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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 31ST DECEMBER, 2017

During 2017, CR Gas registered an 11.1% increase in net profit attributable to shareholders to HK$3,654 million and its net operating cash flow increased by 5.9% to HK$7,796 million. The Board of CR Gas recommends an increase of 22.2% in total dividend per share to HK$0.55.

	2017	2016	Increase
Turnover (HK$ million)	**39,838**	32,916	**21.0%**
Profit attributable to owners of the Company (HK$ million)	**3,654**	3,289	**11.1%**
Basic earnings per share (HK$)	**1.68**	1.51	**11.3%**
Net operating cash flow (HK$ million)	**7,796**	7,365	**5.9%**
Interim dividend paid and proposed final dividend per share (HK$)	**0.55**	0.45	**22.2%**
Gross gas sales volume (million m^3)	**19,667**	16,272	**20.9%**
Total new connected residential customers (million)	**3.00**	2.69	**11.5%**

The board of directors (the "Board") of China Resources Gas Group Limited (the "Company" or "CR Gas") is pleased to announce the final results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2017.

BUSINESS REVIEW

Annual Results

In 2017, benefiting from the strong economic recovery in China and the promulgation of a series of policies to promote the use of natural gas, together with local governments' efforts to promote “coal-to-gas conversion” projects and the implementation of measures such as establishing and expanding no coal areas, China's natural gas consumption increased significantly to reach 237.3 billion cubic meters, representing an increase of 15.3%. By capturing development opportunities and tapping market potential, the Group recorded an annual gas sales volume of 19.67 billion cubic meters, a year-on-year increase of 20.9%, and the number of gas users exceeded 30 million to reach 30.81 million, a year-on-year increase of 16.3%. The Group continued to optimise its management model and increase its operating efficiency which resulted in the steady improvement of return. The profit attributable to owners of the Company was HK$3.65 billion, a year-on-year increase of 11.1%. The Group proposed to pay a final dividend of 40 HK cents per share, bringing a total dividend of 55 HK cents per share for the year, representing an increase of 22.2% from 45 HK cents per share in 2016, with a dividend payout ratio of 32.7%.

Sale of natural gas

In 2017, a number of provincial and municipal governments across the country have introduced air pollution control policies to encourage enterprises to use natural gas as a substitute for heavily polluting fuels such as coal, heavy oil and low-quality diesel. The Group actively cooperated with local governments to implement the "coal-to-gas conversion" plan, and adopted a flexible pricing mechanism and comprehensive energy utilization model to attract industrial and commercial users to use natural gas, leading to a substantial increase in the overall consumption of natural gas. During the year, the Group’s natural gas sales volume reached 19.67 billion cubic meters. Of which, the industrial gas sales volume reached 8.64 billion cubic meters, representing an increase of 30.1% and accounting for 44.0% of the total gas sales volume of the Group. The commercial gas sales volume reached 4.45 billion cubic meters, representing an increase of 23.8% and accounting for 22.6% of the total gas sales volume of the Group, and residential gas sales volume increased by 10.5% to 4.77 billion cubic meters, accounting for 24.2% of the total gas sales volume of the Group.

Development of new users

The Group has a larger market share of gas projects in the large and medium-sized cities with a developed economy, and driven by the recovery of the real estate market in the large and medium-sized cities as well as the continuous promotion of urbanization process, the Group’s gas connection business for residential users has grown constantly. During the year, the Group connected 3 million new residential users, including 570,000 old residential users and 290,000 rural coal-to-gas conversion users, and connected 50,000 new industrial and commercial users. Since its completion in 2017, Qingdao project also has brought in 1.27 million existing residential users to the Group.

New project expansion

The Group continued to focus on developing city gas business, its core business. Leveraging on good corporate branding and operational capability, the Group successfully acquired 36 new investment projects in 2017 with a total investment of HK$1.72 billion. Of which, registration of 18 subsidiaries completed with investment of HK$856 million. Another 18 new projects were approved by the Board with an investment of HK$863 million. The city gas projects the Group acquired are located in Qingdao City, Hangzhou City, Chongqing City, Dunhua City, Kaiyuan County, Yongjia County, Dushan County and other regions. Upon its completion in June 2017, Qingdao project gained a gas sales volume of more than 400 million cubic meters and contributed to the profit of the Group.

By the end of 2017, the number of city gas projects of the Group has reached 238, covering 22 provinces, 3 direct administrative municipalities and 73 prefecture-level cities. The expanding operational regions and prime geographic locations of the projects have laid a solid foundation for the sustained and rapid growth of the Group's core business.

New business development

Following the continuous optimization of economic structure in China, the demand for clean energy continued to increase. Thanks to the supportive policies, the Group took full advantage of its existing customer base to actively develop new businesses such as distributed energy and charging posts to meet the energy needs of different customers, foster new growth points and expand our income stream.

In 2017, the Group approved 9 new distributed energy projects apart from the 12 distributed energy projects that have been put into operation with a total investment of HK$2.22 billion. Upon completion, these projects will contribute an installed capacity of 95MW and an additional gas volume of 250 million cubic meters. The distributed energy project in Huishan, Wuxi approved at the end of the year, once being put into operation, will contribute a gas volume of 140 million cubic meters to Wuxi project. It will also build a local multi-energy complementary smart system integrating photovoltaics, ground source heat pumps, charging posts, microgrids as well as electricity distribution and sales.

In 2017, a charging post company in Hangzhou was put into stable operation with an average daily charging capacity of approximately 45,000 kWh, and yielded profitability in the year. In Shantou region, the Group initiated a trial transformation of fishing vessels for using vessel gas. A power sales company jointly established by the Group with China Resources Power in Fujian region has obtained a local license for power sales.

Key financial information

In 2017, the Group recorded a turnover of HK$39.84 billion, a year-on-year increase of 21.0%. The Group's overall gross profit margin was 29.9%, representing a decrease of 4.1 percentage points as compared with the last year. The decrease in gross profit margin was mainly due to the inability or delay to fully pass through the gas source cost increase during the heating period in the winter, and higher gas consumption by some big customers with lower gross profit.

The Group has been adopting prudent financial resources management policies to keep borrowings at a sound level. In 2017, the Group's cash flow maintained a good increment. The operating cash flow during the year reached HK$7.80 billion, a year-on-year increase of 5.9%. The Group has sufficient funds and available banking facilities to meet capital expenditures and operating requirements in the future.

Having taken into account the Group's long-term stable performance and healthy financial conditions, Moody's upgraded the Group’s credit rating from Baa1 to A3 in February 2018. The Group’s credit capacity continued to improve with potential finance costs declining consistently.

DEVELOPMENT PROSPECT

In 2017, China strategically proposed a series of new ideas, new requirements and new deployments such as “Implementing green development and building a beautiful China” and “Defending the blue sky”, and called for resolute efforts to prevent and combat air pollution. The “13th Five-Year Plan for Energy Development” required that the natural gas supply capacity shall reach over 360 billion cubic meters by 2020, and the proportion of natural gas consumption in primary energy consumption shall reach 8.3% to 10%. The further reforms of national oil and gas system and natural gas pricing mechanism coupled with the tightened efforts on environmental regulation and pollution control have driven the continuous growth of natural gas consumption, leading to promising prospects in the industry.

In 2018, the Group, by capturing the opportunities arising from the development of the industry, will implement a series of strategic deployments including the “National Air Pollution Prevention Action”, and take the initiative in cooperating with the governments at all levels to promote energy conservation projects such as “coal-to-gas conversion” and “oil to gas conversion” projects as well as the new urbanization construction of “expanding natural gas access in rural areas”, with a view to achieving sustainable and rapid growth in its core city gas business.

While focusing on the development of the main businesses, the Group will also step up its efforts to expand new businesses such as distributed energy and charging posts, make full use of the advantage of its large customer base to develop value-added services, promote the rapid development of new businesses, and provide customers with diversified energy supply and services in an effort to continually enhance shareholders’ return and promote sustainable development.

CORPORATE SOCIAL RESPONSIBILITY

In the course of its rapid development, CR Gas proactively facilitated the development of the corporate governance of its Board. It built and constantly enhanced the role of the Board and the management, whereby each had defined terms of reference and responsibilities, executed effective check and balance and conducted rational decision-making, thus forming a corporate governance structure with high efficiency. The Company has always attached great importance to honesty & integrity management, and complied with laws and regulations, international practice and business ethics. It has also insisted that the relationship among staff, suppliers, customers, relevant authorities, partners, competitors and other interested parties shall be dealt with on an arm’s length basis and in good faith, so as to gain the market share and win respect with integrity and to improve the Company’s inherent qualities and value with compliance management.

For sustainable development in future, the Company proactively explores and expands the integrated and synergetic development of its industry value chain with an aim of creating a green and low-carbon energy model. This model will play an important role in optimizing the urban energy structure, promoting urban low-carbon economic development, protecting ecological environment and improving the image of cities and investment environment.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of 40 HK cents per share. Together with the interim dividend of 15 HK cents per share paid, total distribution for 2017 would thus be 55 HK cents per share (2016: 45 HK cents per share).

Subject to the approval of shareholders at the forthcoming annual general meeting, the final dividend will be payable on 15th June, 2018 to shareholders on the register of members of the Company on 1st June, 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16th May, 2018 to Wednesday, 23rd May, 2018, both days inclusive. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Wednesday, 23rd May, 2018, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 15th May, 2018.

Subject to the approval of shareholders at the annual general meeting, the proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Friday, 1st June, 2018 and the register of members of the Company will be closed on Friday, 1st June, 2018, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 31st May, 2018.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the mandatory provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules. In line with the mandatory provisions of the Code, the Company has adopted a Corporate Governance Handbook (the "Handbook") on 23rd December, 2005 and subsequently updated it in 2008, 2009, 2010, 2012, 2013, 2014, 2015 and 2016 respectively. The contents of the Handbook include, among others, directors' duties, model code for directors' transactions in securities, model code for securities transaction by relevant employees, the functions and terms of reference of the Audit and Risk Management, Remuneration, Nomination, Investment and Corporate Governance Committees, disclosure of information, communication with shareholders, procedures for shareholders to propose a person for election as a director and board diversity policy. All the mandatory provisions under the Code have been adopted and reflected in the Handbook. The Company has throughout the year complied with the mandatory provisions of the Code except for the deviation from the code provisions D.1.4 which is explained as follows:

Under the code provision D.1.4, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Bye-Laws. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code throughout the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31st December, 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	3	**39,837,597**	32,916,149
Cost of sales		**(27,921,808)**	(21,732,021)
Gross profit		**11,915,789**	11,184,128
Other income	4	**690,684**	648,334
Selling and distribution expenses		**(3,734,037)**	(3,413,472)
Administrative expenses		**(2,567,374)**	(2,463,983)
		6,305,062	5,955,007
Finance costs		**(479,103)**	(538,452)
Share of results of joint ventures		**654,378**	653,064
Share of results of associates		**133,047**	118,967
Profit before taxation	5	**6,613,384**	6,188,586
Taxation	6	**(1,702,517)**	(1,750,778)
Profit for the year		**4,910,867**	4,437,808
Other comprehensive income (expense) for the year			
Item that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation		**1,990,347**	(1,293,136)
Item that will not be subsequently reclassified to profit or loss			
Exchange differences arising on translation to presentation currency		**–**	(1,020,355)
Total comprehensive income for the year		**6,901,214**	2,124,317
Profit for the year attributable to:			
Owners of the Company		**3,653,994**	3,289,399
Non-controlling interests		**1,256,873**	1,148,409
		4,910,867	4,437,808
Total comprehensive income for the year attributable to:			
Owners of the Company		**5,204,602**	1,533,442
Non-controlling interests		**1,696,612**	590,875
		6,901,214	2,124,317
		HK$	*HK$*
Earnings per share	8		
Basic		**1.68**	1.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**28,608,288**	24,058,871
Prepaid lease payments		**1,714,508**	1,522,489
Investment properties		**46,151**	41,640
Interests in joint ventures		**10,818,388**	9,028,797
Interests in associates		**2,227,235**	1,863,017
Available-for-sale investments		**67,006**	63,983
Goodwill		**677,681**	633,286
Operating rights		**1,258,813**	1,246,839
Deferred tax assets		**239,961**	209,637
Deposits for operating rights		**2,838**	1,859
Deposits for prepaid lease payments		**71,018**	74,757
Deposits for property, plant and equipment		**258,853**	274,443
Deposits for an investment		**–**	684,732
		45,990,740	39,704,350
Current assets			
Inventories		**595,051**	413,426
Trade and other receivables	*9*	**9,462,556**	8,020,647
Amounts due from customers for contract works		**2,257,359**	1,881,976
Prepaid lease payments		**90,364**	82,837
Pledged bank deposits		**11,753**	46,581
Other deposits		**–**	4,024,548
Bank balances and cash		**10,355,981**	5,500,753
		22,773,064	19,970,768
Current liabilities			
Trade and other payables	*10*	**13,241,708**	10,574,023
Amounts due to customers for contract works		**12,808,001**	11,162,862
Government grants		**40,924**	44,782
Bank and other borrowings		**5,327,669**	3,139,480
Taxation payable		**592,670**	495,191
		32,010,972	25,416,338
Net current liabilities		**(9,237,908)**	(5,445,570)
		36,752,832	34,258,780

	2017	2016
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**222,401**	222,401
Reserves	**21,770,247**	17,545,842
Equity attributable to owners of the Company	**21,992,648**	17,768,243
Non-controlling interests	**7,176,677**	5,936,550
	29,169,325	23,704,793
Non-current liabilities		
Government grants	**162,887**	133,548
Bank and other borrowings	**251,516**	3,301,844
Senior notes	**5,787,534**	5,726,370
Other long-term liabilities	**159,358**	187,743
Deferred tax liabilities	**1,222,212**	1,204,482
	7,583,507	10,553,987
	36,752,832	34,258,780

NOTES:

1. BASIS OF PREPARATION

This announcement has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$9,237,908,000, and the Group has commitments of HK$175,230,000 as at 31st December, 2017. As at 31st December, 2017, the Group has bank and other borrowings totalling HK$5,579,185,000 which HK$5,327,669,000 was classified as current liabilities. The directors of the Company are of the opinion that there are good track records and relationship with banks which would enhance the Group's ability on renewing the borrowing facilities.

The directors of the Company are of the opinion that, taking into account of the unutilised banking facilities of HK$4,807,790,000 and internally generated funds of the Group and the other factors described above, the Group has sufficient working capital for its present requirements for the next twelve months from 31st December, 2017. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014-2016 cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Except for the above, the HKICPA has issued a number of new and amendments to HKFRSs and interpretations which are not yet effective for the year and have not been early adopted by the Group.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's operating segments under HKFRS 8 are as follows:

(i) Sale and distribution of gas fuel and related products – sale of natural gas and to a much lesser extent, liquefied petroleum gas for residential, commercial and industrial use

(ii) Gas connection – construction of gas pipelines networks under gas connection contracts

(iii) Sale of gas appliances – sale of gas appliances and related products

(iv) Design and construction services – design, construction, consultancy and management for gas connection projects

(v) Gas stations – sale of gas fuel in natural gas filling stations

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment results represent the profit before taxation earned by each segment, excluding sundry income, interest income, rental income, finance costs, depreciation of investment properties, central administrative costs and directors' salaries. This is the measure reported to the executive directors of the Company in the purpose of revenue allocation and assessment of segment performance.

The information of segment revenue, segment results, segment assets and segment liabilities are as follows:

For the year ended 31st December, 2017

Segment revenue and results

	Sale and distribution of gas fuel and related products *HK$'000*	Gas connection *HK$'000*	Sale of gas appliances *HK$'000*	Design and construction services *HK$'000*	Gas stations *HK$'000*	Total *HK$'000*
Revenue						
External sales	25,532,665	8,927,369	394,560	1,434,070	3,548,933	39,837,597
Results						
Segment results	3,035,129	4,005,796	50,321	186,354	624,172	7,901,772
Share of results of joint ventures						654,378
Share of results of associates						133,047
Finance costs						(479,103)
Unallocated income						498,552
Unallocated expenses						(2,095,262)
Profit before taxation						6,613,384

3. **REVENUE AND SEGMENT INFORMATION – continued**

For the year ended 31st December, 2017 – continued

Segment assets and liabilities

	Sale and distribution of gas fuel and related products *HK$'000*	Gas connection *HK$'000*	Sale of gas appliances *HK$'000*	Design and construction services *HK$'000*	Gas stations *HK$'000*	Total *HK$'000*
ASSETS						
Segment assets	33,578,867	3,555,009	201,180	777,496	1,756,347	39,868,899
Interests in joint ventures						10,818,388
Interests in associates						2,227,235
Deferred tax assets						239,961
Unallocated corporate assets *(Note a)*						15,609,321
						68,763,804
LIABILITIES						
Segment liabilities	4,017,057	14,327,499	74,330	1,088,186	282,788	19,789,860
Taxation payable						592,670
Deferred tax liabilities						1,222,212
Unallocated corporate liabilities *(Note b)*						17,989,737
						39,594,479

Other information

Amounts included in the measure of segment profit and segment assets:

	Sale and distribution of gas fuel and related products *HK$'000*	Gas connection *HK$'000*	Sale of gas appliances *HK$'000*	Design and construction services *HK$'000*	Gas stations *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to non-current assets	4,846,210	–	–	9,043	161,241	4,801	5,021,295
Depreciation and amortisation	1,528,109	–	–	2,911	111,510	3,265	1,645,795
Release of prepaid lease payments	82,150	–	–	–	1,571	–	83,721
(Reversal of impairment loss) impairment loss on trade receivables, net	(40,330)	–	511	1,457	–	–	(38,362)
Impairment loss on other receivables, net	–	–	–	–	20,721	–	20,721
Loss on disposal of property, plant and equipment	10,757	–	–	–	–	–	10,757

3. REVENUE AND SEGMENT INFORMATION – continued

For the year ended 31st December, 2016

Segment revenue and results

	Sale and distribution of gas fuel and related products *HK$'000*	Gas connection *HK$'000*	Sale of gas appliances *HK$'000*	Design and construction services *HK$'000*	Gas stations *HK$'000*	Total *HK$'000*
Revenue						
External sales	20,765,144	7,438,761	268,877	1,336,892	3,106,475	32,916,149
Results						
Segment results	2,810,282	3,588,493	42,130	173,485	616,743	7,231,133
Share of results of joint ventures						653,064
Share of results of associates						118,967
Finance costs						(538,452)
Unallocated income						473,032
Unallocated expenses						(1,749,158)
Profit before taxation						6,188,586

Segment assets and liabilities

	Sale and distribution of gas fuel and related products *HK$'000*	Gas connection *HK$'000*	Sale of gas appliances *HK$'000*	Design and construction services *HK$'000*	Gas stations *HK$'000*	Total *HK$'000*
ASSETS						
Segment assets	29,148,862	3,259,320	79,805	477,299	1,679,770	34,645,056
Interests in joint ventures						9,028,797
Interests in associates						1,863,017
Deferred tax assets						209,637
Unallocated corporate assets *(Note a)*						13,928,611
						59,675,118
LIABILITIES						
Segment liabilities	2,826,367	12,599,333	62,446	782,892	226,987	16,498,025
Taxation payable						495,191
Deferred tax liabilities						1,204,482
Unallocated corporate liabilities *(Note b)*						17,772,627
						35,970,325

3. **REVENUE AND SEGMENT INFORMATION – continued**

For the year ended 31st December, 2016 – continued

Other information

Amounts included in the measure of segment profit and segment assets:

	Sale and distribution of gas fuel and related products *HK$'000*	Gas connection *HK$'000*	Sale of gas appliances *HK$'000*	Design and construction services *HK$'000*	Gas stations *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Additions to non-current assets	4,124,792	–	–	5,211	139,921	8,828	4,278,752
Additions to non-current assets arising from acquisition of subsidiaries	803,661	–	–	–	–	2,788	806,449
Depreciation and amortisation	1,180,084	–	–	3,780	101,293	2,921	1,288,078
Release of prepaid lease payments	73,568	–	–	–	1,369	–	74,937
Impairment loss on trade receivables, net	22,160	–	824	493	52	–	23,529
Loss on disposal of property, plant and equipment	17,345	–	–	–	–	–	17,345
Loss on disposal of prepaid lease payments	774	–	–	–	–	–	774

Notes:

a. Unallocated corporate assets represent goodwill arising on acquisition of subsidiaries, investment properties, deposits for an investment, available-for-sale investments, other receivables, pledged bank deposits, other deposits and bank balances and cash.

b. Unallocated corporate liabilities represent other payables, accrued expenses, bank and other borrowings and senior notes. Bank and other borrowings and senior notes are classified as unallocated corporate liabilities because they are managed centrally by the treasury function of the Group.

Geographical information

Information about the Group's non-current assets (excluding financial instruments and deferred tax assets) is presented based on the location of the assets:

	2017 ***HK$'000***	2016 *HK$'000*
The People's Republic of China (the "PRC")	**45,682,633**	38,745,424
Hong Kong	**1,140**	574
	45,683,773	38,745,998

The Group's revenue is arisen in the PRC during both years.

4. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Other income included:		
Government grants	**39,104**	48,869
Interest income from bank deposits	**39,506**	99,934
Interest income from other deposits	**183,676**	100,608
Interest income from deposits placed with a fellow subsidiary	**7,860**	25,904
Interest income from loan to a fellow subsidiary	**22,780**	–
Interest income from joint ventures	**2,551**	6,277
Rental income (outgoings of HK$3,601,000 (2016: HK$4,512,000))	**23,904**	20,697

5. PROFIT BEFORE TAXATION

	2017	2016
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	**15,842**	27,342
Other staff		
– Salaries and bonus	**2,512,935**	2,350,151
– Other benefits	**559,729**	452,983
– Performance related incentive payments under the incentive award scheme	**–**	38,759
– Retirement benefits schemes contributions	**509,068**	467,580
Total staff costs	**3,597,574**	3,336,815
Auditor's remuneration	**14,738**	13,751
Depreciation of property, plant and equipment	**1,563,290**	1,221,032
Release of prepaid lease payments	**83,721**	74,937
Depreciation of investment properties	**3,265**	2,921
Amortisation of operating rights (included in administrative expenses)	**79,240**	64,125
(Reversal of impairment loss) impairment loss on trade receivables, net	**(38,362)**	23,529
Impairment loss on other receivables	**20,721**	–
Loss on disposal of property, plant and equipment	**10,757**	17,345
Loss on disposal of prepaid lease payments	**–**	774
Operating lease rentals in respect of rented premises	**171,786**	169,406

6. TAXATION

	2017	2016
	HK$'000	*HK$'000*
The tax charge comprises:		
Current taxation		
PRC Enterprise Income Tax	**1,716,831**	1,586,276
Overprovision in prior years	**(39,214)**	(37,255)
Withholding tax paid for distributed profits and intergroup restructuring of investments in the PRC	**83,297**	60,180
	1,760,914	1,609,201
Deferred taxation	**(58,397)**	141,577
	1,702,517	1,750,778

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) on the estimated assessable profits for the year. The Company and its subsidiaries operating in Hong Kong do not have assessable profits, accordingly no provision for Hong Kong Profits Tax has been made in the consolidated financial statements for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for certain group entities which are entitled to various concessionary tax rates or tax exemptions and reliefs.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2011 No. 1, only the profits earned by foreign-investment enterprise prior to 1st 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.

7. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2017 interim dividend – 15 HK cents per share (2016: 2016 interim dividend – 15 HK cents per share)	**326,732**	326,392
2016 final dividend – 30 HK cents per share (2016: 2015 final dividend – 23 HK cents per share)	**653,465**	500,468
	980,197	826,860

The directors recommend the payment of a final dividend of 40 HK cents (2016: 30 HK cents) per share for the year ended 31st December, 2017 in an aggregate amount of HK$871,286,000 (2016: HK$653,465,000).

8. EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company)	**3,653,994**	3,289,399

	2017	2016
Number of shares:		
Weighted average number of shares in issue less shares held for incentive award scheme for the purpose of basic earnings per share	**2,178,215,487**	2,176,106,473

No diluted earnings per share is presented as there were no potential ordinary shares in issue for both years.

9. TRADE RECEIVABLES

The Group generally allows credit periods ranging from 30 to 90 days to its customers. The aged analysis of trade receivables, net of allowance for doubtful debts, is presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition date as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 90 days	**3,667,867**	3,737,008
91 – 180 days	**398,809**	430,682
181 – 365 days	**221,793**	238,399
Over 365 days	**45,657**	48,184
	4,334,126	4,454,273

10. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
0 – 90 days	**4,395,132**	3,274,005
91 – 180 days	**613,272**	453,687
181 – 365 days	**812,793**	606,642
Over 365 days	**797,493**	634,756
	6,618,690	4,969,090

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

REVIEW AND AUDIT OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31st December, 2017 have been reviewed by the Audit and Risk Management Committee of the Company, which comprises three 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.

PUBLICATION OF ANNUAL REPORT 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.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our most sincere appreciation to our business partners, customers and shareholders for their unfailing support as well as all the Group's employees for their hard work and dedication in carrying out their duties and in achieving the Group's business goal.

On behalf of the Board
CHINA RESOURCES GAS GROUP LIMITED
WANG Chuandong
Chairman

Hong Kong, 23rd March, 2018

As at the date of this announcement, the directors of the Company are Mr. Wang Chuandong, Mr. Shi Shanbo and Mr. Ge Bin, being Executive Directors; Mr. Du Wenmin, Mr. Chen Ying and Mr. Wang Yan, being Non-executive Directors; and Mr. Wong Tak Shing, Ms. Yu Jian, Mr. Yu Hon To, David and Mr. Qin Chaokui, being Independent Non-executive Directors.