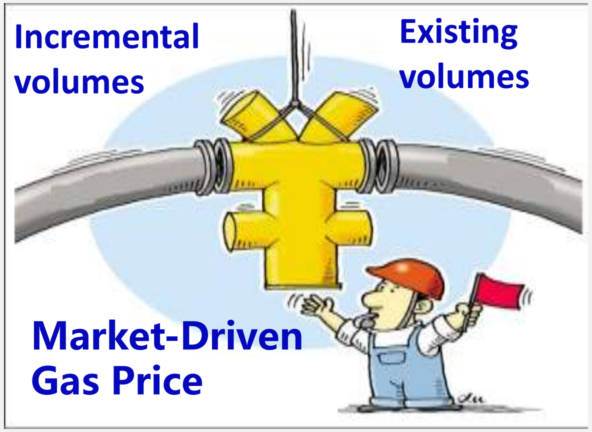
Major Development in 2015

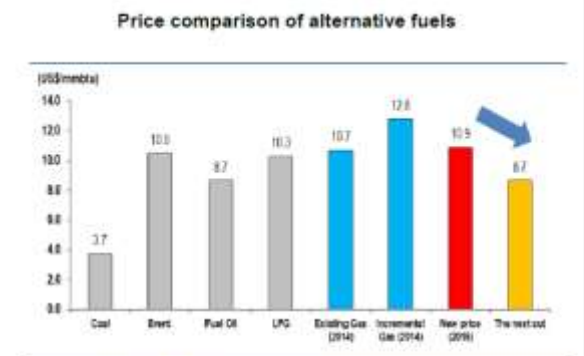
2015 Gas Price Reform

On 28th Feb 2015, the NDRC merged city gate prices of incremental and existing gas volumes by lowering the price ceiling of incremental volumes by Rmb0.44 per cm and raising the price ceiling for existing volumes by Rmb0.04 per cm with effect from April 1st 2015. The blended average non-residential gas price would fall .

The magnitude of the price reduction is not too substantial, however, the above downward adjustment of blended city gate gas prices should increase the pricing competitiveness of natural gas in the short term and, in turn, demand growth. The cut, being the first after the gas price reform started in 2011 whereby gas prices have been steadily increasing since then, also sent a significant message: the PRC government is serious and willing to push forward with the reform with both upward or downward price adjustments to reflect market prices.

In the long run, the cheaper gas will greatly stimulate demand as abundant cheaper gas are going to be available globally and in China within the next 3 to 5 years and will thus enable the NDRC to meet its stated goal of gas making 10% or more of the total Chinese energy sources by 2020, up from the current 5% level. Such an environment will be extremely positive for the entire downstream city gas industry. Going forward we expect that city gate price of gas will see more frequent adjustments, half yearly or even quarterly and eventually fully liberalized once Shanghai gas exchange market matures.





Source: CEIC, Credit Suisse estimates

Major Development in 2015

华润燃气
China Resources Gas

New Investment in 2015

1 Qingdao Project

华润燃气 CR Gas

青岛能源 燃气 Qingdao Energy Gas

On 9 March, CR Gas announced that its indirect wholly owned subsidiary, CR Gas Investment, invested RMB 612.5 million to set up a Qingdao Gas joint venture with Qingdao(QD) Energy Group, with 49%/51% owned by CR Gas/ QD Energy Group, respectively. CR Gas will appoint the executive chairman and CFO to the joint venture. Currently, the gas source of QD area is only from Sinopec's pipeline. However, there will be two new gas sources: pipelines from CNPC will arrive QD towards the end of 2015 and a new LNG terminal has just been built in Qingdao. This JV in QD, one of the most economically developed cities in China with annual GDP exceeding RMB800 billion with vast demand for piped natural gas in the foreseeable future, will enable the Group to further extend its coverage and footprint in the PRC, create synergy with the Group's existing gas operations in Shandong. The current market share of QD Energy is over 70% and the gas sale volume in 2014 was 380 million m^3. The volume of 2015 will be more than 400 million m^3 and will double to some 800 million m^3 by 2020. As one of the biggest remaining projects in China, QD project will bring immediate profit contribution in 2015 and become one of our top 10 projects by sales volume.

Major Development in 2015

New Investment in 2015

2 Qinhuangdao Project

华润燃气 CR Gas

秦皇岛市城市管理局 QINHUANGDAOCHENGSHIGUANLIJU

On 8th March, CR Gas has signed a Framework Agreement for a new proposed gas joint venture in Qinhuangdao with local government, with 49%/51% owned by CR Gas/Qinhuangdao Government, respectively. This joint venture is expected to be set up in Q2 of 2015. Qinhuangdao is a coastal city in Hebei province with an annual GDP of RMB 120 billion and annual gas consumption of 225 million m³. The existing gas concession area covers Harbor Zone, Beidaihe Zone, Shanhaiguan Zone, New Development Zone and Beidaihe New Zone, with more than 390,000 connected households, 6 gas stations(5 CNGs and 1 LNG) and 1,357 km pipeline.

Future Outlook

Superior Pan-China Gas Projects

Projects owned by CR Gas	205
Provinces	22
Municipality Cities (Chongqing, Shanghai, Tianjin)	3
Provincial Capitals	13
Prefecture-level Cities	70

China Resources
Better Life Together

管道名(Pipeline Name)	開建日期 (Commissioning Year)	建成日期 (Completion Date)	輸氣能力 (Capacity)	運營商 (Operator)
1.西氣東輸一期 "West to East 1"	2002	2004	17Bn m³	中石油 (Petrochina)
2.西氣東輸二期 "West to East 2"	2008	2012	30Bn m³	中石油 (Petrochina)
3.西氣東輸三期 "West to East 3"	2012	2014	30Bn m³	中石油 (Petrochina)
4.川氣東送 "Sichuan to East"	2007	2010	12Bn m³	中石化 (Sinopec)
5.中緬油氣 "Myanmar to China"	2010	2013	12Bn m³	中石油 (Petrochina)
6.俄羅斯天然氣東線 "Russia to China" Eastern Pipeline	2014	2018	38Bn m³	中石油 (Petrochina)
7.俄羅斯天然氣西線 "Russia to China" Western Pipeline	不詳 Unknown	不詳 Unknown	30Bn m³	中石油 (Petrochina)
現有液化天然氣接收站 Existing LNG Receiving Terminal				
正在建設中液化天然氣接收站 LNG Terminal under construction				
正在計劃中液化天然氣接收站 LNG Terminal under planning				

Future Outlook

To Become China's Leading City-Gas Distributor

The Group is confident of continuing its organic and acquisition growth strategy. The goal of being China's leading city-gas distributor by 2015 with 16 billion m^3 of gross gas sales volume and 20 million connected residential customers remains in sight.

Favorable Industry Fundamentals

- Strong and continuous support from the government
- Key support policies such as price pass through and connection fee remain unchanged
- Upstream infrastructures development on schedule to increase gas supply

Core Competiveness

- Dynamic operation team drawn from industry pool of experts
- Promote Benchmarking and Lean Management to enhance operation
- Uniform and highly effective management model
- Rapid expansion through consolidation and collaboration
- High value-added capability responsive to market needs

Strategic Objective

- Become the top listed city gas distribution company in Hong Kong .
- Increase connected households to more than 20 million and gross gas sales volume to 16 billion m^3

Business Model

- Focus on piped gas distribution and city piped network construction as well as LNG vehicle/vessel business
- Actively expand into sales, design and installation of gas appliances and related value-added services as well as district cooling/heating business
- Explore the possibility of midstream and upstream businesses and pipe equipment production to optimize value chains

Mission

- Provide professional, efficient, safe, environmental friendly and customer-oriented services to improve quality of life
- Maximize customers', shareholders' as well as employees' values

To Become China's Leading City-Gas Distributor

Agenda

6 Financial Highlights

Financial Highlights

Revenue and Profit

For the year ended 31th December	2014	2013	Increase/ (Decrease)
	HK$'000	HK$'000	
Turnover	**28,717,025**	**22,288,027**	**29%**
Gross profit	**8,715,897**	**7,622,119**	**14%**
Profit from operations (Before Finance Cost and Share of JV & associates results)	**4,435,929**	**3,536,092**	**25%**
Profit for the period	**3,350,859**	**2,823,754**	**19%**
Profit attributable to the Company's equity holders	**2,481,628**	**2,160,945**	**15%**
Cash from operating activities	**6,676,465**	**6,573,664**	**2%**
Net cash from operating activities(after tax payments)	**5,463,638**	**5,671,241**	**(4%)**
Basic EPS [1] (HK $)	**1.14**	**1.00**	**14%**
Interim dividend paid per share (HK cents)	**5**	**2**	**150%**
Final dividend proposed per share(HK cents)	**20**	**20**	**0%**
Total dividend per share for the year (HK Cents)	**25**	**22**	**14%**

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

Financial Highlights

Assets, Liability & Equity

For the year ended 31st December	2014	2013	Increase/ (Decrease)
	HK$'000	HK$'000	
Total assets	**57,517,037**	**50,481,791**	14%
Bank balance and cash	**9,707,507**	**9,584,178**	1%
Total bank and note borrowings	**14,929,154**	**13,874,279**	8%
Net borrowings	**5,221,647**	**4,290,101**	22%
Equity attributable to the Company's equity holders	**16,065,098**	**14,182,935**	13%
Non-controlling interests	**4,966,268**	**4,432,903**	12%
Total equity	**21,031,366**	**18,615,838**	13%

Financial Highlights

Profitability, Liquidity & Equity Ratios

Financial Indicators	As at 31st December 2014	As at 31st December 2013
Gross profit margin	**30.4%**	**34.2%**
Net profit margin	**8.6%**	**9.7%**
Current ratio	**0.9x**	**1.0x**
Net Debt to equity ratio (1)	**32.5%**	**30.2%**
Debt to capitalization ratio (2)	**41.5%**	**42.7%**
Debt to assets ratio (3)	**26.0%**	**27.5%**
Return on weighted average equity(4)	**15.4%**	**15.2%**

Notes:

(1) Net Debt/equity gearing ratio is the ratio of net borrowings to shareholders' equity

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

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

(4) If merger reserve is excluded, return was 10.0%(2014), 9.4%(2013)

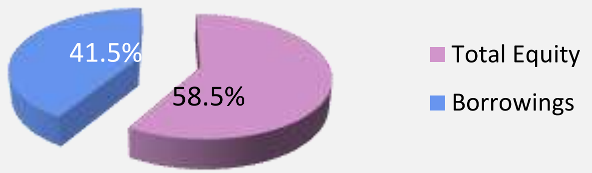
Financial Highlights

Balanced Capital Structure

Equity & Debt

	HK$'000	%
Total equity	**21,031,366**	**58.5%**
Total bank and note borrowings	**14,929,154**	**41.5%**
Total Capital	**35,960,520**	**100.0%**

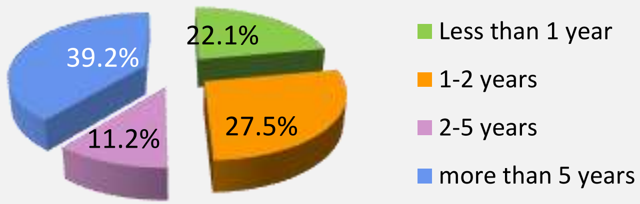
Debt & Equity Ratio's %



Long & Short Term Borrowings

	HK$'000	%
Less than 1 year	**3,296,513**	**22.1%**
1-2 years	**4,103,240**	**27.5%**
2-5 years	**1,670,683**	**11.2%**
More than 5 years	**5,858,718**	**39.2%**
	14,929,154	**100.0%**

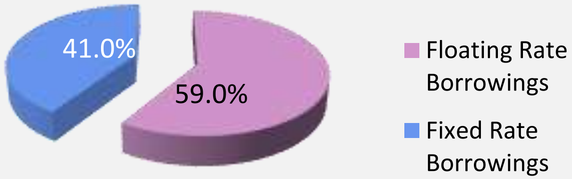
Long & Short Term Borrowing Ratios %



Fixed & Floating Rate Borrowings

	HK$'000	%
Floating rate borrowings	**8,803,856**	**59.0%**
Fixed rate borrowings	**6,125,298**	**41.0%**
	14,929,154	**100.0%**

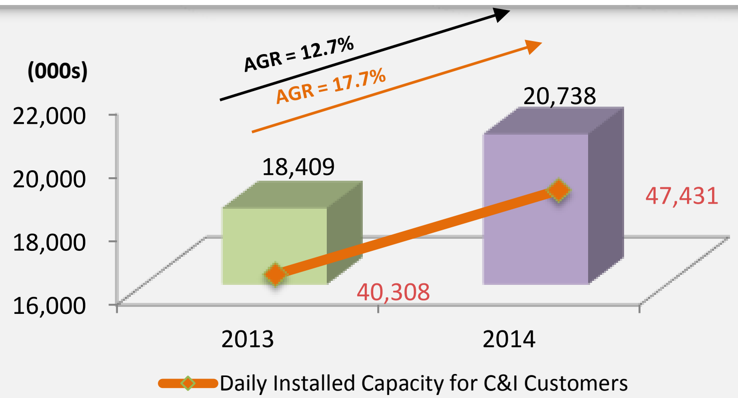
Fixed & Floating Interest Rates Borrowing Ratios %



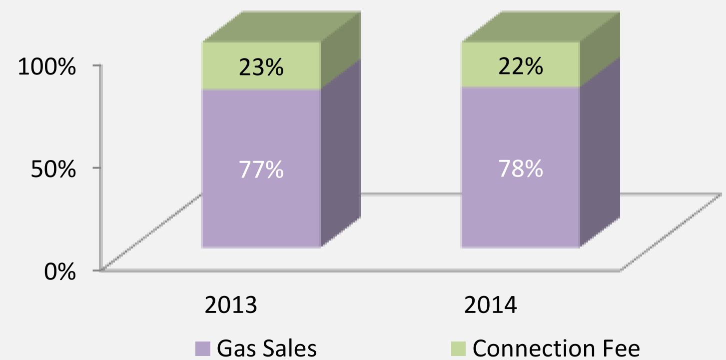
Financial Highlights

Key Revenue Drivers

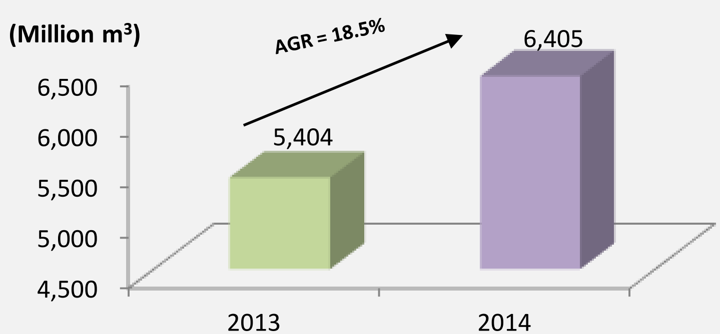
Number of Households and C&I Capacity



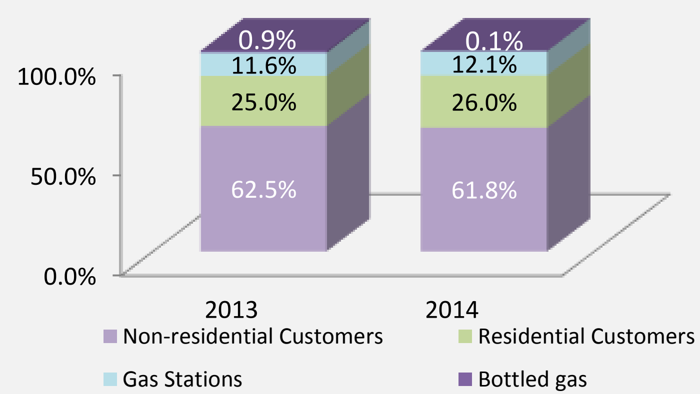
Revenue Breakdown



Consolidated Gas Sales Volume



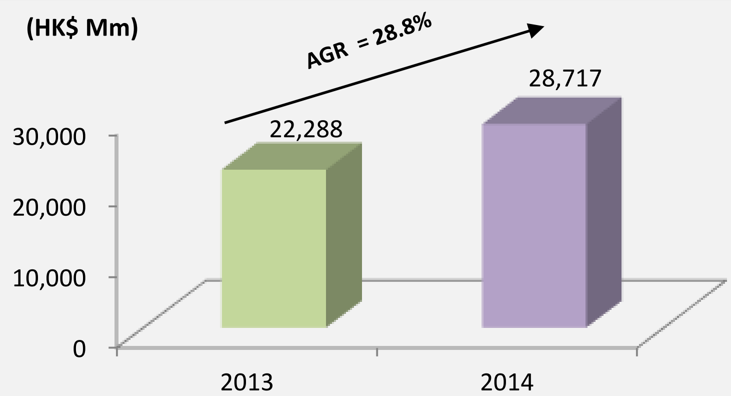
Gas Sales Volume by Customer Type



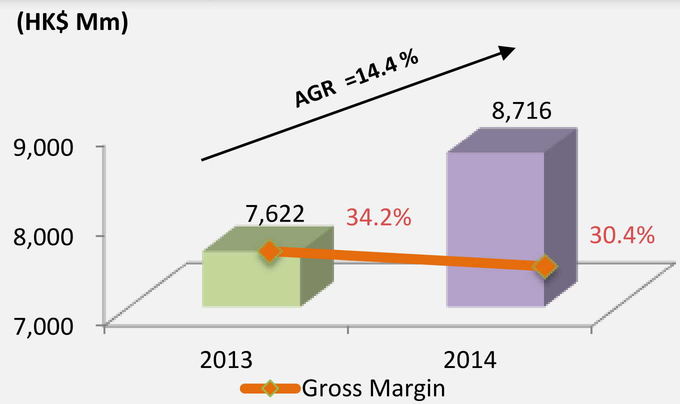
Financial Highlights

Robust Growth & Profitability

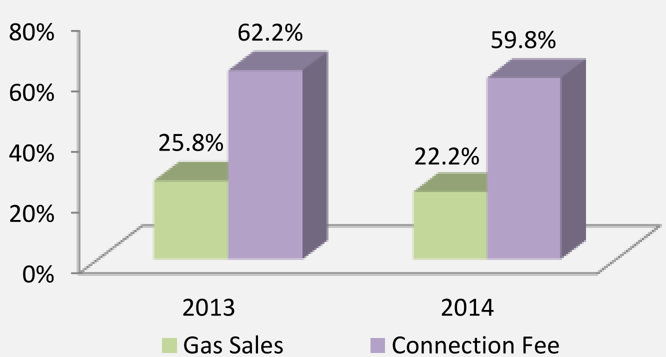
Sales Revenue



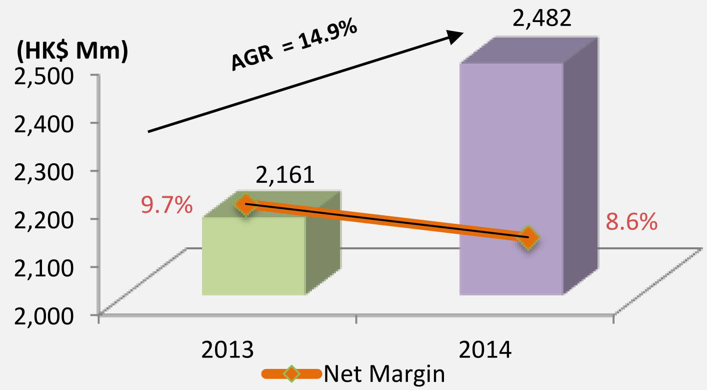
Gross Profit



Gas Sales & Connection Fee Gross Margin



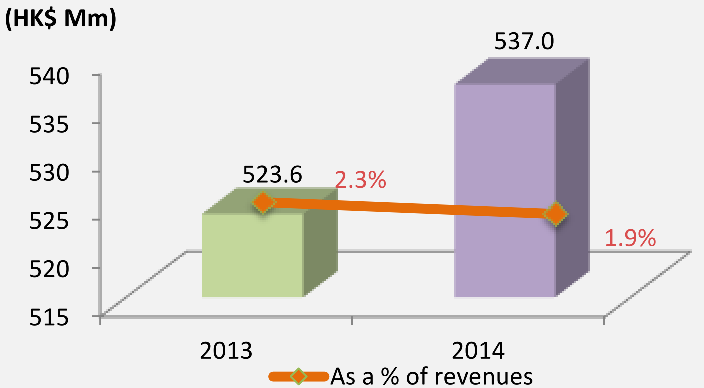
Net Profit



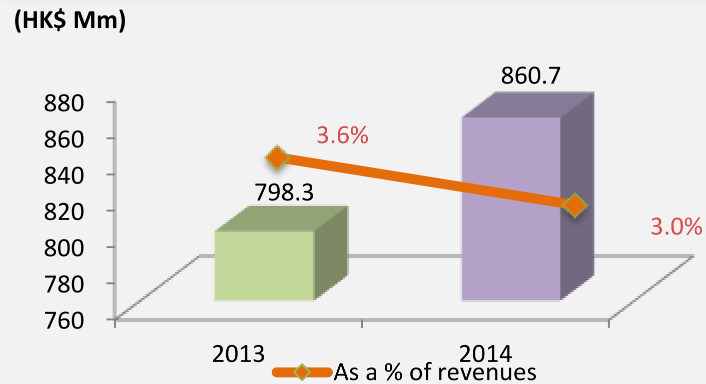
Financial Highlights

Stable Gross Margin, Cost & Expenses

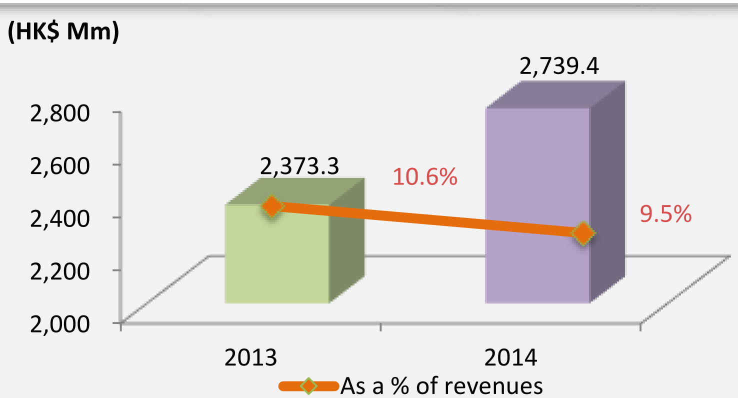
Finance Costs



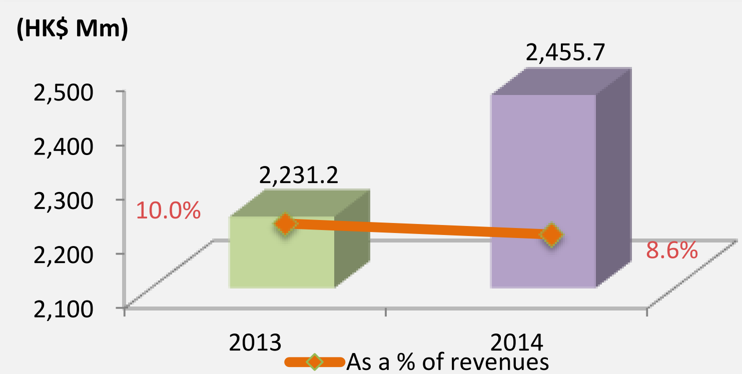
Share of results of JV and associates



Selling & Distribution Expenses



General & Administrative Expenses

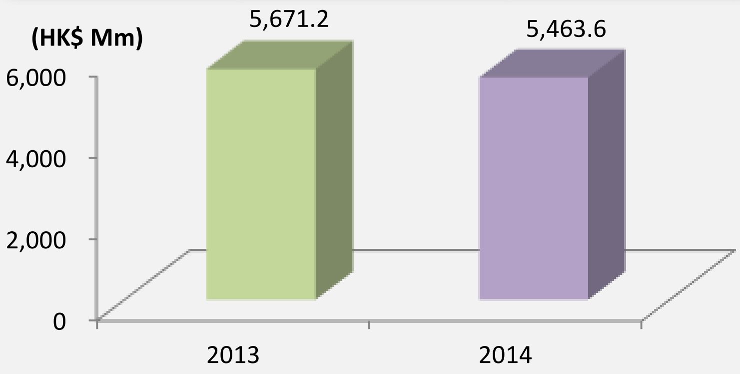


- Increase in selling and distribution expenses as well as general and administrative expenses are mainly due to the inclusion of the projects newly acquired in 2014 which will take some time to achieve scale and efficiency.

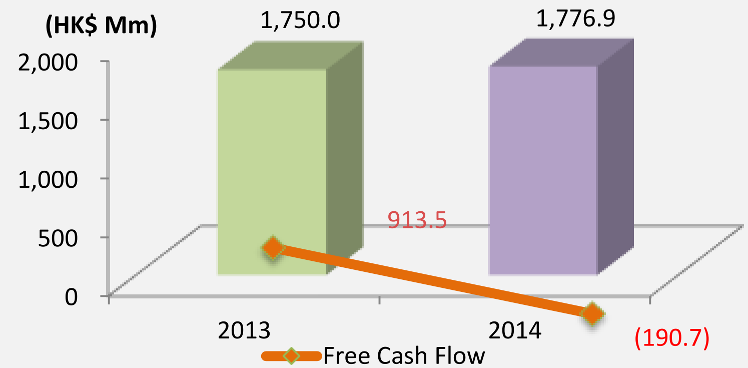
Financial Highlights

Strong Operating & Free Cash Flow Generation and Sustainable Leverage Management

Net Operating Cash Flow

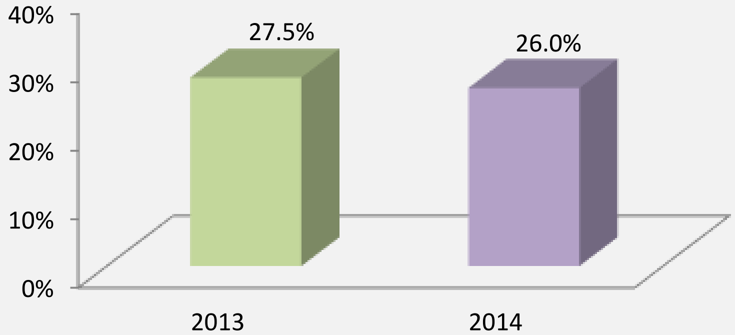


Free Operating Cash Flow[1] /Free Cash Flow[2]

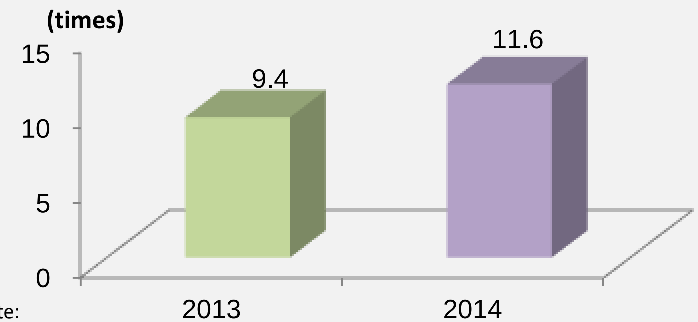


Note (1):Free Operating Cash Flow = Operating Cash Flow – Operating Capital Expenditures
Free Cash Flow= Free Operating Cash Flow – M&A Capex Expenditures

Debt to Asset Gearing



EBITDA to Interest Coverage



Note:
32.6 times if interest income is included (2013: 17.7times)

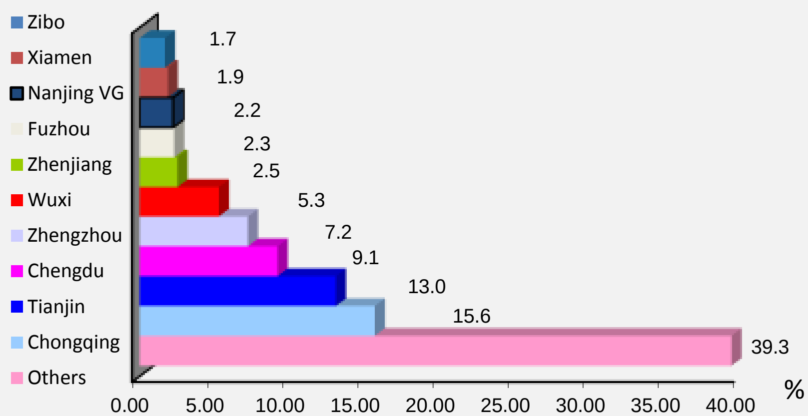
Agenda

7 Appendix

- Top 10 Contribution by Cities
- Summary of Top 10 Projects
- Natural Gas Industry in the PRC
- Disclaimer and Contact

Top 10 Contribution by City

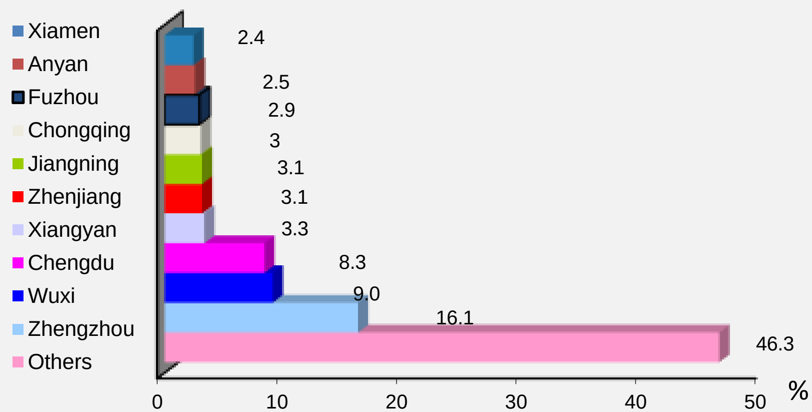
Gross Gas Sales Volume



2014

Top 10 projects contribute 60.7%

Net profit before Corporate Expenses



2014

Top 10 projects contribute 53.7%

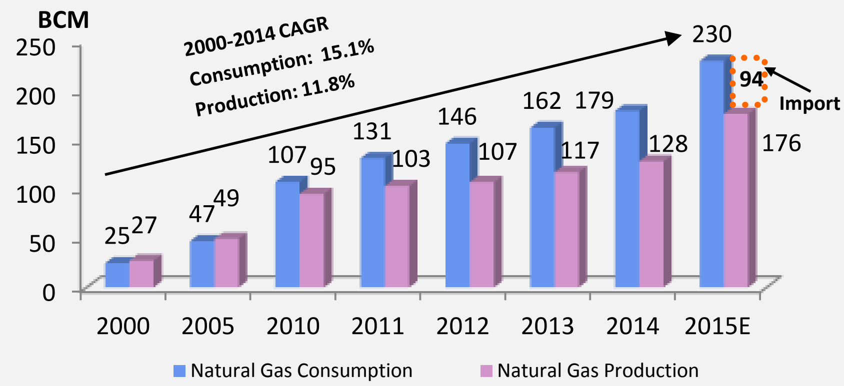
Summary of Top 10 Projects

Project	Province	Year of Founding/ Acquisition	% Owned	Type of Gas Sold	Total Connected Household in 2014	Installed Designed Capacity for C&I Customers in 2014 (m^3/day)	2014 Total Gas Sales Volume ('000 m^3)	# of Gas Stations
Chongqing	Chongqing	1995	22.5	Piped NG and/or other gas, gas stations	**3,679,977**	**3,280,000**	**2,075,629**	**7**
Tianjin	Tianjin	2013	49.0	Piped NG and/or other gas	**2,199,397**	**8,000,000**	**1,731,396**	**0**
Chengdu	Sichuan	2005	36.0	Piped NG, gas stations	**2,345,113**	**1,748,000**	**1,216,891**	**3**
Zhengzhou	Henan	2009	88.1	Piped NG and/or other gas, gas stations	**1,621,998**	**3,270,000**	**954,924**	**22**
Wuxi	Jiangsu	2005	50.0	Piped NG and/or other gas, bottled gas, gas stations	**930,621**	**1,786,000**	**699,076**	**17**
Zhenjiang	Jiangsu	2006	51.0	Piped NG/gas stations	**303,183**	**1,650,000**	**331,542**	**5**
Fuzhou	Fujian	2010	49.0	Piped NG and/or other gas, gas stations	**522,898**	**993,000**	**304,499**	**4**
Nanjing VG	Jiangsu	1999	80.4	Gas stations	**–**	**–**	**296,334**	**20**
Xiamen	Fujian	2007	49.0	Piped NG and/or other gas, bottled gas, gas stations	**422,747**	**1,268,000**	**248,184**	**9**
Zibo	Shandong	2009	51.0	Piped NG and/or other gas, gas stations	**320,601**	**1,000,000**	**222,680**	**4**
				Sub-total 10 projects	**12,346,535**	**22,995,000**	**8,081,155**	**91**
				Other projects	**8,391,590**	**24,436,000**	**5,241,791**	**188**
				Grand-total 205 projects	**20,738,125**	**47,431,000**	**13,322,946**	**279**

Natural Gas Industry in the PRC

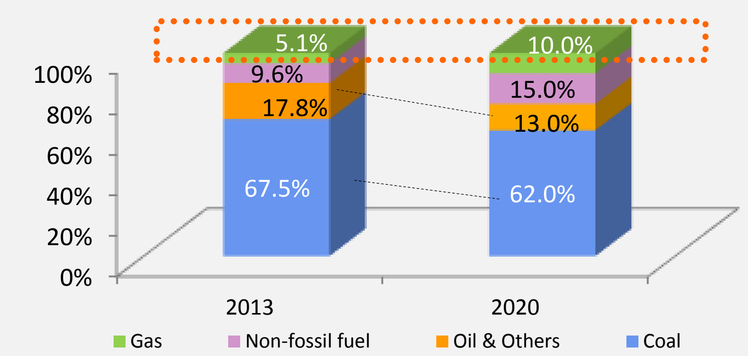
Favorable Industry Environment

Sustainable Growth of Natural Gas



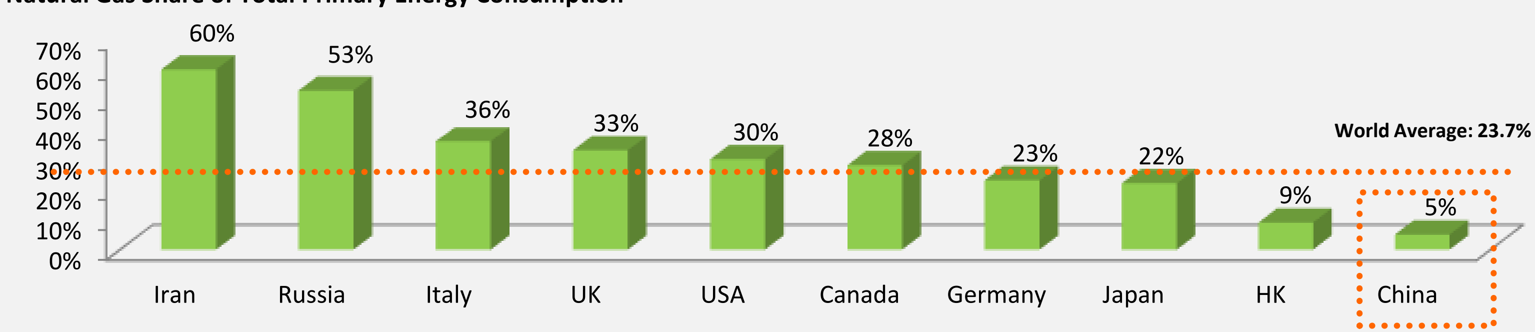
Source: 2014,2015E (NDRC); 2000-2013 (BP Statistical Review of World Energy June 2014)

Strong Commitment to Cleaner Energy



Source: 2020 (NDRC); 2013 (BP Statistical Review of World Energy June 2014)

Sustainable Growth of Natural Gas



Source: BP Statistical Review of World Energy June 2014

Disclaimer and Contact

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Thank you！

Notes:

2014 Annual Results Presentation

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