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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, 2008

The new city gas distribution business registered sterling results with a net profit after tax of HK\$302 million and net profit attributable to shareholders of HK\$260 million.

The board of directors (the “Board”) of China Resources Gas Group Limited (the “Company” or “CR Gas”) are pleased to announce the audited consolidated final results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2008 with the comparative figures for 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (Restated)
Turnover	3		
Continuing operations		2,144,567	1,537,244
Discontinued operations	5	841,531	4,630,969
		<u>2,986,098</u>	<u>6,168,213</u>
Cost of sales		(2,111,671)	(4,586,276)
Gross profit		874,427	1,581,937
Other income		76,984	154,209
Selling and distribution expenses		(190,041)	(303,063)
Administrative expenses		(341,072)	(578,836)
Other expenses		(74,890)	(233,239)
		<u>345,408</u>	<u>621,008</u>
Finance costs		(27,565)	(113,368)
Share of results of associates		3,387	2,439
Gain on disposal of discontinued operations	5	-	61,864
Loss on closure of a production plant	6	-	(69,868)
		<u>321,230</u>	<u>502,075</u>
Profit before taxation			
Continuing operations		335,972	132,215
Discontinued operations	5	(14,742)	369,860
		<u>321,230</u>	<u>502,075</u>
Taxation	4		
Continuing operations		(33,668)	34,728
Discontinued operations	5	(14,893)	(59,945)
		<u>(48,561)</u>	<u>(25,217)</u>
Profit for the year	6		
Continuing operations		302,304	166,943
Discontinued operations	5	(29,635)	309,915
		<u>272,669</u>	<u>476,858</u>
Attributable to:			
Equity holders of the Company			
Continuing operations		260,338	136,118
Discontinued operations	5	(23,561)	263,408
		<u>236,777</u>	<u>399,526</u>
Minority interests		35,892	77,332
		<u>272,669</u>	<u>476,858</u>

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2008

	Notes	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Dividends recognised as distribution	7		
Interim dividend paid		-	1,629,937
Final dividend paid		-	27,671
Distribution by way of dividend in specie		2,731,463	-
		<u>2,731,463</u>	<u>1,657,608</u>
		<i>HK\$</i>	<i>HK\$</i> (Restated)
Earnings per share	8		
From continuing operations			
Basic		<u>0.55</u>	<u>0.49</u>
Diluted		<u>0.54</u>	<u>0.48</u>
From continuing and discontinued operations			
Basic		<u>0.50</u>	<u>1.44</u>
Diluted		<u>0.50</u>	<u>1.41</u>

CONSOLIDATED BALANCE SHEET

At 31st December, 2008

		2008	2007
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Non-current assets			
Property, plant and equipment		1,244,440	5,276,940
Prepaid lease payments		110,514	259,986
Investment properties		7,909	7,119
Interest in associates		10,272	7,987
Available-for-sale investments		8,299	23,933
Goodwill		18,836	42,443
Exclusive operating rights		637,030	652,368
Technical know-how		-	35,678
Deferred tax assets		-	15,767
Deposit for acquisition of property, plant and equipment		-	17,011
Deposit for investment in a subsidiary		84,940	-
		<u>2,122,240</u>	<u>6,339,232</u>
Current assets			
Inventories		45,252	886,505
Trade and other receivables	9	205,247	1,256,376
Amounts due from customers for contract work		131,997	68,104
Prepaid lease payments		3,760	8,090
Amounts due from fellow subsidiaries		11,636	1,797
Taxation recoverable		-	4,172
Pledged bank deposits		740	6,030
Bank balances and cash		1,185,086	1,715,382
		<u>1,583,718</u>	<u>3,946,456</u>
Assets classified as held for sale		-	46,708
		<u>1,583,718</u>	<u>3,993,164</u>

CONSOLIDATED BALANCE SHEET

At 31st December, 2008

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000 (Restated)
Current liabilities			
Trade and other payables	10	873,913	2,076,301
Amounts due to customers for contract work		316,885	236,896
Amounts due to fellow subsidiaries		239	1,233,487
Government grants		-	13,221
Bank and other borrowings		68,033	744,695
Provisions		-	42,183
Taxation payable		7,961	18,266
		<u>1,267,031</u>	<u>4,365,049</u>
Net current assets (liabilities)		<u>316,687</u>	<u>(371,885)</u>
		<u>2,438,927</u>	<u>5,967,347</u>
Capital and reserves			
Share capital		141,442	281,215
Reserves		1,807,139	3,245,062
Equity attributable to equity holders of the Company		<u>1,948,581</u>	<u>3,526,277</u>
Share option reserve of a listed subsidiary		-	10,840
Minority interests		234,442	713,229
		<u>2,183,023</u>	<u>4,250,346</u>
Non-current liabilities			
Government grants		-	98,746
Bank and other borrowings		39,494	1,311,660
Long-term payables		-	66,026
Other long-term liabilities		73,309	62,385
Deferred tax liabilities		143,101	178,184
		<u>255,904</u>	<u>1,717,001</u>
		<u>2,438,927</u>	<u>5,967,347</u>

NOTES:

1. BASIS OF PREPARATION

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”). In addition, the consolidated financial statements include applicable disclosures required by The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

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 30th 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 5th March, 2008. On 30th October, 2008, the Company acquired 100% equity interests in China Resources Gas Limited (“CR Gas (BVI)”) from Powerfaith Enterprises Limited for a cash consideration of HK\$3,814,800,000. On 31st 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 31st October, 2008, and adjusted based on any profit or loss after taxation attributable to its shareholders between 1st November, 2008 and 31st December, 2008. The final consideration was approximately HK\$304,698,000. Details of the Group Reorganisation are set out in the Company's circulars dated 16th January, 2008, 19th September, 2008 and 12th December, 2008. 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”) 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 and CR Gas (BVI) 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” (“AG 5”) issued by the HKICPA. Accordingly, the consolidated income statement, consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the two years ended 31st December, 2007 and 2008 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 31st December, 2007 and 2008, or since their respective dates of incorporation or establishment where this is a shorter period. The consolidated balance sheet of the Group as at 31st December, 2007 has 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 date.

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

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are or have become effective. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* - INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

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)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of financial statements ²
HKAS 23 (Revised)	Borrowing costs ²
HKAS 27 (Revised)	Consolidated and separate financial statements ³
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
HKAS 39 (Amendment)	Eligible hedge items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ²
HKFRS 3 (Revised)	Business combinations ³
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ²
HKFRS 8	Operating segments ²
HK(IFRIC) - INT 13	Customer loyalty programmes ⁴
HK(IFRIC) - INT 15	Agreements for the construction of real estate ²
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation ⁵
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners ³
HK(IFRIC) - INT 18	Transfer of assets from customers ⁶

¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.

² Effective for annual periods beginning on or after 1st January, 2009.

³ Effective for annual periods beginning on or after 1st July, 2009.

⁴ Effective for annual periods beginning on or after 1st July, 2008.

⁵ Effective for annual periods beginning on or after 1st October, 2008.

⁶ Effective for transfers on or after 1st July, 2009.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (Revised) may affect the accounting treatment for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

HK(IFRIC) - INT 18 applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. This may affect the accounting treatment for property, plant and equipment and revenue recognition for which the transfer to cash is received on or after 1 July 2009.

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

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is organised into four business segments - semiconductor, concrete, sale and distribution of gas fuel and related products, and gas connection. These divisions are the basis on which the Group reports its primary segment information.

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 of gas pipelines

During the year ended 31st December, 2008, the Group disposed of all of its equity interests held in China Resources Microelectronics Limited (formerly known as CSMC Technologies Corporation) ("CRM"), which is engaged in semiconductor operation, by way of a distribution in specie. The Group also disposed of the entire equity interest in Rich Team, which is 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.

The Group was also involved in the compressor operation, representing manufacture of compressor for air-conditioners, which was discontinued on 16th August, 2007.

Results for the year ended 31st December, 2008

	Continuing operations			Discontinued operations			Consolidated HK\$'000
	Sale 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	
<i>Turnover</i>							
External sales	<u>1,669,741</u>	<u>474,826</u>	<u>2,144,567</u>	<u>439,685</u>	<u>401,846</u>	<u>841,531</u>	<u>2,986,098</u>
<i>Result</i>							
Segment results	<u>166,165</u>	<u>153,929</u>	320,094	<u>(75,907)</u>	<u>89,565</u>	13,658	333,752
Unallocated income			56,558			1,189	57,747
Unallocated expenses			(31,091)			(15,000)	(46,091)
Finance costs			(12,977)			(14,588)	(27,565)
Share of results of associates	3,388	-	<u>3,388</u>	-	(1)	<u>(1)</u>	<u>3,387</u>
Profit before taxation			335,972			(14,742)	321,230
Taxation			<u>(33,668)</u>			<u>(14,893)</u>	<u>(48,561)</u>
Profit for the year			<u>302,304</u>			<u>(29,635)</u>	<u>272,669</u>

Results for the year ended 31st December, 2007

	Continuing operations			Discontinued operations				Consolidated HK\$'000
	Sale and distribution of gas fuel and related products HK\$'000 (Restated)	Gas connection HK\$'000 (Restated)	Total HK\$'000 (Restated)	Semiconductor HK\$'000 (Restated)	Concrete HK\$'000 (Restated)	Compressor HK\$'000 (Restated)	Total HK\$'000 (Restated)	
<i>Turnover</i>								
External sales	<u>1,326,406</u>	<u>210,838</u>	<u>1,537,244</u>	<u>3,016,902</u>	<u>366,837</u>	<u>1,247,230</u>	<u>4,630,969</u>	<u>6,168,213</u>
<i>Result</i>								
Segment results	<u>98,805</u>	<u>77,961</u>	176,766	<u>324,854</u>	<u>64,639</u>	<u>59,290</u>	448,783	625,549
Unallocated income			28,318				12,690	41,008
Unallocated expenses			(35,947)				(9,602)	(45,549)
Finance costs			(39,367)				(74,001)	(113,368)
Share of results of associates	2,445	-	2,445	-	(6)	-	(6)	2,439
Gain on disposal of discontinued operations			-	-	-	61,864	61,864	61,864
Loss on closure of a production plant			<u>-</u>	<u>(69,868)</u>	<u>-</u>	<u>-</u>	<u>(69,868)</u>	<u>(69,868)</u>
Profit before taxation			132,215				369,860	502,075
Taxation			<u>34,728</u>				<u>(59,945)</u>	<u>(25,217)</u>
Profit for the year			<u>166,943</u>				<u>309,915</u>	<u>476,858</u>

Geographical segments

The activities of the semiconductor operation are carried out in Hong Kong and other regions in the PRC, those of the concrete operation are carried out in Hong Kong and those of the gas and compressor operations are carried out in the PRC.

The following table provides an analysis of the Group's sales by geographical markets:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
PRC	2,385,074	5,178,808
Hong Kong	523,259	575,387
United States of America	23,784	105,302
Europe	3,410	27,446
Others	50,571	281,270
	<u>2,986,098</u>	<u>6,168,213</u>

4. TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
The tax charge (credit) comprises:		
Current taxation		
Hong Kong Profits Tax	16,357	17,195
PRC Enterprise Income Tax	37,155	75,659
Under(over)provision in prior year	3,116	(7,578)
	<u>56,628</u>	<u>85,276</u>
Deferred taxation		
Credit for the year	(6,633)	(10,928)
Attributable to a change in tax rate	(1,434)	(49,131)
	<u>(8,067)</u>	<u>(60,059)</u>
	<u>48,561</u>	<u>25,217</u>

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits for the year. On 26th 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. The effect of such decrease has been reflected in measuring the current and deferred tax for the year ended 31st December, 2008.

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

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and the Implementation Regulation have changed the tax rate from 33% to 25% for the Group’s subsidiaries from 1st January, 2008, except for those subsidiaries regarded as advanced technology enterprises by the local tax bureau.

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 subsidiaries operating in the PRC which are regarded as advance technology enterprises have also been granted tax concessions by the local tax bureau and are entitled to PRC Enterprise Income Tax at concessionary rate of 15%. With effect from 1st January, 2008, the subsidiaries qualified as High and New Technology Enterprise (under the New Law) would be subject to a tax rate of 15%. These subsidiaries have been disposed of by the Group on 5th March, 2008.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 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. No deferred tax liability on the undistributed profits earned during the year ended 31st December, 2008 has been recognised as the directors of the Company consider the amount is insignificant.

5. DISCONTINUED OPERATIONS

On 21st June, 2007, the Group entered into an agreement with Gradison Limited, a fellow subsidiary of the Company, to dispose of the entire issued share capital of China Resources Cooling Technology Co. Ltd. (“CR Cooling”), a wholly-owned subsidiary of the Company, for a consideration of HK\$1,170,000,000. CR Cooling was a holding company and was engaged principally in the compressor manufacture business, through its subsidiaries. The disposal was completed on 16th August, 2007.

The results of the compressor operation for the period from 1st January, 2007 to 16th August, 2007, which have been included in the consolidated income statement, were as follows:

	Period from 1.1.2007 to 16.8.2007 <i>HK\$'000</i>
Turnover	1,247,230
Cost of sales	<u>(1,058,348)</u>
Gross profit	188,882
Other income	2,190
Selling and distribution expenses	(77,845)
Administrative expenses	(38,572)
Other expenses	(13,684)
Finance costs	(7,081)
Gain on disposal of compressor operation	<u>61,864</u>
Profit before taxation	115,754
Taxation	<u>(6,696)</u>
Profit for the year	<u><u>109,058</u></u>
Profit of compressor operation	47,194
Gain on disposal of compressor operation	<u>61,864</u>
	<u><u>109,058</u></u>
Attributable to:	
Equity holders of the Company	91,950
Minority interests	<u>17,108</u>
	<u><u>109,058</u></u>

On 4th 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 13th February, 2008 and was completed on 5th 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 (formerly known as China Resources Semiconductor Company Limited) ("TP Semiconductors"), 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, the semiconductor operation is presented as a discontinued operation.

The results of the semiconductor operation for the two years ended 31st December, 2008 and 2007, which have been included in the consolidated income statement, were as follows:

	2008	2007
	HK\$'000	HK\$'000
Turnover	439,685	3,016,902
Cost of sales	(346,512)	(2,209,236)
Gross profit	93,173	807,666
Other income	8,977	98,599
Selling and distribution expenses	(13,936)	(78,492)
Administrative expenses	(111,230)	(285,144)
Other expenses	(56,067)	(218,341)
Finance costs	(14,588)	(66,920)
Loss on closure of a production plant	-	(69,868)
(Loss) profit before taxation	(93,671)	187,500
Taxation	(617)	(41,102)
(Loss) profit for the year	<u>(94,288)</u>	<u>146,398</u>
Attributable to:		
Equity holders of the Company	(88,214)	116,999
Minority interests	(6,074)	29,399
	<u>(94,288)</u>	<u>146,398</u>

On 1st December, 2008, the Group entered into an agreement with China Resources (Holdings) Company Limited (“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 31st October, 2008, and adjusted based on any profit or loss after taxation attributable to its shareholders between 1st November, 2008 and 31st 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 31st December, 2008.

At the time of entering into the acquisition of Redland Concrete and CR Gas (BVI) during the year, 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, 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 31st December, 2008. More details of the disposal of Rich Team are disclosed in the circular of the Company dated 12th December, 2008.

The results of the concrete operation for the two years ended 31st December, 2008 and 2007, which have been included in the consolidated income statement, were as follows:

	2008	2007
	HK\$’000	HK\$’000
Turnover	401,846	366,837
Cost of sales	(245,239)	(212,570)
Gross profit	156,607	154,267
Other income	6,649	3,943
Selling and distribution expenses	(40,079)	(37,703)
Administrative expenses	(44,247)	(53,895)
Share of results of associates	(1)	(6)
Profit before taxation	78,929	66,606
Taxation	(14,276)	(12,147)
Profit for the year	<u>64,653</u>	<u>54,459</u>
Attributable to:		
Equity holders of the Company	<u>64,653</u>	<u>54,459</u>

The total results of the above discontinued operations for the two years ended 31st December, 2008 and 2007, are summarised as follows:

	2008	2007
	HK\$'000	HK\$'000
Turnover	841,531	4,630,969
Cost of sales	(591,751)	(3,480,154)
Gross profit	249,780	1,150,815
Other income	15,626	104,732
Selling and distribution expenses	(54,015)	(194,040)
Administrative expenses	(155,477)	(377,611)
Other expenses	(56,067)	(232,025)
Finance costs	(14,588)	(74,001)
Loss on closure of a production plant	-	(69,868)
Gain on disposal of compressor operation	-	61,864
Share of results of associates	(1)	(6)
(Loss) profit before taxation	(14,742)	369,860
Taxation	(14,893)	(59,945)
(Loss) profit for the year	(29,635)	309,915
	<u>(29,635)</u>	<u>309,915</u>
(Loss) profit of discontinued operations	(29,635)	248,051
Gain on disposal of compressor operation	-	61,864
	<u>(29,635)</u>	<u>309,915</u>
Attributable to:		
Equity holders of the Company	(23,561)	263,408
Minority interests	(6,074)	46,507
	<u>(29,635)</u>	<u>309,915</u>

6. PROFIT FOR THE YEAR

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Profit for the year has been arrived at after charging:		
Staff costs		
Directors' emoluments	4,537	8,421
Other staff		
- Salaries and other benefits	275,197	528,550
- Retirement benefits schemes contributions	22,621	46,417
Share-based payment expense	1,559	7,863
Total staff costs	<u>303,914</u>	<u>591,251</u>
Auditor's remuneration	4,797	6,188
Depreciation of property, plant and equipment	125,363	515,925
Depreciation of investment properties	866	178
Amortisation of exclusive operating rights (included in administrative expenses)	23,276	24,756
Amortisation of technical know-how (included in administrative expenses)	657	5,915
Release from prepaid lease payments	4,390	7,808
Research, design and development expenses (included in other expenses)	22,660	143,734
Reorganisation expenses	14,148	11,000
Impairment loss on goodwill (included in administrative expenses)	3,036	-
Impairment loss on trade receivables	-	18,931
Impairment loss on property, plant and equipment	38,980	2,844
Impairment loss on available-for-sale investments	15,683	2,734
Write down of inventories to net realisable value (included in other expenses)	8,793	46,209
Write off of property, plant and equipment	-	10,981
Operating lease rentals in respect of rented premises	14,743	11,189
Provision for product liabilities	4,500	3,000
Loss on disposal of property, plant and equipment, net	2,231	-
Loss on closure of a production plant		
- Write down of inventories to net realisable value	-	37,468
- Impairment loss on property, plant and equipment	-	10,810
- Impairment loss on other receivables	-	10,990
- Employee severance payment expenses	-	10,600
	<u>-</u>	<u>69,868</u>

and after crediting:

Dividend income from available-for-sale investments	10,163	-
Gain on disposal of property, plant and equipment, net	-	2,623
Gain on disposal of available-for-sale investments	-	3,586
Gain on disposal of prepaid lease payments	-	10,697
Government grants	13,215	10,520
Interest on bank deposits	14,952	30,077
Net reversal of impairment loss on trade receivables	1,573	-
Rental income from investment properties (net of negligible outgoings)	6,880	2,062
Tax refund on re-investment of profit of PRC subsidiaries	-	9,566
Write back of provisions	-	25,858
	<u> </u>	<u> </u>

7. DIVIDENDS

	2008	2007
	HK\$'000	HK\$'000
		(Restated)
Dividends recognised as distribution during the year:		
Interim dividend paid for 2007	-	1,629,937
Final dividend paid for 2006	-	27,671
Distribution by way of dividend in specie	2,731,463	-
	<u>2,731,463</u>	<u>1,657,608</u>

Pursuant to an ordinary resolution passed at a special general meeting held on 13th 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 5th March, 2008.

The directors recommend the payment of a final dividend of 4.0 HK cents per share for the year ended 31st December, 2008.

The directors did not propose the payment of a final dividend for the year ended 31st December, 2007.

During the year ended 31st December, 2007:

- a dividend of 1.0 HK cent per share, totalling HK\$27,671,000, was paid by the Company to its shareholders as the final dividend for the year ended 31 December 2006.
- a dividend of 1.0 HK cent per share, totalling HK\$27,937,000, was paid by the Company to its shareholders as an interim dividend for the year ended 31st December, 2007.

- a dividend of HK\$102,000,000 was paid by Redland Concrete to its shareholders as an interim dividend for the year ended 31st December, 2007.
- a dividend of HK\$1,500,000,000 was paid by CR Gas (BVI) to its shareholders as an interim dividend for the year ended 31st December, 2007.

8. EARNINGS PER SHARE

For both continuing and discontinued operations

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	236,777	399,526
Effect of dilutive potential shares of subsidiaries on their earnings attributable to the Group's discontinued operations	-	(992)
Earnings for the purpose of diluted earnings per share	<u>236,777</u>	<u>398,534</u>
	2008	2007 (Restated)
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	477,539,087	278,170,364
Effect of dilutive potential shares		
Share options	<u>754,697</u>	<u>3,752,793</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>478,293,784</u>	<u>281,923,157</u>

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

The computation of diluted earnings per share for the year ended 31st December, 2008 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.

From continuing operations

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	236,777	399,526
Less: Loss (profit) for the year from discontinued operations attributable to equity holders of the Company	<u>23,561</u>	<u>(263,408)</u>
Earnings for the purpose of basic earnings per share from continuing operations	<u><u>260,338</u></u>	<u><u>136,118</u></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 losses per share for the discontinued operations for the year ended 31st December, 2008 are HK\$0.05 per share (2007: earnings of HK\$0.95 per share) and HK\$0.04 per share (2007: earnings of HK\$0.93 per share), respectively, based on the loss or profit from the discontinued operations and the denominators presented above.

9. TRADE AND OTHER RECEIVABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
Trade receivables from		
- third parties	59,481	1,084,419
- fellow subsidiaries	<u>-</u>	<u>3,589</u>
	59,481	1,088,008
Less: Allowance for doubtful debts	<u>(2,623)</u>	<u>(48,206)</u>
	56,858	1,039,802
Other receivables, deposits and prepayments	<u>148,389</u>	<u>216,574</u>
	<u><u>205,247</u></u>	<u><u>1,256,376</u></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 as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
0 - 90 days	45,777	832,267
91 - 180 days	4,884	190,088
Over 180 days	6,197	17,447
	<u>56,858</u>	<u>1,039,802</u>

10. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i> (Restated)
0 - 90 days	61,196	803,495
91 - 180 days	7,891	250,974
Over 180 days	4,754	25,361
	<u>73,841</u>	<u>1,079,830</u>

The average credit period on purchases of goods ranges from 7 to 180 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

11. POST BALANCE SHEET EVENT

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 “Vendor”) to acquire 51% interest in 武漢通寶燃氣發展有限公司 (Wuhan Tongbao Gas Development Co., Ltd.) (“Wuhan Tongbao”), a limited liability company established in the PRC. The consideration for the proposed acquisition (subject to the approval of the relevant PRC authorities) is RMB265,000,000 (equivalent to approximately HK\$300,669,000). On the same date, Kileen entered into the joint venture contract and articles of association with the Vendor and two other shareholders of Wuhan Tongbao in contemplation of the completion of the proposed acquisition whereupon Kileen will hold a 51% interest and the Vendor and the two other shareholders will hold the remaining 49% interest in the Wuhan Tongbao. Upon completion of the proposed acquisition and hence the formation of the joint venture between Kileen and the original shareholders of Wuhan Tongbao, Wuhan Tongbao is expected to be 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, subject to the approval of the relevant PRC authorities. The acquisition has not been completed on the date of report.

On 22 January 2009, Kileen entered into a joint venture contract with an independent third party to form 昆明華潤燃氣有限公司(Kunming China Resources Gas Co., Ltd.) (“Kunming CR Gas”). At 31st December, 2008, Kileen paid a deposit of RMB75,000,000 (equivalent to approximately HK\$84,940,000) for the formation of Kunming CR Gas. Upon completion of formation of Kunming CR Gas, Kileen will hold 64% interest in it.

REVIEW OF ACCOUNTS

The consolidated financial statements of the Group for the year ended 31st December, 2008 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 4.0 HK cents per share for the year ended 31st December, 2008 (2007: nil). Subject to approval of shareholders at the forthcoming annual general meeting, the final dividend will be payable on 17th June, 2009 to shareholders on the register of members of the Company on 1st June, 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26th May, 2009 to 1st June, 2009, 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 25th May, 2009.

RESULTS

In March 2008, the Group completed the disposal of its entire semiconductor business (other than the remaining plant located in Tai Po, Hong Kong) and the acquisition of ready mixed concrete business in Hong Kong. In October 2008, the Group completed the acquisition of the PRC city gas distribution business under CR Gas (BVI). In December 2008, the Group completed the disposal of the Hong Kong ready mixed concrete business under Rich Team. The results of these operations are accounted for in the Group’s consolidated financial statements in accordance with the AG 5.

The recently acquired PRC city gas distribution business provided the Group with immediate profit and cash flow contributions, whereas the discontinued semiconductor and ready mixed concrete operations together registered net loss for the year under review. The Group recorded profit attributable to the Company’s equity holders of HK\$237 million for the year ended 31st December, 2008.

The Group's audited consolidated turnover for the year amounted to HK\$2,986 million (2007: HK\$6,168 million), out of which HK\$2,145 million was contributed from the profitable continuing city gas distribution operation with the remaining HK\$841 million from the discontinued semiconductor and ready mixed concrete operations (2007: HK\$1,537 million and HK\$4,631 million respectively).

The continuing operation of city gas distribution business contributed an after tax profit of HK\$302 million (2007: HK\$167 million) whereas the discontinued semiconductor and ready mixed concrete operations contributed a loss for the year of HK\$29 million (2007: profit of HK\$310 million), resulting in a profit for the year of HK\$273 million (2007: HK\$477 million).

BUSINESS REVIEW AND PROSPECTS

Since the announcement of the Company's acquisition of Redland Concrete in December 2007, the global economic and capital market conditions have deteriorated significantly. During the same period, the Company's share performance has also been subject to considerable volatility, despite the relatively stable and healthy business performance of Redland Concrete. In response to the above circumstances, the Company began to explore additional means to further accelerate its business expansion to a more optimal scale in order to promote a healthier capital market performance and to enhance the long term return of the shareholders. While pursuing this growth strategy, the Company is also conscious about the uncertain global economics outlook and hence it has adopted a prudent approach in selectively pursuing acquisition opportunities with stable cash flow and reasonable future growth potential. For the above reasons and with the support of CRH, the Company has therefore entered into the agreement to acquire CR Gas (BVI). The acquisition allows the Company to transform itself from focusing on the building materials sector in Hong Kong, which is generally cyclical in nature and largely dependent on infrastructure projects available in Hong Kong, into a less cyclical city gas distribution business in China, which should provide for stable cash flows and a higher growth potential by capturing the increase in demand for natural gas in China and leveraging China Resources Group's strong presence and brand name in China.

The corporate restructuring as noted above was financed by a rights issue underwritten by a wholly owned subsidiary of CRH. The entire transactions provide the Group with a sound foundation to tap into the burgeoning city gas distribution business in the PRC.

Subsequent to the acquisition of CR Gas (BVI), the Company continued with its expansion plan and acquired controlling interests in Wuhan and Kunming city gas distribution projects on 9th January, 2009 and 22nd January, 2009 respectively. With 2008 annual GDP of RMB 396 billion and population of 9 million Wuhan is one of the major cities strategically located in the industrial heartland of Central China and is an excellent platform from which the Group can expand its reach in the Central China region. More importantly in addition to the existing piped gas supplies, the new "West to East Phase 2" and "Sichuan to East" pipelines will reach Wuhan in the near future and will thus boost the gas supply and hence Wuhan city gas business exponentially.

Kunming is the provincial capital of Yunan Province and holds great potential with its continuing urbanization and industrialisation, particular the city's new districts. This potential will be further boosted once the gas supplies from Burma-China natural gas pipeline is available in the future.

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

Amalgamation of the Semiconductor Interests

On 4th December, 2007, the Company entered into a conditional agreement with CRM for the sale of the Semiconductor Business of the Group, being all its semiconductor operations other than TP Semiconductors which operates a 4 inch wafer fab in Tai Po, Hong Kong, for a consideration of approximately HK\$1,488.9 million which has been satisfied by the issue of 3,106,932,317 new shares in CRM to the Company. The disposal consideration represents the aggregate net asset value of the Semiconductor Business being acquired based on its management accounts as at 30th June, 2007 adjusted for the payment of a dividend of approximately HK\$474.4 million.

On 4th December, 2007, the Company also entered into a conditional agreement with China Resources Concrete Limited, a subsidiary of CRH, the substantial and controlling shareholder of the Company, for the purchase of the entire issued voting share capital of Redland Concrete for a cash consideration of approximately HK\$217.7 million. The consideration was determined by referencing to the unaudited consolidated net asset value of Redland Concrete as at 31st October, 2007 and its financial results in recent years. Redland Concrete is principally engaged in the production and sale of ready mixed concrete within Hong Kong. It also engaged in the production and sale of ready mixed mortars.

On 4th December, 2007, the board of directors of the Company proposed that a distribution in specie be made to the shareholders of the Company, being shares in CRM on the basis of 180 shares in CRM for every 100 shares held in the Company, a total of 5,091,900,165 shares in CRM were distributed (comprising 1,984,967,848 shares in CRM held by the Company and 3,106,932,317 CRM shares issued to the Company as consideration under the conditional agreement with CRM). CRM ceased as a subsidiary of the Company and the accounts of CRM were no longer be consolidated into the financial statements of the Company once the distribution described above had been effected, and with the exception of the Tai Po 4 inch wafer fab which would be sold and/or closed down, the Company ceased to be engaged in the Semiconductor Business and is engaged in the supply of ready mixed concrete and related products to the Hong Kong and Macau markets and will maintain its listing on the Stock Exchange.

The above transactions were completed on 5th March, 2008 upon obtaining necessary shareholders' approval and the fulfilment of all necessary conditions.

Acquisition of CR Gas (BVI)

On 21st August, 2008, the Company entered into a share purchase agreement with CRH to conditionally agree to acquire the entire issued share capital of CR Gas (BVI), a wholly owned subsidiary of CRH, for a consideration of HK\$3,814.8 million (the "Acquisition"). The Acquisition was approved by the independent shareholders of the Company at a special general meeting held on 6th October, 2008.

In order to finance the Acquisition, the Company proposed to raise approximately HK\$3,869.8 million before expenses by way of the rights issue of no less than 1,131,533,368 rights shares at a subscription price of HK\$3.42 per rights share on the basis of four rights shares for every one existing share held on the record date. The rights issue was fully underwritten by Splendid Time Investments Inc., a wholly owned subsidiary of CRH, and was completed upon the fulfillment of the conditions set out in the underwriting agreement and the approval by the Company's independent shareholders on 6th October, 2008.

The above transactions were completed on 30th October, 2008 upon obtaining necessary shareholders' approval and the fulfilment of all necessary conditions. A total number of 1,131,533,368 rights shares were allotted on 30th October, 2008. The change of name of the Company from "China Resources Logic Limited" to "China Resources Gas Group Limited" and the adoption of the new Chinese name of "華潤燃氣控股有限公司" became effective on 12th November, 2008.

The Company believes that the acquisition of CR Gas (BVI) provides a solid platform for the Company to tap into the burgeoning city gas distribution business in the PRC thereby enhancing the long term return of the shareholders. The change of name of the Company was to reflect its primary focus on the new city gas distribution business.

Disposal of Redland Concrete

On 1st December, 2008, the Company entered into a conditional sale and purchase agreement with CRH for the disposal of the entire issued share capital of Rich Team together with a shareholder's loan due to the Company for a cash consideration of approximately HK\$293.8 million, being the aggregate of the face value of the shareholders loan due to the Company and the unaudited consolidated net asset value of Rich Team as at 31st October, 2008. The consideration was adjusted by the profit after taxation attributable to its shareholders between 1st November, 2008 and the date of completion. Rich Team is a wholly owned subsidiary of the Company and is the holding company of all members of the Group which are engaged in the production and sale of ready mixed concrete within Hong Kong.

The above transaction was completed on 31st December, 2008 upon obtaining necessary shareholders' approval and the fulfilment of all necessary conditions. The unaudited consolidated profit of Rich Team for the period from 1st November, 2008 to 31st December, 2008 (i.e. the date of completion) was HK\$10,915,712.74 hence the adjusted consideration was approximately HK\$304.7 million. Following completion of the disposal, the Group is principally engaged only in city gas distribution business in the PRC.

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 31st December, 2008.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

During the year, the Company has complied with the mandatory provisions of the the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Listing Rules except for the provision A2.1 of the Code which provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Zhou Longshan was appointed as Chairman and Chief Executive Officer of the Company with effect from 21st March, 2008 in place of Mr. Zhu Jinkun, the former Chairman, and Mr. Wang Guoping, the former Chief Executive Officer. The Board was of the view that the combination of the roles of the chairman and chief executive officer is a short term transitional measure. On 3rd November, 2008, Mr. Zhou Longshan resigned as Chairman and Chief Executive Officer of the Company and Mr. Ma Guoan was appointed as Chairman of the Company and Mr. Wang Chuandong was appointed as Managing Director of the Company in place of Mr. Zhou Longshan. Upon the separation of these roles, the Company has complied with the Code accordingly.

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.

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, 16th March, 2008

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.