

# Press Release

Date: 23 August 2010  
Total: 4 pages



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

## **CR GAS'S INTERIM PROFIT SURGES 75% TO HK\$305 MILLION, LEVERAGING ON ORGANIC GROWTH AND ACQUISITION STRATEGY TO ENLARGE MARKET COVERAGE**

### **Results Highlights:**

- **Turnover for the first half of 2010 increased by 86% to HK\$2,747 million**
- **Profit attributable to equity holders of the Company for the first half of 2010 increased by 75% to HK\$305 million**
- **To expand into one of the largest cities in China, Tianjin Municipality**
- **Further securing gas supply and enhancing expansion capability via a collaboration agreement between China Resources (Holdings) Limited and China National Petroleum Corporation**

Riding on acquisition and organic growths, China Resources Gas Group Limited ("CR Gas" or the "Company", stock code: 1193; together with its subsidiaries as the "Group") had achieved continued growth in turnover and profit attributable to equity holders of the Company amounting to HK\$2,747 million and HK\$305 million respectively for the six months ended 30 June 2010.

CR Gas's Board of Directors has resolved to declare the payment of an interim dividend of 2 HK cents per share for the six months ended 30 June 2010 (2009 interim period: 2 HK cents per share).

Turnover of the Group for the period under review increased by 86 per cent year on year, which was mainly attributable to a 198 per cent growth in gas sales volume from 780 million m<sup>3</sup> in the first half of 2009 to 2,325 million m<sup>3</sup> and an upsurge of 77 per cent in connection fee income from HK\$301 million in the first half of 2009 to HK\$534 million.

The increase in gas sales and connection fee income were in turn driven by 110 per cent increase in the daily installed capacity for commercial and industrial customers to 15.1 million m<sup>3</sup>/day and 178 per cent increase in the number of connected households to 6.4 million.

In the first half of 2010, the Group completed the RMB1.16 billion acquisition of 25 per cent equity interests of Chongqing Gas Group Corp Ltd. which provided immediate sales and profit contributions. The Group also invested RMB600 million for a 49% interests in a joint venture company with Nanjing City Jiangning District Gas (Group) Company Limited for the investment, construction and operation of city piped gas facilities, as well as the supply and sale of gas in Jiangning District, Nanjing.

In June, the Group entered into a cooperation agreement with Tianjin Gas Group Company Limited regarding setting up a joint venture by end 2010/beginning 2011 to supply and provide piped natural gas in Tianjin; an investment amount of RMB2 billion to 2.5 billion is expected for a 49% stake. Also in June, the Group's controlling shareholder, China Resources (Holdings) Limited ("CRH"), entered into a strategic collaboration agreement with China National Petroleum Corporation ("CNPC collaboration agreement") regarding cooperation in various oil and gas related fields. Pursuant to the CNPC collaboration agreement, CNPC will make it a priority to supply gas to CRH's city gas projects and cooperate in both upstream and downstream gas businesses. The Group expects to gain more support and advantages in securing gas supply and city gas project acquisitions via this collaboration agreement.

"Looking into the second half of 2010, the Group intends to acquire from its controlling shareholder, CRH, some 9 city gas distribution projects, with annualised gas sales volume of some 500 million m<sup>3</sup>. The details of the acquisition (including but not limited to consideration and timing of the proposed acquisition) are still in discussion with CRH and thus have not been finalized and accordingly, no definite timetable has been set by both parties. The Group will also continue to enhance its operational efficiencies and constantly seeks improvements in areas such as customer service, project tendering, safety standards, gas leakages control, etc. The ongoing organic enhancement of existing city gas distribution operations and external acquisition of new city businesses will continue to sustain the Group's earning capability and provide excellent growth opportunity for the enhancement of the Company's shareholders' value," said Ma Guoan, Chairman of CR Gas.

The Group has effectively passed on to commercial and individual customers most upstream price increase of RMB0.23/m<sup>3</sup> effective on 1 June 2010. The positive price reform will continue and will result in greater gas supply in the immediate future. The PRC Twelfth Five-year Plan on new energy sector is expected to place a lot of emphasis on natural gas as a key strategy to diversify China's energy sources and reduce China's reliance on traditional polluting energy sources. The macro environment bodes well for the rapid development of the natural gas industry.

"We believe the continued expansion of our city gas distribution business through organic growth and acquisitions has put CR Gas on the course to become the leading city gas distributor in the PRC," added Mr Ma.

As at 30 June 2010, the Group operated 32 city gas projects in 11 provinces including 6 provincial capitals and 1 direct administrative municipality with annualised gross gas sale volume of some 4.6 billion m<sup>3</sup>.

### **About CR Gas**

CR Gas is principally engaged in downstream city gas distribution business including piped natural or petroleum gas distribution, and operating CNG (compressed natural gas) filling stations. Its piped natural gas operations are strategically located in areas of China with rich reserves of natural gas and areas which are economically more developed and densely populated. CR Gas aspires to become a respected market leader in downstream city gas distribution business in China.

- End -

Issued by: China Resources Gas Group Limited  
Through: CorporateLink Limited

Investor Enquiries: China Resources Gas Group Limited  
KF Chang Tel: 2593 7373 E-mail: [investor-relations@crgas.com.hk](mailto:investor-relations@crgas.com.hk)

Media Enquiries: CorporateLink Limited  
Phoebe Leung Tel: 2801 6237 / 9339 3206 E-mail: [phoebe@corporatelink.com.hk](mailto:phoebe@corporatelink.com.hk)  
Bryan Bian Tel: 2801 6090 / 9630 7030 E-mail: [bryan@corporatelink.com.hk](mailto:bryan@corporatelink.com.hk)

**China Resources Gas Group Limited**  
**(Stock code: 1193)**  
**Unaudited Consolidated Income Statement**  
**for the six months ended 30 June 2010**

	For the six months ended 30 June <b>2010</b> HK\$'000	2009 HK\$'000 (Restated)
Turnover	<b>2,747,186</b>	1,479,942
Cost of sales	<b>(1,905,501)</b>	(1,028,335)
Gross profit	<b>841,685</b>	451,607
Other income	<b>101,458</b>	51,599
Selling and distribution expenses	<b>(184,088)</b>	(105,530)
Administrative expenses	<b>(244,042)</b>	(132,205)
Profit from operation	<b>515,013</b>	265,471
Finance costs	<b>(36,829)</b>	(13,566)
Share of results of associates	<b>2,927</b>	2,570
Profit before taxation	<b>481,111</b>	254,475
Taxation	<b>(116,511)</b>	(46,283)
Profit for the Period	<b>364,600</b>	208,192
Attributable to		
Equity holders of the Company	<b>304,592</b>	174,468
Minority interests	<b>60,008</b>	33,724
	<b>364,600</b>	208,192
Proposed interim dividends per share	<b>HK cents</b> <b>2.00</b>	HK cents 2.00
Earnings per share	<b>HK\$</b>	HK\$
Basic	<b>0.23</b>	0.13
Diluted	<b>0.23</b>	0.13