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

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

Driven by acquisition and organic growths, CR Gas city gas distribution operation recorded an increase of 75% in turnover to 3.75 billion and registered a 62% increase in net profit attributable to equity shareholders to HK\$422 million.

<u>City Gas Distribution Business</u>	<u>2009</u>	<u>2008</u>	<u>Increase</u>
	HK\$'000	HK\$'000	(%)
	(Before Restatement)		
Turnover	3,746,779	2,144,567	75%
Profit attributable to owners of the Company	421,599	260,338	62%

The board of directors (the "Board") of China Resources Gas Group Limited (the "Company" or "CR Gas") are pleased to announce the final results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

RESULTS

The Group undergone a series of restructuring exercises during 2008, discontinued its semiconductor business (other than the remaining plant located in Tai Po, Hong Kong) and ready mixed concrete business and also acquired new PRC city gas distribution business. In 2009, the semiconductor plant and other related assets of the discontinued business were completely disposed of. The Group also acquired 20 new PRC city gas distribution projects. The results of these continuing and discontinued operations are accounted for in the Group's consolidated financial statements in accordance with Accounting Guideline 5 "Merger Accounting under Common Control Combination" adopted by the Group. Accordingly, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the two years ended 31 December 2008 and 2009 include the results of operations, changes in equity and cash flows of the companies now comprising the Group as if the current group structure upon the completion of the group reorganisation had been in existence throughout the two years ended 31 December 2008 and 2009, or since their respective dates of incorporation or establishment where this is a shorter period, except for the subsidiaries acquired from independent third parties during the year ended 31 December 2008, which are included in the consolidated financial statements since their respective dates of acquisitions. To enable the management and discussion analysis be more meaningful in presenting the changes from 2008 to 2009, only the financial and

operational numbers before restatement for 2008 are presented in the analysis below.

The Group's results for 2009 were driven by both acquisition and organic growths. The Group's turnover for the year amounted to HK\$3,747 million (2008: HK\$2,145 million), all of which was contributed from the continuing city gas distribution operation.

The continuing operation of city gas distribution business contributed an after tax profit of HK\$518 million (2008: HK\$302 million) whereas the discontinued operations registered a gain on disposal of assets of HK\$22 million (2008: loss of HK\$29 million), resulting in a profit before minority interests for the year of HK\$540 million (2008: HK\$273 million)

The PRC city gas distribution business continues to provide the Group with handsome profit and cash flow contributions. The Group recorded profit attributable to the Company's equity holders of HK\$444 million for the year ended 31 December 2009 of which city gas distribution operation contributed HK\$422 million. The operating profit from city gas distribution business surged by 85% to HK\$638 million and its net operating cash inflow increased 94% to HK\$942 million.

BUSINESS REVIEW AND PROSPECTS

During 2008, the Company has entered into the agreement to acquire a portfolio of city gas distribution projects from China Resources (Holdings) Company Limited ("CRH"), the substantial and controlling shareholder of the Company. The acquisition allows the Company to enter into the fast growing city gas distribution business in China.

The acquisition provided the Group with a sound foundation to tap into the burgeoning city gas distribution business in the PRC by capturing the rapid increase in demand for natural gas in China and leveraging China Resources Group's strong presence and brand name in China.

During 2009, the Company continues to grow rapidly with acquisition of additional 7 city gas projects from CRH and 13 other city gas projects directly from the market. The Company also announced proposed acquisitions of major city gas projects in Zhengzhou and Chongqing cities. As at 31 December 2009, excluding the on-going acquisitions of Zhengzhou and Chongqing city gas projects, the Company operates a total of 27 city gas projects in 10 provinces in China with annual gas sales volume of 2.2 billion m³ and some 3.4 million customers. The Company is on course to become one of the leading city gas distributors in the PRC in the foreseeable future.

Subsequent to the acquisition of China Resources Gas Limited ("CR Gas (BVI)") in 2008, the Company continued with its expansion plan and acquired 20 new city gas distribution projects including those in provincial capitals such as Wuhan, Kunming and Jinan. Kunming and Jinan are provincial capitals of Yunnan Province and Shandong Province respectively and holds great potential with its continuing urbanisation and industrialisation, particular the cities' new districts.

The Group also announced during the fourth quarter of 2009 joint venture proposals to acquire interests in city gas business provincial capital of Henan, Zhengzhou and Chongqing Direct Administration Municipality. Both Zhengzhou and Chongqing are among the biggest natural gas consumption cities in the PRC and will contribute significantly to the Group's results in 2010 once these acquisitions are completed.

The ongoing organic expansion of 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.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

Acquisition of 51% interest in Wuhan Gas

On 9 January 2009, Kileen Holdings Limited (“Kileen”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement, together with a supplemental agreement supplementing the terms thereof, with an independent third party (the “Transferor”) to acquire 51% interest in Wuhan Tongbao Gas Development Co., Ltd.* (武漢通寶燃氣發展有限公司) (presently known as Wuhan China Resources Gas Co., Ltd.* (武漢華潤燃氣有限公司) (“Wuhan Gas”)), a limited liability company established in the PRC, at a consideration of RMB265,000,000. The consideration was determined after arm’s length negotiations with reference to the consolidated net asset value of approximately RMB43.20 million of Wuhan Gas as at 30 April 2008. Following completion of the acquisition whereupon Kileen holds a 51% interest and the Transferor and the two other shareholders hold the remaining 49% interest in Wuhan Gas. Wuhan Gas is principally engaged in, among other things, the manufacturing and sale of gas and provision of other gas-related goods and services in Wuhan, Hubei Province of the PRC.

Formation of Kunming Gas

On 22 January 2009, the Company, through Kileen, entered into a sino-foreign equity joint venture arrangement with 昆明煤氣（集團）控股有限公司 (translated as Kunming Gas Group Company Limited) (the “PRC Party”) pursuant to the joint venture contract and the articles of association in relation to the establishment of the joint venture company namely Kunming China Resources Gas Co., Ltd. (昆明華潤燃氣有限公司) (“Kunming Gas”), which became a subsidiary of the Company upon establishment. Kunming Gas is principally engaged in, among other things, the manufacturing and sale of gas and provision of other gas-related goods and services in Kunming, Yunnan Province of the PRC. The registered capital of Kunming Gas is RMB200 million of which 64% (being RMB128 million) was contributed in cash by Kileen and 36% (being RMB72 million) was contributed by the PRC Party by way of the transfer to Kunming Gas its ownership interests in certain operating assets such as gas pipelines and related equipment owned by the PRC Party and such amount of cash representing the monetary difference between the agreed capital contribution of the PRC Party of RMB72 million and the appraised value by a valuer agreed between Kileen and the PRC Party of the contribution assets as confirmed by the relevant state-owned asset administration department.

The above transaction was completed in June 2009 upon obtaining all the necessary approvals from the relevant PRC regulatory authorities.

Acquisition of Top Steed

On 8 September 2009, the Company entered into a share purchase agreement with, amongst others, Powerfaith Enterprises Limited (“Powerfaith”), a wholly-owned subsidiary of CRH to acquire the entire issued share capital of Top Steed Limited (“Top Steed”), an indirect wholly-owned subsidiary of CRH, for a consideration of HK\$1,600 million.

The consideration for the acquisition has been arrived at after arm’s length negotiations between Powerfaith and the Company after taking into account various relevant factors including the strategic rationale behind the transactions contemplated, the nature of the relevant businesses, the historical financial information, combined net asset value and future prospects of the relevant industries including general economic trends and market growth and the prevailing commercial and business conditions in which Top Steed operates. The consideration payable by the Company to Powerfaith for the acquisition shall be satisfied in cash and payable within 12 months from the date of completion. While such amount remains outstanding, interest will accrue at a normal commercial or preferable rate to the Company from the date of completion until the date of payment of the consideration by the Company (both days inclusive).

The aforesaid transaction was approved by the independent shareholders of the Company at a special general meeting held on 19 October 2009 and completed on the same day upon obtaining necessary shareholders' approval and the fulfillment of all necessary conditions.

Cooperation Arrangements with Zhengzhou SASAC

On 25 November 2009, China Resources Gas (China) Investment Limited ("CR Gas Investment"), a wholly-owned subsidiary of the Company, and the State-owned Assets Supervision and Administration Commission of Zhengzhou Municipality ("Zhengzhou SASAC") entered into various agreements which relate to the formation of a joint venture (the "Joint Venture") between CR Gas Investment and Zhengzhou SASAC, increase in its registered capital; and the acquisitions by the Joint Venture of 54,041,510 domestic shares (the "Sales Shares") of Zhengzhou Gas Company Limited* (鄭州燃氣股份有限公司) ("Zhengzhou Gas") which represent 43.18% of the total issued share capital of Zhengzhou Gas and certain assets from Zhengzhou SASAC (the "Acquisition") (collectively, the "Cooperation Arrangement"). Zhengzhou Gas is a joint stock limited company incorporated in the PRC whose H shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 11 January 2010, Zhengzhou SASAC, CR Gas Investment, the Joint Venture and Zhengzhou Gas Group Co., Ltd. (鄭州燃氣集團有限公司) ("Zhengzhou GGCL") entered into a supplemental agreement in which the Joint Venture has confirmed its obligations in respect of the Acquisition under the various agreements entered into between Zhengzhou SASAC and CR Gas Investment on 25 November 2009. When the initial registered capital of the Joint Venture is fully paid up and following the increase in its registered capital, the Joint Venture will be held as to 80% by CR Gas Investment and as to 20% by Zhengzhou SASAC. The Joint Venture and Zhengzhou SASAC have also agreed to enter into a lease agreement pursuant to which Zhengzhou SASAC will grant the Joint Venture the right to use a parcel of land for a term of 30 years at an annual leasing fee of approximately RMB1.3 million. The proposed lease agreement, if entered into, will constitute a continuing connected transaction for the Company and the Company will comply with the relevant reporting, announcement and approval requirements under The Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange as and when appropriate.

If the conditions to which the formation of the Joint Venture and the completion of the acquisition of Sale Shares are subject have been fulfilled, the Joint Venture will acquire the Sale Shares from Zhengzhou SASAC. This will lead to a change in control of Zhengzhou Gas under the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") and, therefore, a mandatory general offer will be made to the shareholders of Zhengzhou Gas.

CR Gas Investment will make the offer in compliance with the Takeovers Code upon completion of the acquisition by the Joint Venture of the Sale Shares from Zhengzhou SASAC. The price of the offer to be made by CR Gas Investment to the shareholders of Zhengzhou Gas pursuant to the announcement dated 25 November 2009 was RMB8.45 per domestic share of Zhengzhou Gas and the Hong Kong dollar equivalent of HK\$9.60 per H share of Zhengzhou Gas, determined after arm's length negotiation with reference to, among others, the net assets value of Zhengzhou Gas, its future prospects and the staff compensation if Zhengzhou Gas were changed from a State-owned enterprise to a foreignowned enterprise upon completion of the acquisition of the Sale Shares. As disclosed in the joint announcement of the Company and Zhengzhou Gas dated 11 December 2009, in order to extend the same favourable conditions which will be extended to Zhengzhou SASAC under the potential cooperation to all other shareholders of Zhengzhou Gas, the Board of the Company resolved to increase the offer price under the offer to RMB12.96 per domestic share, of Zhengzhou Gas or equivalent to HK\$14.73 per H share of Zhengzhou Gas based on the exchange rate quoted on 11 December 2009.

The Joint Venture has been established in 2009 and the Cooperation Arrangement is still in the process of obtaining necessary approvals from the relevant PRC regulatory authorities.

Acquisition of 25% equity interest in Chongqing

On 23 December 2009 and 24 December 2009, CR Gas Investment, a wholly-owned subsidiary of the Company, entered into master agreements and a supplemental agreement respectively, with Chongqing Energy Investment Group* (重慶市能源投資集團公司) (“Chongqing Energy”) whereby CR Gas Investment agreed to contribute cash of approximately RMB1,162.8 million to Chongqing Gas Group Corp Ltd.* (重慶燃氣(集團)有限責任公司) (“Chongqing Gas”) to increase its registered capital in return for a 25% equity interest in Chongqing Gas. The cash consideration of RMB1,162.8 million for the 25% equity interest in the enlarged registered capital of Chongqing Gas was determined after arm’s length negotiation with reference to (i) the track record and potential development of Chongqing Gas in the city gas distribution business in Chongqing; and (ii) the appraised net asset value of Chongqing Gas of RMB2,877.1 million as at 30 September 2009, based on the independent valuation performed by an independent valuer in the PRC. Chongqing Gas is a limited company incorporated in the PRC wholly-owned by Chongqing Energy and is principally engaged in city gas distribution business in Chongqing, the PRC. Pursuant to the agreements, upon completion of the cash contribution, Chongqing Gas will be converted into a sino-foreign equity joint venture which will be owned by Chongqing Energy and CR Gas Investment as to 75% and 25% respectively.

The aforesaid transaction is still in the process of obtaining all the necessary approvals from the relevant PRC regulatory authorities.

* Name translated for reference purposes.

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 shares during the year ended 31 December 2009.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

The Company has throughout the year complied with the mandatory provisions of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct in relation to Directors’ securities transactions. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year.

AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	2009 HK\$'000	2008 HK\$'000 (Restated)
Turnover	3		
Continuing operations		3,746,779	2,525,582
Discontinued operations	5	-	841,531
		3,746,779	3,367,113
Cost of sales		(2,586,070)	(2,359,386)
Gross profit		1,160,709	1,007,727
Other income		140,694	102,225
Selling and distribution expenses		(231,969)	(219,056)
Administrative expenses		(409,501)	(397,669)
Other expenses		-	(56,067)
		659,933	437,160
Finance costs		(39,878)	(31,211)
Share of results of associates		7,187	3,387
Profit before taxation			
Continuing operations		605,268	424,078
Discontinued operations	5	21,974	(14,742)
		627,242	409,336
Taxation	4		
Continuing operations		(86,896)	(50,443)
Discontinued operations	5	-	(14,893)
		(86,896)	(65,336)
Profit for the year	6		
Continuing operations		518,372	373,635
Discontinued operations	5	21,974	(29,635)
		540,346	344,000
Other comprehensive income for the year			
Exchange differences arising on translation of foreign operations		(4,184)	81,227
Fair value gain on available-for-sale investments		326	-
Share of other comprehensive income of associates		5	524
		(3,853)	81,751
Total comprehensive income for the year		536,493	425,751

	NOTES	2009 HK\$'000	2008 HK\$'000 (Restated)
Profit for the year attributable to:			
Owners of the Company			
Continuing operations		421,599	320,529
Discontinued operations	5	21,974	(23,561)
		<u>443,573</u>	<u>296,968</u>
Minority interests		96,773	47,032
		<u>540,346</u>	<u>344,000</u>
Total comprehensive income for the year attributable to:			
Owners of the Company			
Continuing operations		419,683	387,715
Discontinued operations		21,974	(23,561)
		<u>441,657</u>	<u>364,154</u>
Minority interests		94,836	61,597
		<u>536,493</u>	<u>425,751</u>
		HK\$	HK\$ (Restated)
Earnings per share			
From continuing and discontinued operations			
Basic	8	<u>0.31</u>	<u>0.62</u>
Diluted		<u>0.31</u>	<u>0.62</u>
From continuing operations			
Basic		<u>0.30</u>	<u>0.67</u>
Diluted		<u>0.30</u>	<u>0.67</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

		At 31 December 2009 HK\$'000	At 31 December 2008 HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment		2,749,535	1,641,992
Prepaid lease payments		171,588	129,942
Investment properties		11,358	7,909
Interest in associates		17,732	10,272
Available-for-sale investments		18,545	9,440
Goodwill		352,088	41,925
Exclusive operating rights		632,061	637,030
Deferred tax assets		49,614	1,312
Deposit for prepaid lease payments		44,273	-
Deposit for investment in a subsidiary		-	84,940
Deposit for investment in a joint venture company		1,321,423	-
		<u>5,368,217</u>	<u>2,564,762</u>
Current assets			
Inventories		132,644	51,498
Trade and other receivables	9	565,521	328,312
Amounts due from customers for contract work		243,075	193,920
Prepaid lease payments		11,389	3,828
Amounts due from fellow subsidiaries		5,011	37,335
Pledged bank deposits		19,262	740
Bank balances and cash		2,226,689	1,346,770
		<u>3,203,591</u>	<u>1,962,403</u>

		At 31 December 2009 HK\$'000	At 31 December 2008 HK\$'000 (Restated)
Current liabilities			
Trade and other payables	10	1,641,329	1,175,172
Amounts due to customers for contract work		711,091	413,823
Amounts due to fellow subsidiaries		22,646	239
Amount due to an intermediate holding company		-	17,039
Government grants		1,022	-
Bank and other borrowings		1,039,653	107,790
Taxation payable		58,689	17,808
		<u>3,474,430</u>	<u>1,731,871</u>
Net current (liabilities) assets		<u>(270,839)</u>	<u>230,532</u>
		<u>5,097,378</u>	<u>2,795,294</u>
Capital and reserves			
Share capital		141,442	141,442
Reserves		889,943	2,087,405
Equity attributable to owners of the Company		<u>1,031,385</u>	<u>2,228,847</u>
Minority interests		536,189	310,543
		<u>1,567,574</u>	<u>2,539,390</u>
Non-current liabilities			
Government grants		13,349	-
Bank and other borrowings		1,691,800	39,494
Other long-term liabilities		86,122	73,309
Amount due to a fellow subsidiary		1,600,000	-
Deferred tax liabilities		138,533	143,101
		<u>3,529,804</u>	<u>255,904</u>
		<u>5,097,378</u>	<u>2,795,294</u>

NOTES:

1. BASIS OF PREPARATION

This announcement has been presented in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

As part of the group reorganisation (the “Group Reorganisation”), Rich Team Resources Limited (“Rich Team”), a wholly-owned subsidiary of the Company which was incorporated on 30 October 2007, acquired 100% equity interests in Redland Concrete Limited (“Redland Concrete”) from China Resources Concrete Limited for a cash consideration of approximately HK\$217,757,000 on 5 March 2008. On 30 October 2008, the Company acquired 100% equity interests in CR Gas (BVI) from Powerfaith for a cash consideration of HK\$3,814,800,000. On 31 December 2008, the Company disposed of 100% equity interests in Rich Team and a shareholder’s loan due to the Company to China Resources Cement Holdings Company Limited, a fellow subsidiary of the Company, for a cash consideration which was the face value of such loan plus the consolidated net asset value of Rich Team as at 31 October 2008, and adjusted based on any profit or loss after taxation attributable to its shareholders between 1 November 2008 and 31 December 2008. The final consideration was approximately HK\$304,698,000. On 19 October 2009, the Company acquired 100% equity interests in Top Steed for a cash consideration of HK\$1,600,000,000. Details of the Group Reorganisation are set out in the Company’s circulars dated 16 January 2008, 19 September 2008, 12 December 2008 and 2 October 2009. Upon completion of the Group Reorganisation, the Group is engaged in sales of liquefied gas and connection of gas pipelines in the PRC.

The Group, Redland Concrete and its subsidiaries (“Redland Concrete Group”) and CR Gas (BVI) and its subsidiaries (“CR Gas (BVI) Group”) and Top Steed and its subsidiaries (“Top Steed Group”) are ultimately controlled by China Resources National Corp. before and after the Group Reorganisation, and that control is not transitory. The Group, Redland Concrete Group, CR Gas (BVI) Group and Top Steed Group are regarded as continuing entities as at the dates of business combinations and hence the acquisitions have been accounted for as combinations of entities under common control by applying the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting under Common Control Combination” issued by the HKICPA. Accordingly, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the two years ended 31 December 2008 and 2009 include the results of operations, changes in equity and cash flows of the companies now comprising the Group as if the current group structure upon the completion of the Group Reorganisation had been in existence throughout the two years ended 31 December 2008 and 2009, or since their respective dates of incorporation or establishment where this is a shorter period, except for the subsidiaries acquired from independent third parties during the year ended 31 December 2008, which are included in the consolidated financial statements since their respective dates of acquisitions. The consolidated statements of financial position of the Group as at 1 January 2008, 31 December 2008 and 31 December 2009 had been prepared to present the assets and liabilities of the companies now comprising the Group as if current group structure had been in existence as at the respective dates, except for the subsidiaries and jointly controlled entities acquired from independent third parties by CR Gas Holdings or the Group during the two years ended 31 December 2008 and 2009, which are combined since their respective dates of acquisition.

Certain comparative figures for the consolidated statement of comprehensive income have been reclassified to conform with current year's presentation. An amount of HK\$18,823,000 has been reclassified from other expenses to administrative expenses.

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of the fact that its current liabilities exceeded its current assets by approximately HK\$270,839,000 as at 31 December 2009.

At 31 December 2009, the Group's liabilities included the current position of bank and other borrowings amounting to HK\$1,039,653,000. The Group has un-drawn but committed unsecured facilities amounting to HK\$627,000,000 at the year end.

Taking into account of the internally generated funds and the availability of credit facilities, the directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)* - INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) - INT 13	Customer loyalty programmes
HK(IFRIC) - INT 15	Agreements for the construction of real estate
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) - INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

In addition, the adoption of HKAS 1 (Revised 2007) has resulted in the presentation of a third consolidated statement of financial position as at 1 January 2008 as the Group has made retrospective restatements in respect of the reclassification of some items in the consolidated statement of comprehensive income and has accounted for business combination of entities under common control based on the principles of merger accounting.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related party disclosure ⁵
HKAS 27 (Revised)	Consolidated and separate financial statements ¹
HKAS 32 (Amendment)	Classification of right issues ⁴
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters ³
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures of first-time adopters ⁵
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions ³
HKFRS 3 (Revised)	Business combinations ¹
HKFRS 9	Financial instruments ⁷
HK(IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁶
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners ¹
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instrument ⁵

- ¹ Effective for annual periods beginning on or after 1 July 2009.
- ² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
- ³ Effective for annual periods beginning on or after 1 January 2010.
- ⁴ Effective for annual periods beginning on or after 1 February 2010.
- ⁵ Effective for annual periods beginning on or after 1 July 2010.
- ⁶ Effective for annual periods beginning on or after 1 January 2011.
- ⁷ Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. In addition, under HKFRS 9, changes in fair value of equity investments are generally recognised in other comprehensive income, with only dividend income recognised in profit or loss. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss. Accordingly, the Group has identified four operating segments - semiconductor, concrete, sale and distribution of gas fuel and related products and gas connection, which are used by Group's chief operating decision maker to make strategic decisions.

The activities of these divisions are as follows:

Semiconductor - design, fabrication and packaging of integrated circuits and discrete devices

Concrete - manufacture and sale of concrete

Sale and distribution of gas fuel and related products - sale of liquefied petroleum gas and natural gas for residential, commercial and industrial use

Gas connection - construction contracts for gas connection to the Group's pipelines

During the year ended 31 December 2008, the Group disposed of all of its equity interests held in China Resources Microelectronics Limited ("CRM"), which is engaged in semiconductor operation, by way of a distribution in specie, and the entire equity interest in Rich Team, whose subsidiaries were engaged in concrete operation, and a shareholder's loan due to the Company. Upon completion of the disposals, the Group is principally engaged in the gas operation.

Segments results represent the profit before taxation earned by each segment, excluding sundry income, interest income, finance costs, central administration costs, release from prepaid lease payments, discount on acquisitions of subsidiaries and directors' salaries. This is the measure reported to the Group's executive directors for the purpose of resource allocation and assessment of segment performance.

The information of segment results is as follows:

For the year ended 31 December 2009

Segment revenue and results

	Sale and distribution of gas fuel and related HK\$'000	Gas connection HK\$'000	Consolidated HK\$'000
Turnover			
External sales	<u>2,822,369</u>	<u>924,410</u>	<u>3,746,779</u>
Result			
Segment results	<u>317,192</u>	<u>354,472</u>	671,664
Finance costs			(39,878)
Unallocated income			65,896
Unallocated expenses			<u>(92,414)</u>
Profit before taxation			605,268
Taxation			<u>(86,896)</u>
Profit for the year			<u>518,372</u>

Note: The profit from discontinued operation during the year ended 31 December 2009 represents gain on disposal of certain property, plant and equipment and prepaid lease payments of HK\$11,521,000 and gain on disposal of available-for-sale investments of HK\$10,453,000 in respect of the semiconductor operation.

For the year ended 31 December 2008

Segment revenue and results (restated)

	Continuing operations			Discontinued operations			Consolidated HK\$'000
	Sales and distribution of gas fuel and related products HK\$'000	Gas connection HK\$'000	Total HK\$'000	Semiconductor HK\$'000	Concrete HK\$'000	Total HK\$'000	
Turnover							
External sales	<u>1,902,822</u>	<u>622,760</u>	<u>2,525,582</u>	<u>439,685</u>	<u>401,846</u>	<u>841,531</u>	<u>3,367,113</u>
Result							
Segment results	<u>193,178</u>	<u>214,685</u>	407,863	<u>(75,907)</u>	<u>89,564</u>	13,657	421,520
Finance costs			(16,623)			(14,588)	(31,211)
Unallocated income			81,799			1,189	82,988
Unallocated expenses			(48,961)			(15,000)	(63,961)
Profit before taxation			<u>424,078</u>			<u>(14,742)</u>	<u>409,336</u>
Taxation			(50,443)			(14,893)	(65,336)
Profit for the year			<u>373,635</u>			<u>(29,635)</u>	<u>344,000</u>

Geographical information

The activities of the semiconductor operation were carried out in Hong Kong and other regions in the PRC (countries of domicile), those of the concrete operation are carried out in Hong Kong (country of domicile) and those of the gas operations have been carried out in the PRC (country of domicile).

The Group's revenue from continuing operations from external customers (based on location of customers) is detailed below:

	Revenue from external customers	
	Year ended 31 December 2009 HK\$'000	2008 HK\$'000 (Restated)
PRC	3,746,779	2,766,089
Hong Kong	-	523,259
United States of America	-	23,784
Europe	-	3,410
Others	-	50,571
	<u>3,746,779</u>	<u>3,367,113</u>

Information about major customers

No single external customer contributed revenue from transactions amounting to 10% or more of the revenue of the Group during both years.

4. TAXATION

	2009	2008
	HK\$'000	HK\$'000
		(Restated)
The tax charge (credit) comprises:		
Current taxation		
Hong Kong Profits Tax	-	16,357
PRC Enterprise Income Tax	128,670	55,242
Underprovision in prior year	2,104	3,116
	130,774	74,715
Deferred taxation		
Credit for the year	(43,878)	(7,945)
Attributable to a change in tax rate	-	(1,434)
	(43,878)	(9,379)
	86,896	65,336

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profits for the year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009.

Profits tax arising in the PRC is calculated based on the applicable tax rates on assessable profits.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Certain subsidiaries operating in the PRC are exempted from income tax applicable in the PRC for two years starting from the first profit making year after utilisation of the tax losses brought forward and were granted a 50% relief for the following three years.

Certain jointly controlled entities which are operating in the Western China have been granted tax concessions by the local tax bureau and are entitled to PRC Enterprise Income Tax at concessionary rate of 15%.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2009 No. 1, only the profits earned by foreign-investment enterprise prior to 1 January 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to the Enterprise Income Tax at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules. No deferred tax liability on the undistributed profits earned during the two years ended 31 December 2009 and 2008 have been recognised as the directors of the Company consider the amount is insignificant.

5. DISCONTINUED OPERATIONS

On 4 December 2007, the Company entered into a conditional agreement with its subsidiary, CRM, for the sale of the entire interests in certain of the Company's wholly-owned subsidiaries engaging principally in the manufacture of semiconductors and the shareholders' loans advanced to these subsidiaries to CRM, for an aggregate consideration of approximately HK\$1,488,900,000 which was satisfied by the issue of 3,106,932,317 shares in CRM to the Company. The disposal of these subsidiaries was approved at a special general meeting held on 13 February 2008 and was completed on 5 March 2008.

Immediately after the disposal, the Company distributed all of its shares in CRM, by way of a dividend in specie on the basis of 180 shares in CRM for every 100 shares in the Company held. After the distribution of dividend in specie, the entire equity interests held in CRM by the Company were disposed of.

The disposal of subsidiaries and distribution of shares in CRM are part of the Group Reorganisation, and upon signing the above-mentioned conditional agreement with CRM, the management had the intention to dispose of the entire equity interests in TP Semiconductors Limited, a wholly-owned subsidiary of the Company which was engaged in manufacture and sales of integrated circuit design and wafer packaging. As the Group ceased the semiconductor operation during the year ended 31 December 2008, the semiconductor operation was presented as a discontinued operation.

The results of the semiconductor operation for the two years ended 31 December 2008 and 2009, which have been included in the consolidated statement of comprehensive income as discontinued operations, were as follows:

	2009 HK\$'000	2008 HK\$'000
Turnover	-	439,685
Cost of sales	-	(346,512)
Gross profit	-	93,173
Other income (Note)	21,974	8,977
Selling and distribution expenses	-	(13,936)
Administrative expenses	-	(111,230)
Other expenses	-	(56,067)
Finance costs	-	(14,588)
Profit (loss) before taxation	21,974	(93,671)
Taxation	-	(617)
Profit (loss) for the year	<u>21,974</u>	<u>(94,288)</u>
Attributable to:		
Owners of the Company	21,974	(88,214)
Minority interests	-	(6,074)
	<u>21,974</u>	<u>(94,288)</u>

Note: The other income for the year ended 31 December 2009 represents gain on disposal of certain property, plant and equipment and prepaid lease payments of HK\$11,521,000 and gain on disposal of available-for-sale investments of HK\$10,453,000 in respect of the semiconductor operation.

On 1 December 2008, the Group entered into an agreement with CRH to dispose of the entire issued share capital of Rich Team, together with a shareholder's loan due to the Company, to CRH or any of its subsidiary nominated by it for a consideration which was the face value of such loan plus the consolidated net asset value of Rich Team as at 31 October 2008, and adjusted based on any profit or loss after taxation attributable to its shareholders between 1 November 2008 and 31 December 2008. The final consideration was approximately HK\$304,698,000. Rich Team was a holding company and its subsidiary was Redland Concrete which was engaged principally in the manufacture and sale of concrete business. The disposal was completed on 31 December 2008.

At the time of entering into the acquisition of Redland Concrete during the year ended 31 December 2008, it was the stated intention of the directors of the Company for the Group to maintain its interest in Redland Concrete. Since then, the economic prospects in Hong Kong declined drastically and the medium term outlook for the construction industry in Hong Kong, on which Redland Concrete Group's fortunes depend, worsened considerably. These conditions were considered by the directors of the Company to be likely to have an adverse impact on its contribution to the Group's cash flows and profits, and hence management believed that greater resources should be directed towards the gas operation. Accordingly, the Group disposed of its entire equity interest in Rich Team, the holding company of Redland Concrete Group on 31 December 2008. More details of the disposal of Rich Team are disclosed in the circular of the Company dated 12 December 2008.

The results of the concrete operation for the year ended 31 December 2008, which have been included in the consolidated statement of comprehensive income as discontinued operations, were as follows:

	HK\$'000
Turnover	401,846
Cost of sales	(245,239)
Gross profit	<u>156,607</u>
Other income	6,649
Selling and distribution expenses	(40,079)
Administrative expenses	(44,247)
Share of results of associates	<u>(1)</u>
Profit before taxation	78,929
Taxation	<u>(14,276)</u>
Profit for the year	<u><u>64,653</u></u>
Attributable to:	
Owners of the Company	<u><u>64,653</u></u>

The total results of the above discontinued operations for two years ended 31 December 2008 and 2009 are summarised as follows:

	2009	2008
	HK\$'000	HK\$'000
Turnover	-	841,531
Cost of sales	-	(591,751)
Gross profit	-	249,780
Other income	21,974	15,626
Selling and distribution expenses	-	(54,015)
Administrative expenses	-	(155,477)
Other expenses	-	(56,067)
Finance costs	-	(14,588)
Share of results of associates	-	(1)
Profit (loss) before taxation	21,974	(14,742)
Taxation	-	(14,893)
Profit (loss) for the year	21,974	(29,635)
Profit (loss) of discontinued operations for the year	21,974	(29,635)
Attributable to:		
Owners of the Company	21,974	(23,561)
Minority interests	-	(6,074)
	21,974	(29,635)

6. PROFIT FOR THE YEAR

	2009 HK\$'000	2008 HK\$'000 (Restated)
Profit for the year from both continuing and discontinued operations has been arrived at after charging:		
Staff costs		
Directors' emoluments	2,738	4,537
Other staff		
- Salaries and other benefits	223,418	300,505
- Retirement benefits schemes contributions	9,782	23,085
Share-based payment expense	-	1,559
Total staff costs	<u>235,938</u>	<u>329,686</u>
Auditor's remuneration	2,800	4,929
Depreciation of property, plant and equipment	130,366	139,114
Depreciation of investment properties	436	866
Amortisation of exclusive operating rights (included in administrative expenses)	23,701	23,276
Amortisation of technical know-how (included in administrative expenses)	-	657
Release from prepaid lease payments	8,370	4,458
Research, design and development expenses (included in other expenses)	-	22,660
Reorganisation expenses	-	14,148
Impairment loss on goodwill (included in administrative expenses)	-	3,036
Impairment loss on property, plant and equipment	-	38,980
Impairment loss on available-for-sale investments	-	15,683
Allowance for other receivables	-	3,612
Write down of inventories to net realisable value (included in other expenses)	-	8,793
Operating lease rentals in respect of rented premises	12,860	15,717
Provision for product liabilities	-	4,500
Loss on disposal of property, plant and equipment	-	2,228
and after crediting:		
Discount on acquisition of subsidiaries	-	22,104
Dividend income from available-for-sale investments	2,416	10,163
Gain on deemed disposal of a subsidiary	880	-
Gain on disposal of prepaid lease payments	6,239	-
Gain on disposal of property, plant and equipment	5,788	-
Gain on disposal of available-for-sale investments	10,453	-
Government grants	96	13,215
Interest on bank deposits	23,316	17,559
Net reversal of impairment loss on trade receivables	-	1,573
Rental income from investment properties (net of negligible outgoings)	<u>344</u>	<u>6,880</u>

7. DIVIDENDS

	2009 HK\$'000	2008 HK\$'000
Dividends recognised as distribution during the year:		
Interim dividend paid for 2009	28,288	-
Final dividend paid for 2008	56,577	-
Distribution by way of dividend in specie	-	2,731,463
	<u>84,865</u>	<u>2,731,463</u>

The directors recommend the payment of a final dividend of 4.50 HK cents per share for the year ended 31 December 2009 (2008: 4.00 HK cents per share).

Pursuant to an ordinary resolution passed at a special general meeting held on 13 February 2008, the Company distributed all of its holding of shares in its subsidiary, CRM, by way of a dividend in specie on the basis of 180 shares in CRM for every 100 shares in the Company held. A total of 5,091,900,165 shares in CRM with aggregate market value of approximately HK\$3,055,140,000 were distributed to the shareholders of the Company on 5 March 2008.

8. EARNINGS PER SHARE

For continuing and discontinued operations

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

	2009 HK\$'000	2008 HK\$'000 (Restated)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	<u>443,573</u>	<u>296,968</u>
	2009	2008
Number of shares:		
Weighted average number of shares for the purposes of basic earnings per share	1,414,416,710	477,539,087
Effect of dilutive potential shares		
Share options	-	754,697
Weighted average number of shares for the purposes of diluted earnings per share	<u>1,414,416,710</u>	<u>478,293,784</u>

The computation of diluted earnings per share for the year ended 31 December 2009 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the year.

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

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following data:

	2009	2008
	HK\$'000	HK\$'000
		(Restated)
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	443,573	296,968
Less: (Profit) /loss for the year from discontinued operations attributable to owners of the Company	(21,974)	23,561
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u>421,599</u>	<u>320,529</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operations

Basic and diluted earnings per share for the discontinued operations for the year ended 31 December 2009 are HK\$0.01 per share (2008: losses of HK\$0.05 per share) and HK\$0.01 per share (2008: losses of HK\$0.05 per share), respectively, based on the profit/loss from the discontinued operations and the denominators presented above.

9. TRADE AND OTHER RECEIVABLES

	31 December	31 December
	2009	2008
	HK\$'000	HK\$'000
		(Restated)
Trade receivables	109,878	67,406
Less: Allowance for doubtful debts	-	(2,623)
	<u>109,878</u>	<u>64,783</u>
Other receivables, deposits and prepayments	455,643	263,529
	<u>565,521</u>	<u>328,312</u>

The Group generally allows credit periods ranging from 30 to 90 days to its trade customers, which may be extended to 180 days for selected customers depending on their trade volume and settlement terms. The aged analysis of trade receivables, including notes receivables, net of allowance for doubtful debts, is presented based on the invoice date at the end of the reporting period as follows:

	31 December 2009 HK\$'000	31 December 2008 HK\$'000 (Restated)
0 - 90 days	95,308	52,649
91 - 180 days	7,221	5,710
Over 181 days	7,349	6,424
	<u>109,878</u>	<u>64,783</u>

10. TRADE AND OTHER PAYABLES

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

	31 December 2009 HK\$'000	31 December 2008 HK\$'000 (Restated)
0 - 90 days	332,075	106,285
91 - 180 days	23,466	16,694
Over 181 days	90,605	14,004
	<u>446,146</u>	<u>136,983</u>

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

REVIEW OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31 December 2009 have been reviewed by the Audit Committee of the Company, which comprises two Independent Non-executive Directors and one Non-executive Director, and have been audited by the Company's auditor, Deloitte Touche Tohmatsu. The Independent Auditor's Report will be included in the Annual Report to the shareholders.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 4.50 HK cents per share together with the interim dividend of 2.00 HK cents per share, amount to a total of 6.50 HK cents per share for the year ended 31 December 2009 (2008: 4.00 HK cents per share). Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be payable on 14 June 2010 to shareholders on the register of members of the Company on 31 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 25 May 2010 to 31 May 2010, both days inclusive. In order to qualify for the proposed dividend payment, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 24 May 2010.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The Annual Report of the Company will be dispatched to shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.crgas.com.hk) in due course.

On behalf of the Board
CHINA RESOURCES GAS GROUP LIMITED
MA Guoan
Chairman

Hong Kong, 16 March 2010

As at the date of this announcement, the directors of the Company are Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin, being Executive Directors; Mr. Li Fuzuo, Mr. Du Wenmin and Mr. Wei Bin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard, being Independent Non-executive Directors.