

# Going for

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## Our Vision

During 2004, we firmly launched ourselves into mainland China's business orbit as we energetically advanced our mission to be Asia's leading clean energy supplier. Boosting technological expertise, increasing capital investment, raising service attitudes and enhancing quality management assisted momentum.

## Our Commitment

We added a further five city-gas projects to our constellation of joint ventures in 2004, demonstrating our confidence in the long-term prospects for the mainland's fledgling natural gas market. In Hong Kong, we extended our commitment to combat global warming by starting work on a landfill initiative to help reduce greenhouse gas emissions, and by securing government support for plans to use environmentally-friendly natural gas in town gas production.

# launch

## **Our Strategy**

Expanding our footprint in mainland China and continuing to support niche diversification within Hong Kong have been key platforms for generating business throughout 2004.

In leveraging our core assets, we seek to harness unique opportunities to create new markets, build competitive advantage, and multiply our profit margins.

## **Our Future**

Our future locally will be determined by our efforts further afield. Hong Kong is now a maturing gas market; in contrast, mainland China has huge energy requirements, with the central government actively encouraging investment in the gas utility sector. Towngas' trajectory aims to facilitate China's large industrial gas load needs and the rising demand for space heating and cooling due to seasonal climate changes.

## **Our Performance**

Towngas conducts its business according to strict ethical standards. We are seen as a trustworthy, dependable company that offers quality services and products matched with a safe and reliable gas supply. Our reputation and strategic focus have underpinned a strong stock performance throughout 2004 that has significantly outperformed market expectations. We are confident our flight path will remain well on course for another year of growth.



# the year's highlights

	2004	2003	Change %
<b>Operating (Company)</b>			
Number of Customers as at 31st December	<b>1,562,278</b>	1,520,166	+3
Number of Customers per km of Mains	<b>516</b>	510	+1
Installed Capacity, thousand m <sup>3</sup> per hour	<b>467</b>	458	+2
Peak Hourly Demand, thousand m <sup>3</sup>	<b>514</b>	472	+9
Town Gas Sales, million MJ	<b>27,137</b>	27,002	–
Number of Employees as at 31st December	<b>1,954</b>	1,986	–2
Number of Customers per Employee	<b>800</b>	765	+5
<b>Financial</b>			
Turnover, HK million dollars	<b>8,154</b>	7,289	+12
Profit Attributable to Shareholders, HK million dollars	<b>3,052</b>	3,051	–
Dividends, HK million dollars	<b>1,967</b>	1,975	–
<b>Shareholders</b>			
Issued Shares, million of shares	<b>5,615</b>	5,644	–1
Shareholders' Funds, HK million dollars	<b>17,394</b>	16,482	+6
Earnings per Share, HK cents	<b>54.2</b>	53.9	+1
Dividends per Share, HK cents	<b>35.0</b>	35.0	–
Shareholders' Funds, HK dollars per share	<b>3.10</b>	2.92	+6
Number of Shareholders as at 31st December	<b>12,092</b>	13,268	–9