



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

2015 Final Results Presentation

Bench-marking for
Efficiency
學標杆 增效益

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2015 Results Highlights



2015 Results Highlights

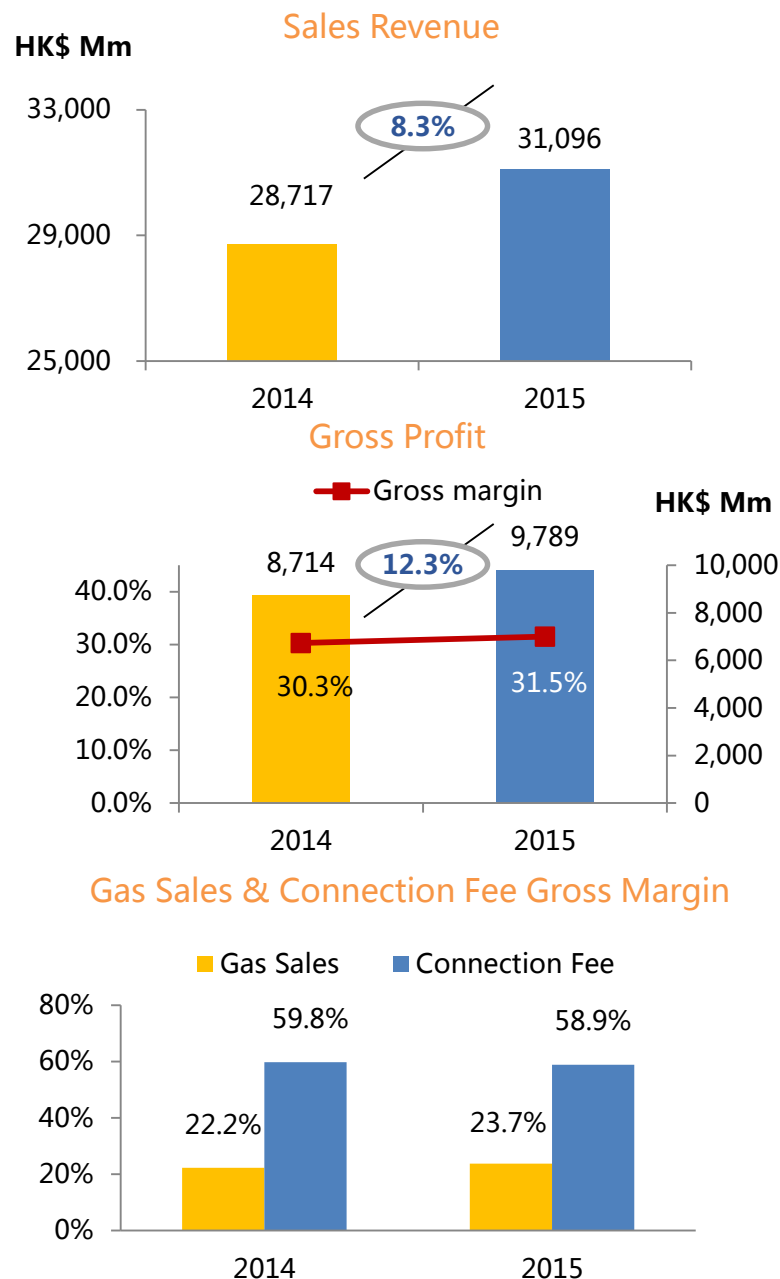


Stable Growth & Profitability

Turnover of CR Gas in 2015 amounted to **HK\$31,096 million**, an increase of **8.3%** over HK\$ 28,717 million for 2014, which was mainly driven by organic growth;

Gross profit margin stood at **31.5%**, representing 1.2 percentage points higher than 30.3% for 2014, including:

- (a) Gas sales margin stood at 23.7% representing 1.5 percentage points higher than 22.2% for 2014;
- (b) Connection fee margin stood at 58.9%, representing 0.9 percentage points lower than 59.8% for 2014



2015 Results Highlights



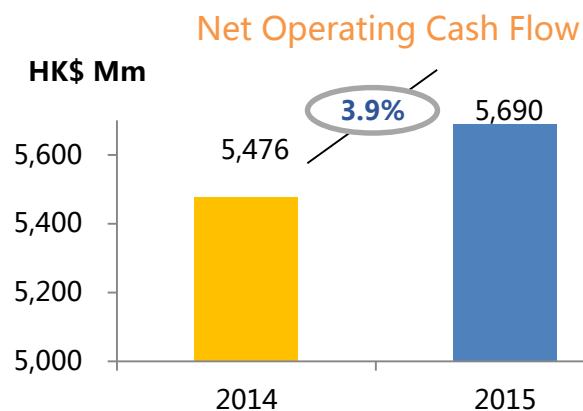
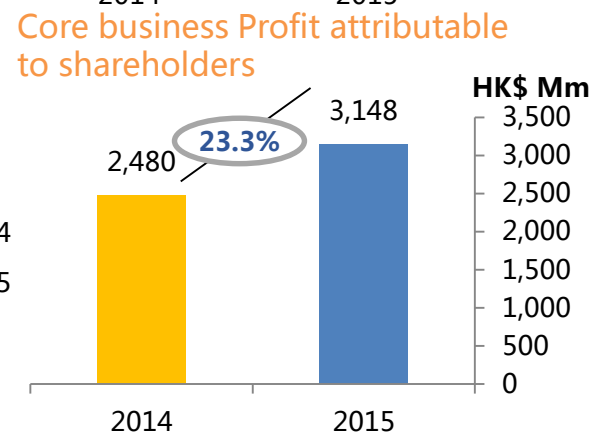
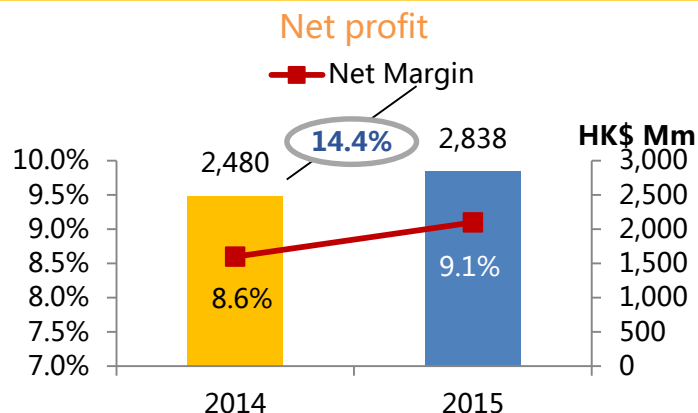
Stable Growth & Profitability

Profit attributable to shareholders amounted to **HK\$2,838 million**, an increase of **14.4%** over HK\$2,480 million for 2014.

Core business profit attributable to shareholders amounted to **HK\$31,48 million**, or an increase of 23.3%, after adjusting for

- (a) non-operational items of HK\$158 million which included the loss on foreign exchange of HK\$151 million; and
- (b) loss of HK\$152 million attributable to the devaluation of RMB exchange rate arising from the conversion of RMB into HK\$ in respect of the statement of profit or loss.

Net operating cash flow amounted to **HK\$5,690 million**, an increase of **3.9%** over HK\$5,476 million for 2014.

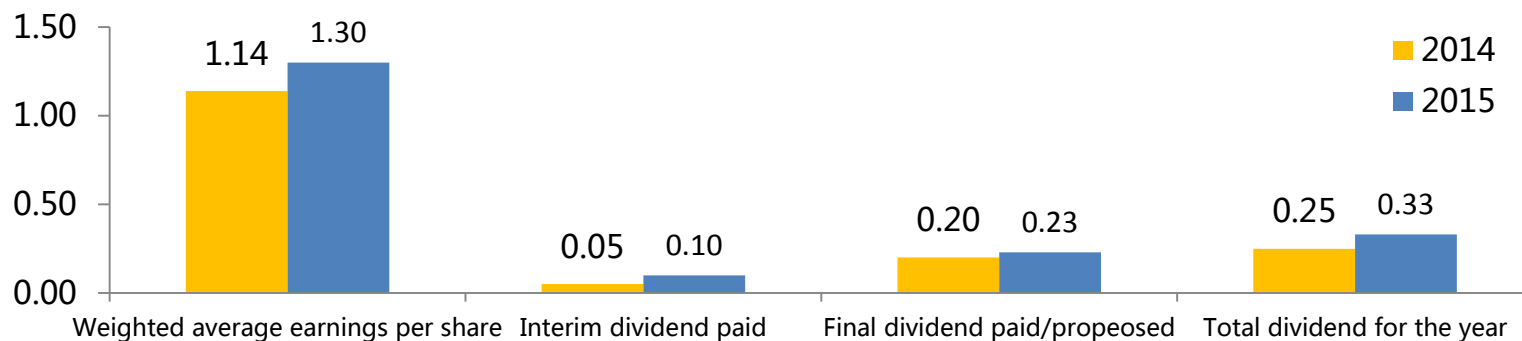


2015 Results Highlights



Stable Growth & Dividend

Earnings per share and payment of dividend	2014	2015
Weighted average earning per share	HK\$1.14	HK\$1.30
Interim dividend paid	HK\$0.05	HK\$0.10
Final dividend/proposed	HK\$0.20	HK\$0.23
Total dividend for the year	HK\$0.25	HK\$0.33
Dividend payout ratio	22%	25%



- Total dividend per share in 2015 was **HK\$0.33**, an increase of HK\$0.08 or **32%** over HK\$0.25 of 2014
- Dividend payout ratio per share in 2015 increased to 25% from 22% in 2014
- Dividend payout ratio will gradually improve as operating cashflows improve in line with maturing gas business

2015 Results Highlights



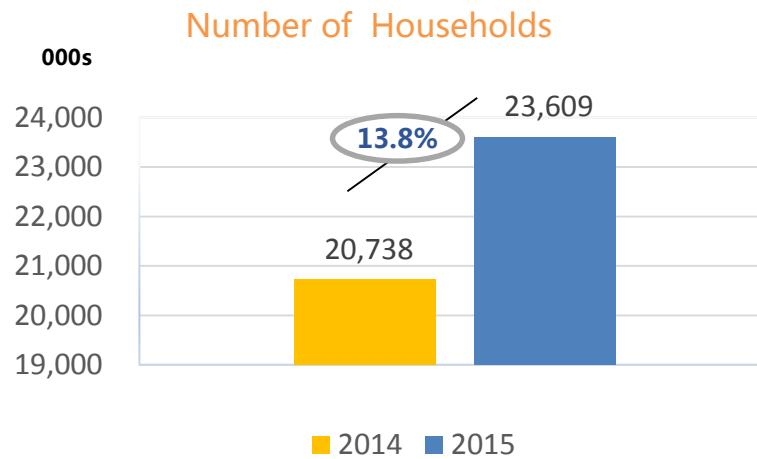
Stable Volume Growth

- Gas sales volume increased by **9.2%** from 13,660 million m³ to **14,913 million m³**, including:
 - (a) organic growth increased by 8.8% to 14,856 million m³ ;
 - (b) external growth increased by 0.4% to 58 million m³ .
- There are no wholesale gas trading by CR Gas.
- The number of connected residential customers increased by 2.87 million or **13.8%** from 20.74 million to **23,61 million**

million



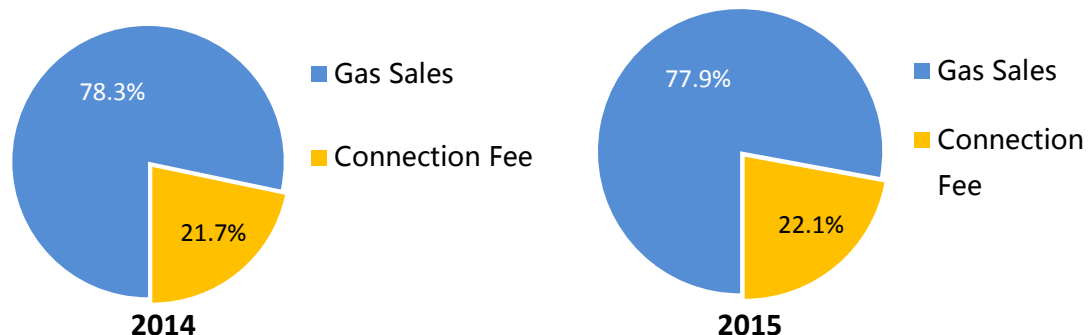
Note: In 2015, the growth rate of natural gas consumption in China was 5.7%.



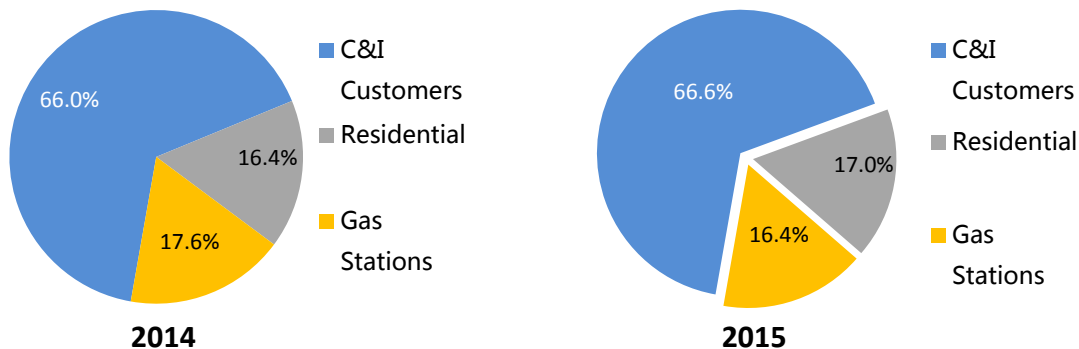
2015 Results Highlights

Sustainable Revenue and Superior Customer Mix

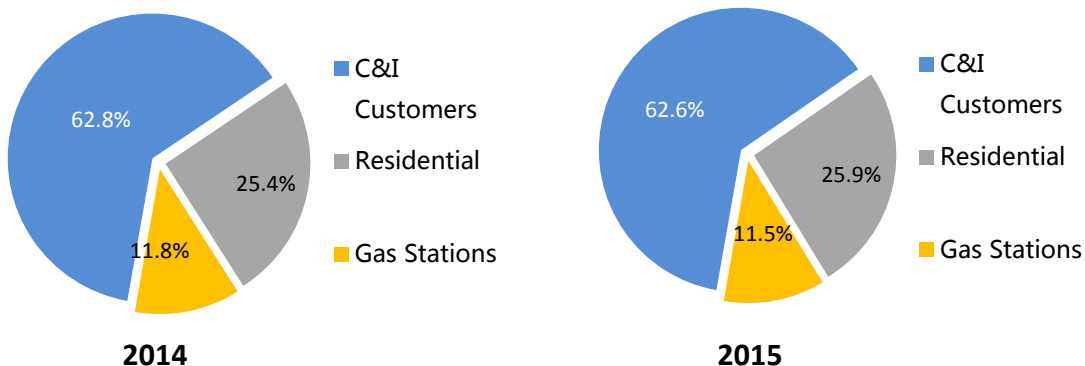
Revenue Breakdown - High proportion of revenue derived from recurring gas sales ensures protection against the risk of reduction in one-off connection fees.



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



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





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2015 Operational Highlights



Operational Highlights

2015 Operational Performance



Operational Performance	As at 31 Dec 2015	As at 31 Dec 2014	Change/%
Number of projects	220	205	15
Gross sales volume (million M³)	14,913	13,660	9.2%
Residential	3,863	3,467	11.4%
Commercial & Industrial	9,337	8,576	8.9%
Gas Station	1,713	1,617	5.9%
Connected Customers			
Residential	23,608,806	20,738,125	2,870,681
Industrial	9,541	7,909	1,632
Commercial	164,305	134,263	30,042
Number of Gas Station			
(CNG/ LNG/ L-CNG)	317 (217/67/33)	279(194/55/30)	38(23/12/3)
Average sales volume of single Gas Station (million M³/per year)	5.40	5.80	(6.9%)

Note: Average sales volume of single Gas Station exceeds industry average.

Operational Highlights

2015 Operational Performance



Operational Performance	As at 31 Dec 2015	As at 31 Dec 2014	Change/%
Average Gas Tariff / Cost / Gross Margin (RMB per m³)	2.94/2.23/0.71	2.91/2.24/0.67	0.03/(0.01)/0.04
Residential	2.21/1.96/0.25	2.16/1.99/0.17	0.05/(0.03)/0.08
Commercial & Industrial	3.06/2.25/0.81	2.99/2.27/0.72	0.07/(0.02)/0.09
Gas station	3.64/2.42/1.22	3.62/2.55/1.07	0.02/(0.13)/0.15
Average Gas Gross Profit Margin	23.7%	22.2%	1.5%pt
Residential	11.2%	7.8%	3.4%pt
Commercial & Industrial	26.4%	24.0%	2.4%pt
Gas station (CNG/LNG)	33.7% (36.4%/25.8%)	29.5% (30.1%/19.6%)	4.2%pt
Average Residential Connection Fee (RMB)⁽¹⁾	2,990	3,160	(170)
Installed designed capacity for C&I customers (m³ per day) / Utilization rate(%)	62,869,040 40.7%	47,431,293 49.5%	15,437,747 (8.8%)pt
Penetration Rate of Residential Household	44.4%	41.5%	2.9%pt
Total Length of Pipeline (km)	116,241	98,512	17,729

Note: 2,447,548 (2014: 2,329,225) gross new households with paid connection fee during 2015, out of which 1,544,982, (2014: 1,340,068) are accounted in consolidated financial statements.



3

Major Development in 2015



Major Development in 2015



New Investment in 2015

During 2015, CR Gas invested in **27** city gas projects for a total investment of **HK\$1,816 million**, 9 of these amounted to HK\$166 million were invested at the sub-subsidiary level.

Total capital expenditures for 2015 (including pipelines and related facilities as well as M&A) amounted to **HK\$5,918 million**. An amount of **HK\$6,487 million** is budgeted for 2016.

The Company has announced and/or the Board has approved another **25** city gas projects with total proposed investment of **HK\$1,477 million**.

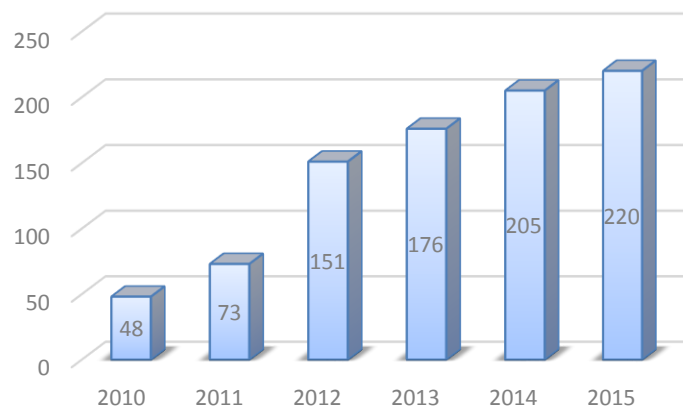
During 2015, CR Gas invested in the **2** biggest projects in China:

Qingdao Project

Qinhuangdao Project

Up to 2015, CR Gas has **220** registered projects.

No. of Registered Projects



Major Development in 2015



New Investment in 2015

On 9 March 2015, CR Gas announced that a joint venture will be established with a registered capital of **RMB1,250 million**, which will be held by Qingdao Taineng (青島泰能) as to 51% and CR Gas as to 49% , respectively.

As a major gas supplier of Qingdao, Qingdao Taineng (青島泰能) Group has approximately one million household users with a gas sales volume of 383 million m³ per annum.

Qingdao, an important city in Shandong Province, has a GDP of RMB940 billion in 2015. With a population of 871 million. In 2014, Qingdao Energy Group registered a gas sales volume of approximately **400 million m³**, accounting for more than 70% of the total gas sales volume in the Qingdao market. It is expected that Qingdao Energy Group will post a gas sales volume of approximately 800 million m³ in 2020, and will thus become one of our top ten gas distribution projects.

Qingdao Project



Major Development in 2015



New Investment in 2015

On 21 October, a joint venture was established with a registered capital of **RMB294 million**, 51% of which was contributed by Qinhuangdao Gas (秦皇島燃氣) in the form of gas assets, and 49% of which was contributed by CR Gas in cash.

Qinhuangdao Gas Company (秦皇島燃氣公司) is the last prefecture-level state-owned gas enterprise in Hebei Province that has not undergone restructuring. It has over 330,000 users of different types with a gas sales volume of 230 million m³ per annum.

Qinhuangdao, a coastal city in Hebei Province, has a gross domestic product (GDP) of approximately RMB125 billion and natural gas consumption of **230 million** m³ per annum. The city has 390,000 connected residential customers, 6 gas stations and 1,357 km of gas transmission pipeline.

Qinhuangdao Project



Major Development in 2015

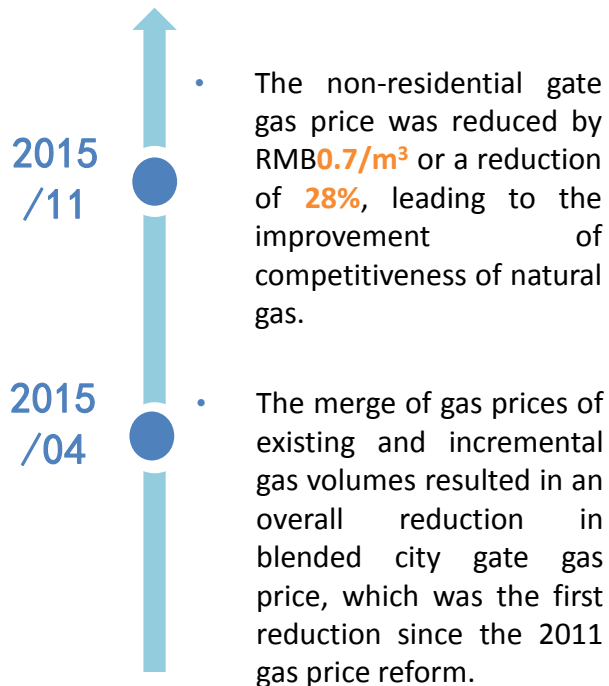
Gas price reform in 2015

At present, the recent downward price adjustment is beneficial to the growth of natural gas consumption.



In future, the non-residential gas price will be determined by the market after the establishment of the market-driven pricing mechanism and the price regulation and control system, will bring a very positive impact on downstream gas distribution business.

Gradual shift to market-driven rates:



Market-driven Pricing Mechanism

The government will deregulate the price of competitive segments of the natural gas industry

Natural gas trading platforms are being built, and third party access to pipelines is to be allowed

- The upstream gas resource and the downstream gas sales companies conduct sale and purchase transactions of gas resource on the natural gas trading platform, and the downstream gas sales companies negotiate the gas price with non-residential end users.
- Residential gas price is still regulated by the government. However, the step pricing system has been established.
- Gas exchange platforms are being set up.
- Midstream pipeline networks are to be separated and third party gas supply will be allowed in the future.

Major Development in 2015

Residential Step Pricing System

In order to alleviate the burden of gas price on industrial and commercial enterprises, the NDRC promulgated a policy in March 2014, requiring all gas-supplied cities to establish an escalating gas price system for domestic users by the end of 2015. So far, CR Gas has employed the escalating gas price method for **49%** its affected gas supply projects including most of our major cities. It is expected that our gross profit from gas sales to residential customers will increase by RMB **0.11/m³** or our overall gross profit will increase by RMB **0.03/m³** should the escalating gas price system be implemented throughout all of our projects.

As CR Gas has many projects in major cities and it also has the most residential customers in the industry, it is expected to benefit most among its peers from the positive impact to be brought about by the gradually escalating gas price for sales to residential customers in the coming years.





4

CR Gas Capital Market Performance



CR Gas Capital Market Performance



Share Price of CR Gas has Rapid growth

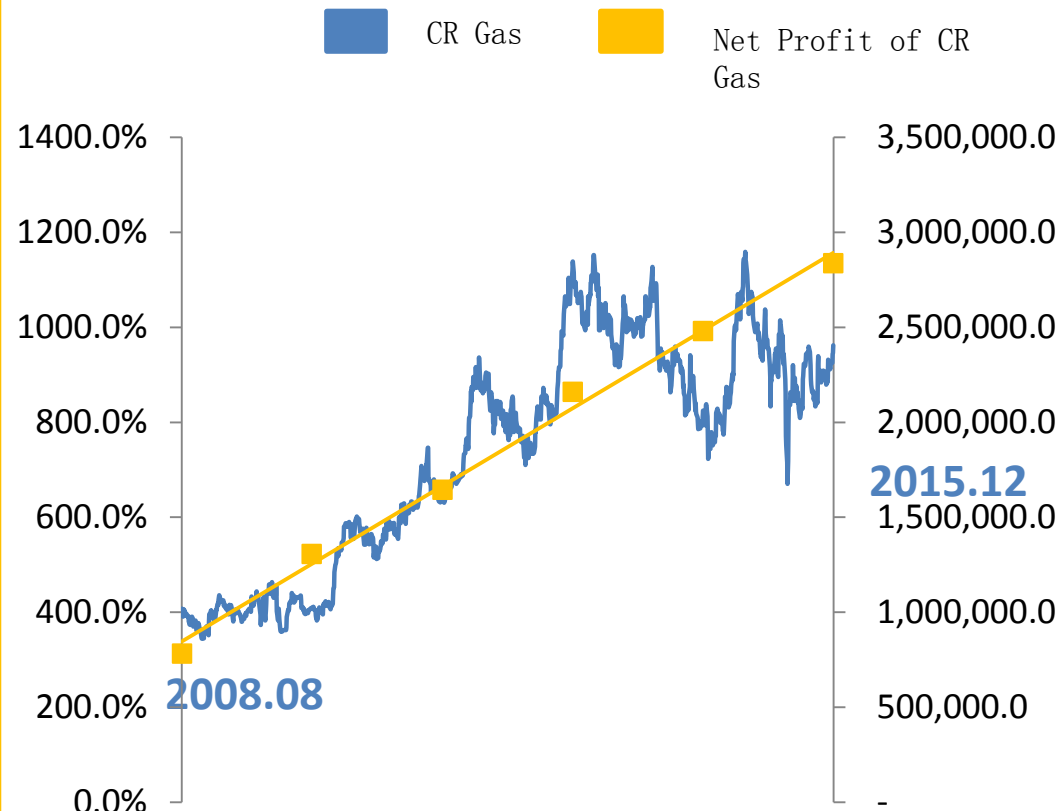
The market capitalization of CR Gas increased by 1.5 times during the 12th Five-Year Period with relatively strong P/E and P/B.

Price of shares at listing: HK\$3.42 (placing price)
HK\$2.18 (closing price)

Market Cap: HK\$ 30.83 billion
Net profit: HK\$ 237million
Gas Projects: 7

Closing Price on 31st Dec 2012: HK\$23.15
Market Cap: HK\$ 202.52 billion
Net profit: HK\$ 773 million
Gas Projects: 48

Closing Price on 31st Dec 2015: HK\$23.15
Market Cap: HK\$ 514.86 billion
Net profit: HK\$ 2,838 million
Gas Projects: 220



For the last 5 years:
The market capitalization of CR Gas increased 154.2%
Hang Seng Index fell 4.87%



CR Gas Capital Market Performance

CR Gas Investment Grade Credit Ratings were Reaffirmed

International Credit Rating Agencies Standard & Poor's, Moody's & Fitch reaffirmed CR Gas Investment Grade Credit Rating.

Credit Analysis

- Leading position in China's city piped-gas distribution industry;
- Geographically diversified city-gas projects and end-user portfolio;
- Exposure to China's evolving regulatory and operating environment;
- Improved financial profile.

**STANDARD
& POOR'S**

BBB+

MOODY'S

Baa1

FitchRatings

BBB+

CR Gas Capital Market Performance



CR Gas Honors in 2015

2015



We were included for the third consecutive year in **Platts Top 250 Global Energy Company Rankings**.

Our ranking advanced significantly in 2015 to position **181** from position 218 in 2014. Platts also named us as the “**Second Fastest Growing Energy Company**” in Asia, and we ranked **First** among city gas suppliers.

Asia Newsweek Magazine once again awarded the Company the **Best Results Performance Company** and the **Green New Energy Enterprise** among the mainland enterprises listed in Hong Kong.





5

Future Outlook



Future Outlook



Superior Pan-China Gas Projects

Gas Projects

220

Provinces

22

Municipality Cities

3

Provincial Capitals

14

Prefecture-level Cities

72

管道名(Pipeline Name)	投建日期 (Commissioning Year)	建成日期 (Completion Date)	運氣能力 (Capacity)	運營商 (Operator)
1.西氣東輸一線 "West to East 1"	2002	2004	17bn m ³	中石油 (Petrochina)
2.西氣東輸二線 "West to East 2"	2006	2007	30bn m ³	中石油 (Petrochina)
3.西氣東輸三線 "West to East 3"	2012	2016	30bn m ³	中石油 (Petrochina)
4.川氣東送 "Sichuan to East"	2007	2010	12bn m ³	中石化 (Sinopec)
5.中越油氣 "Myanmar to China"	2010	2013	12bn m ³	中石油 (Petrochina)
6.東線海天然氣東輸 "Russia to China" Eastern Pipeline	2014	2018	30bn m ³	中石油 (Petrochina)
7.東線海天然氣西線 "Russia to China" Western Pipeline	不詳 Unknown	不詳 Unknown	30bn m ³	中石油 (Petrochina)
現有海天然氣接收站 Existing LNG Receiving Terminal				
正在建設中通往天然氣接收站 LNG Terminal under construction				
正在計劃中通往天然氣接收站 LNG Terminal under planning				

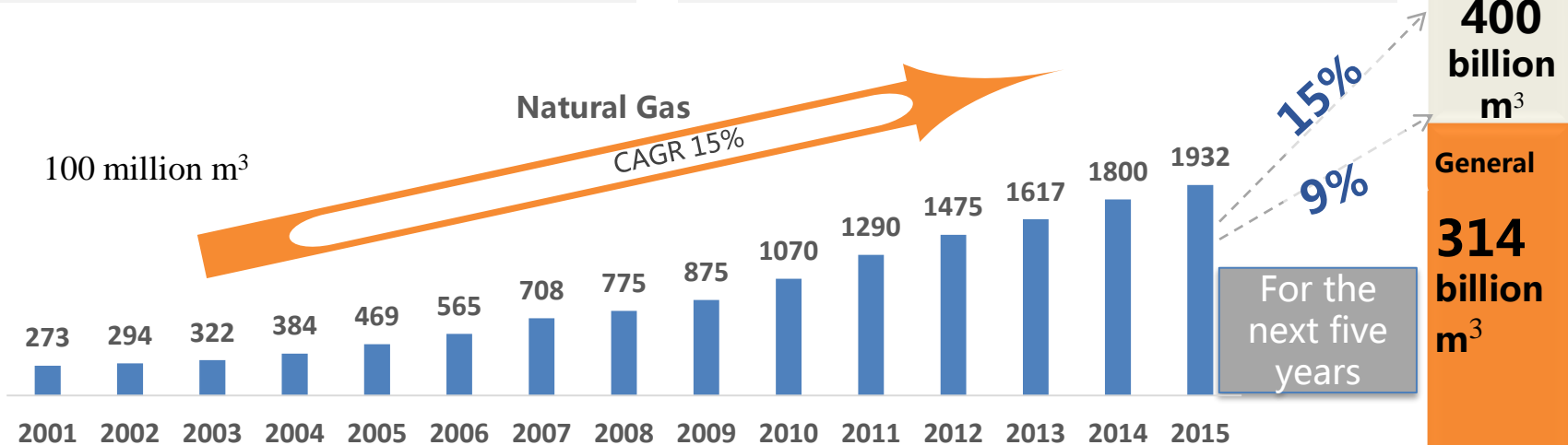


Future Outlook

Sustainable Growth of Natural Gas Industry in China

In China, natural gas consumption is expected to increase by more than **50%** in 2020 compared to that of 2015. It is estimated that, based on the normal scenario, natural gas consumption will reach **314 billion m³** in 2020 with a CAGR of 9%.

Globally, natural gas consumption in China accounts for only **6%** of total primary energy consumption. Compared to the world's average of **24%**, natural gas consumption in China enjoys enormous potential for growth.



*Natural gas consumption forecast in 2020: (1) "National Energy Development Planning" – 400 BCM, (2) IEA – 314 BCM

For the first two months of 2016, the company's gas sales volume increased by 11%.

Future Outlook

Strategic Objectives and Business Models



Vision

To Become the most respectable leader in China's gas industry

Strategic Objective

- To remain the market leader in terms of connected customers and piped gas sales volume in 2020
- To maintain customers' satisfaction and employees' loyalty

Business Models

Core businesses: sales of natural gas and connection of gas pipelines, CNG/LNG/VG;

Ancillary operations: Sales of gas appliances, engineering construction & design;

Enlarged businesses: Distributed energy, marine gas, midstream pipelines;

Potential businesses: Retail electricity, electric charging stations, natural gas upstream business and overseas gas business.

Core Competence

	Innovative Development		Cultural Cohesiveness
Operational Excellence		Value-added Service	Safety Assurance



6

2015 Financial Highlights



Financial Highlights

Revenue and Profit

For the period ended 31 st December	2015	2014 Restated	Increase/ (Decrease)
	HK\$'000	HK\$'000	
Turnover	31,095,756	28,717,025	8%
Gross profit	9,788,822	8,713,590	12%
Profit from operations (before finance cost and share of JV & associates results)	4,891,555	4,433,622	10%
Profit for the period	3,803,107	3,349,129	14%
Profit attributable to the Company's equity holders	2,837,910	2,479,898	14%
Cash from operating activities	6,983,749	6,689,089	4%
Net cash from operating activities(after tax payments)	5,690,055	5,476,262	4%
Basic EPS ⁽¹⁾ (HK \$)	1.30	1.14	14%
Interim dividend paid per share (HK cents)	10	5	100%
Final dividend proposed per share(HK cents)	23	20	15%
Total dividend per share for the year (HK Cents)	33	25	32%

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

Financial Highlights

Assets, Liability & Equity

For the period ended 31 st December	2015	2014 Restated	Increase/ (Decrease)
	HK\$'000	HK\$'000	
Total assets	59,896,272	57,751,698	4%
Bank balance and cash	10,750,872	9,707,507	11%
Total bank and note borrowings ⁽¹⁾	14,899,191	14,929,154	0%
Net borrowings	4,148,319	5,221,647	(21%)
Equity attributable to the Company's equity holders	17,009,359	16,063,368	6%
Non-controlling interests	5,477,647	5,064,551	8%
Total equity	22,487,006	21,127,919	6%

Note: (1) Included therein were HK Dollar and US Dollar denominated loans and bond of some equivalent HK\$14.3 billion. To minimise foreign exchange losses, it is planned to change these to RMB denominated loans or to settle them. The amounts planned for 2016 and 2017 are HK\$4 billion and HK\$4.5 billion respectively.

Financial Highlights

Profitability, Liquidity & Equity Ratios

For the period ended 31 st December	2015	2014 Restated
Gross profit margin	31.5%	30.3%
Net profit margin	9.1%	8.6%
Current ratio	0.8x	0.9x
Net Debt to equity ratio ⁽¹⁾	24.4%	32.5%
Debt to capitalization ratio ⁽²⁾	39.9%	41.4%
Debt to assets ratio ⁽³⁾	24.9%	25.9%
Return on weighted average equity ⁽⁴⁾	16.6%	15.4%

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 11.0%(2015), 10.0%(2014)

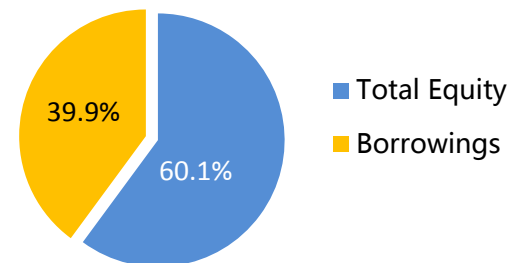
Financial Highlights

Balanced Capital Structure

Equity & Debt

	HK\$'000	%
Total equity	22,487,006	60.1%
Total bank & note borrowings	14,899,191	39.9%
Total capital	37,386,197	100.0%

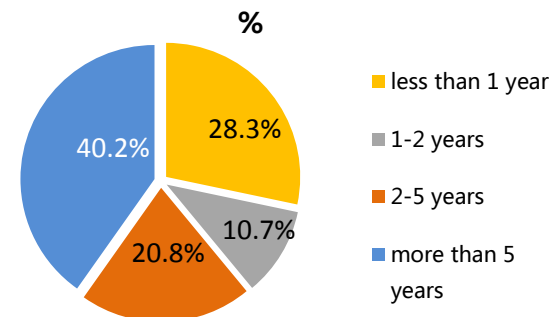
Debt & Equity Ratio' s %



Long & Short Term Borrowings

	HK\$'000	%
Less than 1 year	4,219,798	28.3%
1-2 years	1,590,278	10.7%
2-5 years	3,096,701	20.8%
More than 5 years	5,992,414	40.2%
Total	14,899,191	100.0%

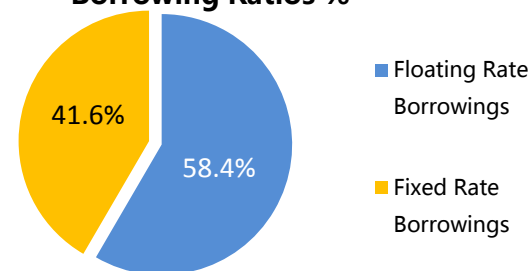
Long & Short Term Borrowings



Fixed & Floating Rate Borrowings

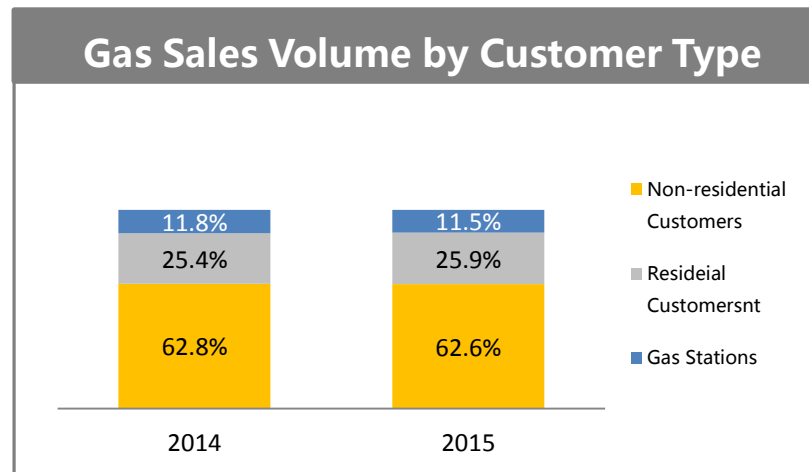
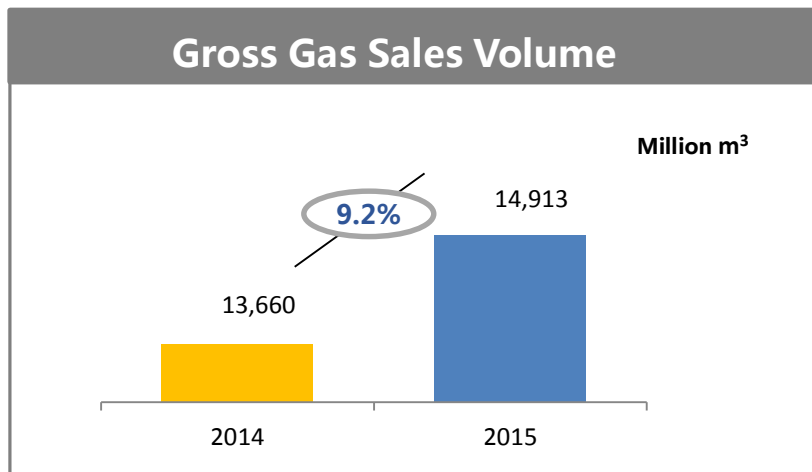
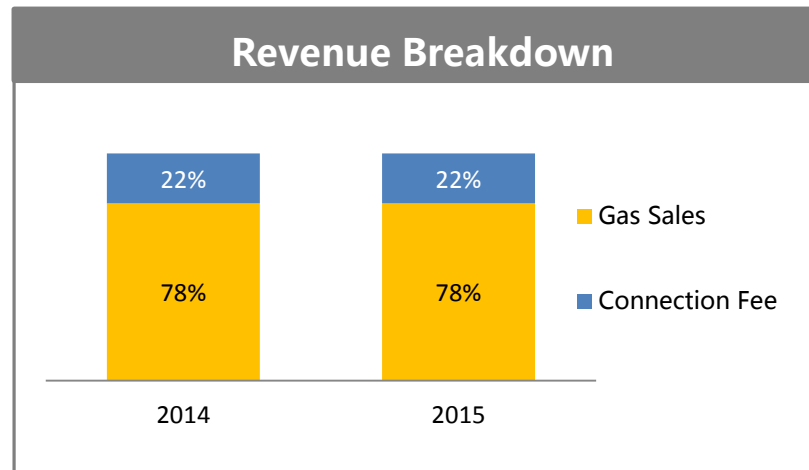
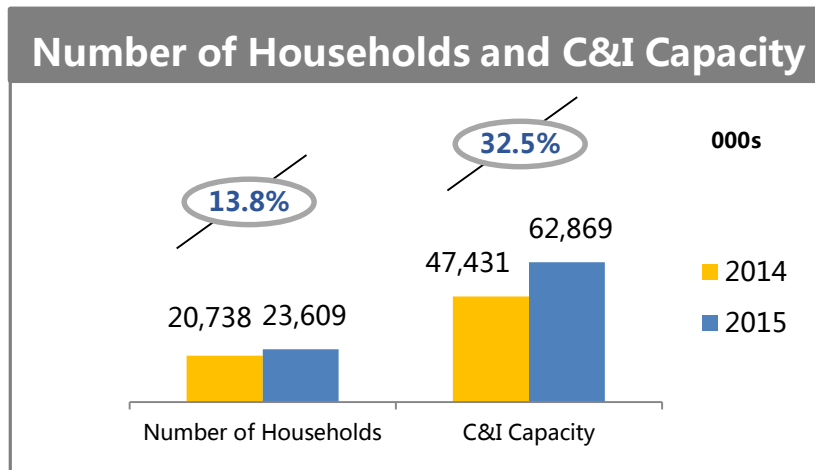
	HK\$'000	%
Floating rate borrowings	8,697,430	58.4%
Fixed rate borrowings	6,201,761	41.6%
Total	14,899,191	100.0%

Fixed & Floating Rates Borrowing Ratios %



Financial highlights

Key Revenue Drivers

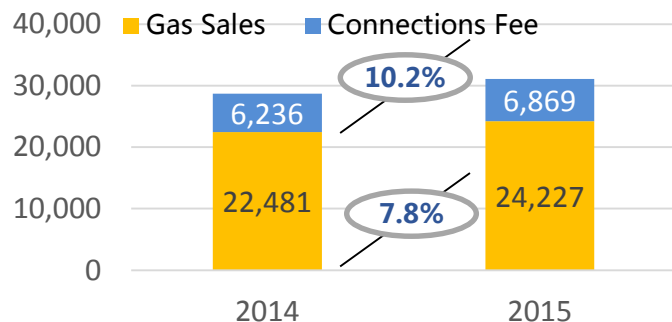


Financial Highlights

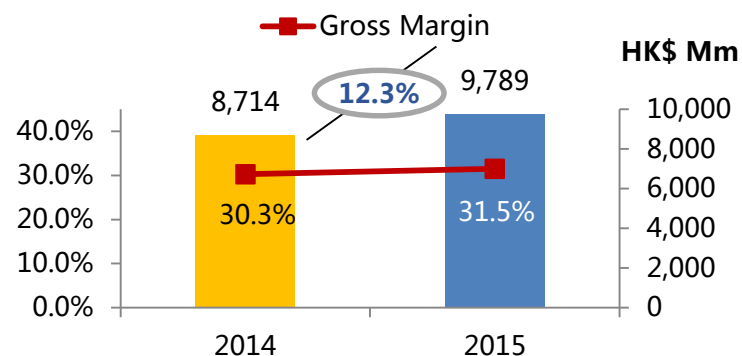
Robust Growth & Profitability

Gas Sales & Connection Fee Revenue

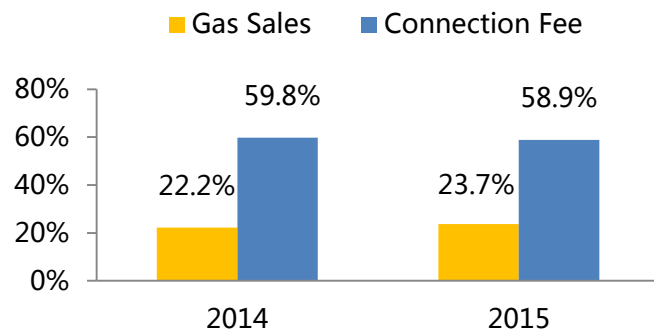
HK\$ Mm



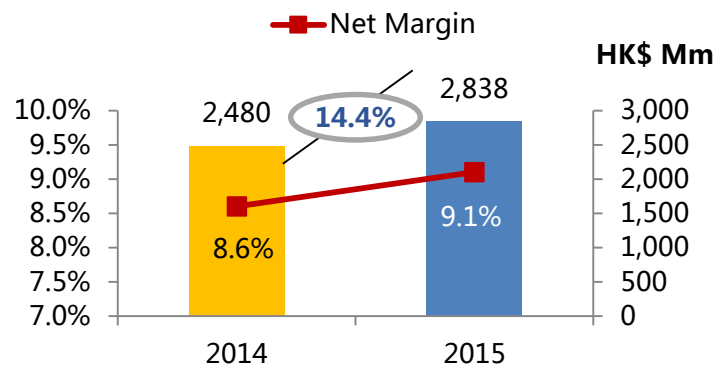
Gross Profit



Gas Sales & Connection Fee Gross Margin

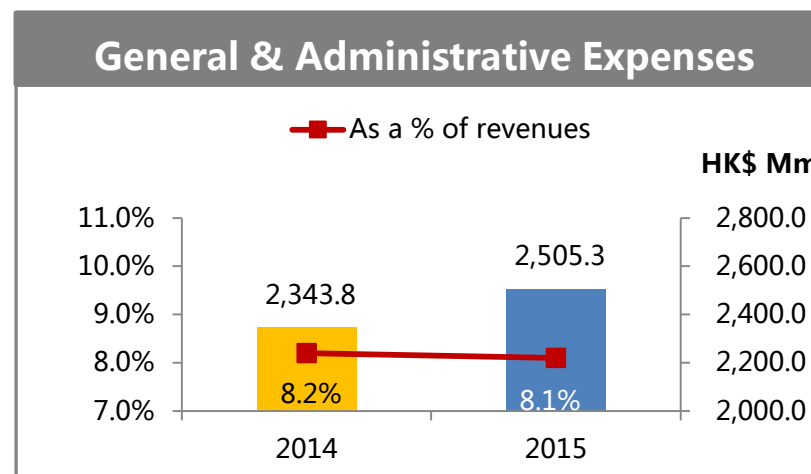
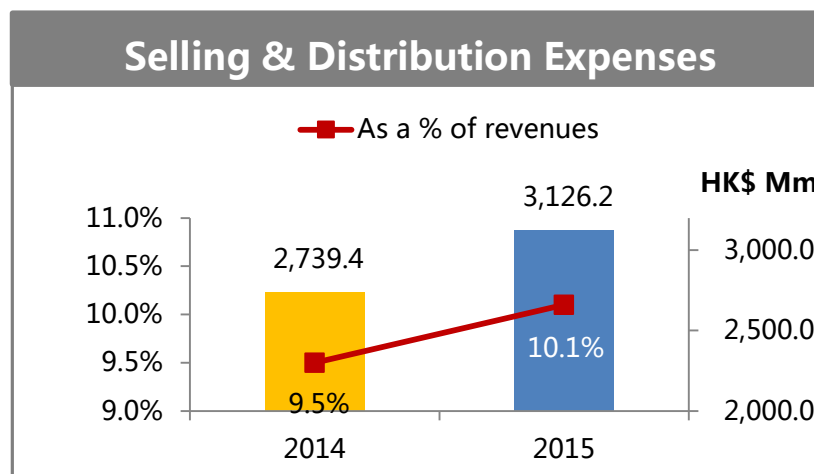
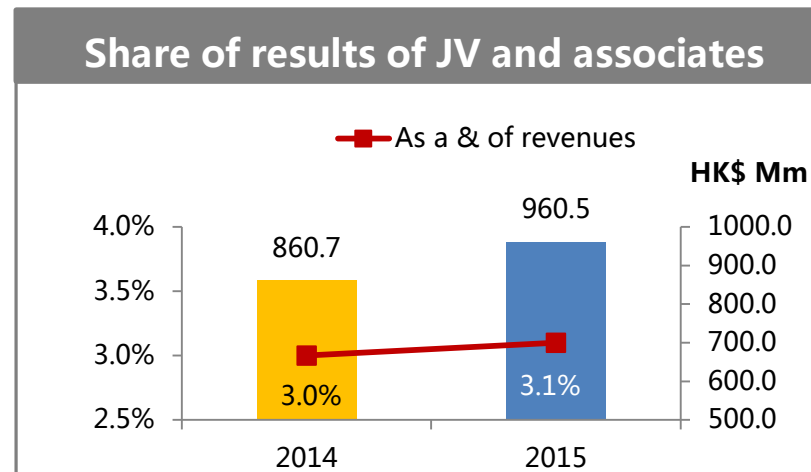
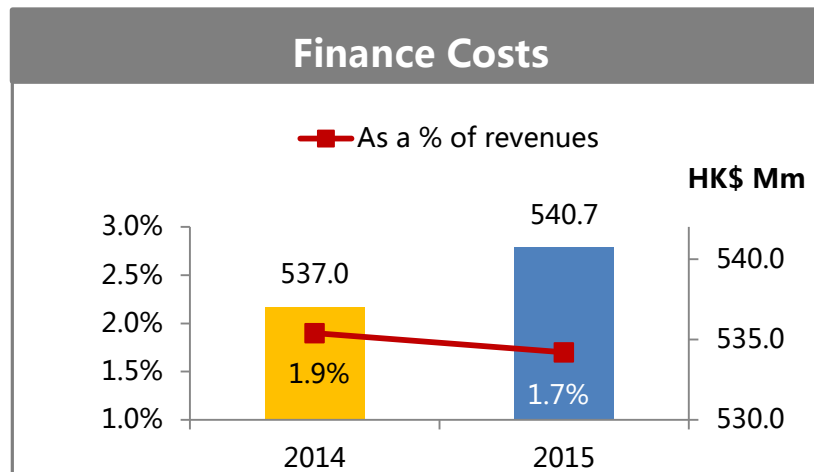


Net Profit



Financial Highlights

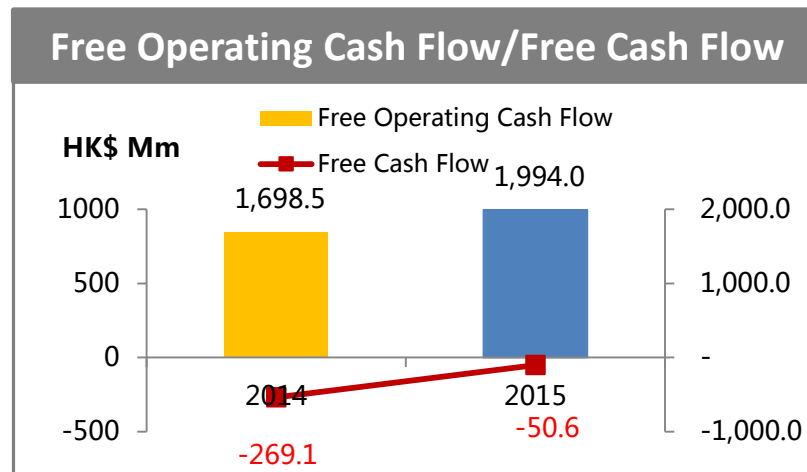
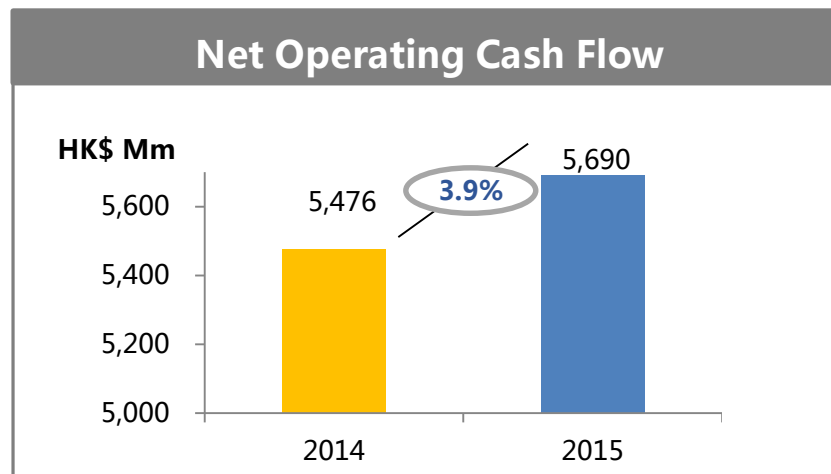
Stable Gross Margin, Cost & Expenses



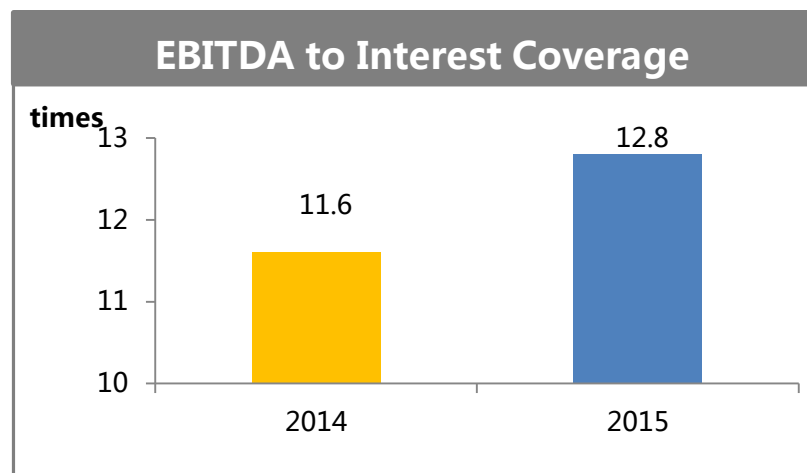
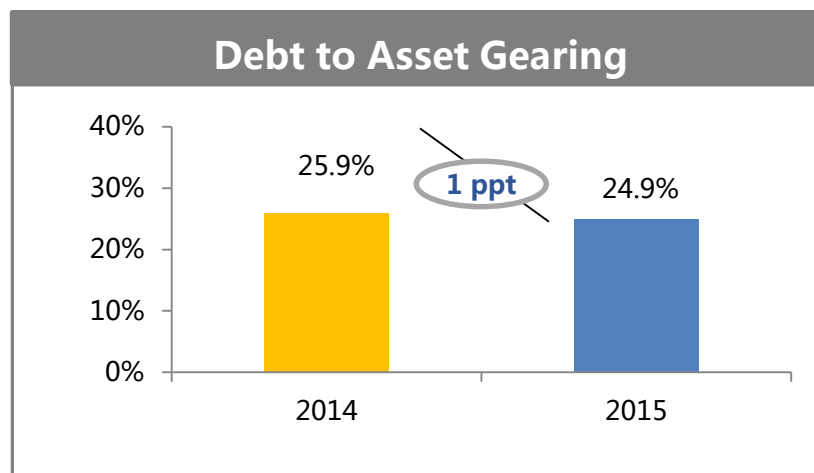
- Increase in absolute amount of selling and distribution expenses as well as general and administrative expenses are mainly due to the inclusion of the projects newly acquired in 2015 which will take some time to achieve scale and efficiency.

Financial Highlights

Strong Operating & Free Cash Flow Generation and Sustainable leverage Management



Note :1) Free Operating Cash Flow = Operating Cash Flow – Operating Capital Expenditures; 2) Free Cash Flow= Free Operating Cash Flow – M&A Capex Expenditures; 2015 M&A Capex Expenditures includes Qingdao project.



Note: 23.1 times of interest income is included (2014:32.6 times)



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Appendix



Disclaimer and Contact

Disclaimer:

This presentation and subsequent discussion may contain certain forward-looking statements, including statements regarding our intent, belief or current expectations with respect to China Resources Gas (CR Gas)'s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements in relation to holding, purchasing or selling securities or other financial products or instruments. CR Gas does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Past performance cannot be relied on as a guide for future performance.

For Investor Enquiries:



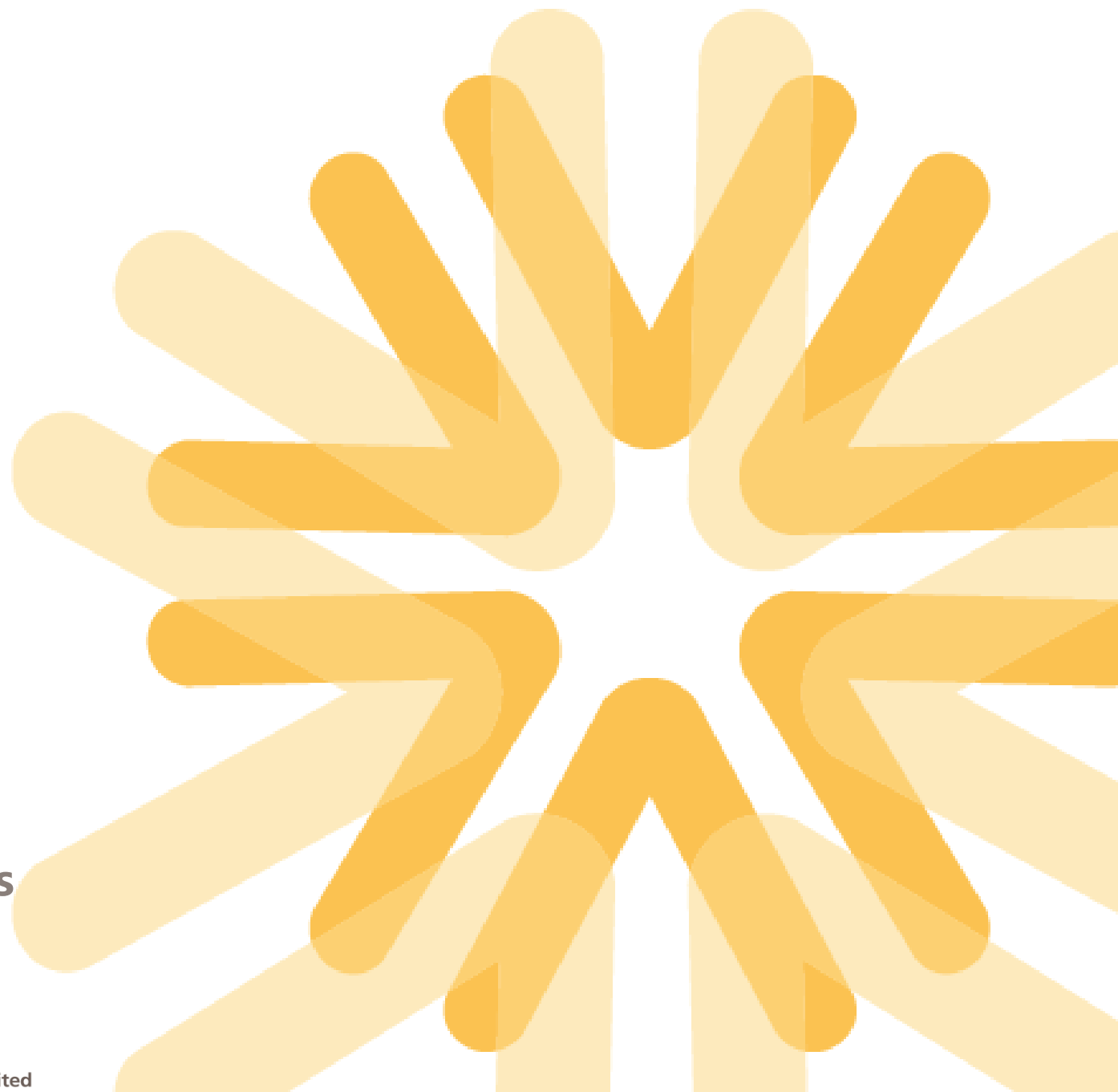
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2015 Final Results Presentation



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