



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

CR GAS'S INTERIM TURNOVER SURGES 101% TO HK\$5,511 MILLION, WITH NET PROFIT UP BY 82% TO HK\$555 MILLION

Results Highlights:

- **Turnover for the first half of 2011 leaped by 101% to HK\$5,511 million**
- **Profit attributable to the Company's equity holders for the first half of 2011 increased by 82% to HK\$555 million**
- **Gross gas sales volume increased 45% to 3.36 billion m³**
- **Connected residential customers increased 45% to 9.3 million**

Benefiting from acquisitions and organic growth, China Resources Gas Group Limited ("CR Gas" or the "Company", stock code: 1193; together with its subsidiaries as the "Group") continued to sustain strong growth in turnover and profit attributable to the Company's equity holders, which amounted to HK\$5,511 million and HK\$555 million for the six months ended 30 June 2011 respectively.

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 2011 (2010 interim period: 2 HK cents per share).

During the period under review, the Group acquired a further nine city gas projects, which were mainly located in Shandong Province and Zhejiang Province. As a result of new acquisitions and organic growth, the Group's turnover, which was mainly derived from gas sales and connection fee income, surged by 101 per cent year-on-year. During the first half of 2011, the Group's gas sales volume reached 3,362 million m³, representing a year-on-year increase of 45 per cent or 1,037 million m³.

Apart from acquisitions, the Group has also taken initiatives to ensure adequate gas supply by leveraging on the strategic gas supply arrangements made between its controlling shareholder China Resources (Holdings) Limited ("CRH"), China National Petroleum Corporation and China Petroleum & Chemical Corporation. Similar measures have also been taken in respect of collaboration with CNOOC Limited.

"The PRC government has been very supportive and taken various measures to promote the development and utilisation of cleaner energy such as natural gas. It intends to double the percentage of energy consumption from natural gas to 8.3 per cent within the "Twelfth Five Year Plan" by 2015. On the supply side, with the gradual completion of the "West to East Gas Transmission" pipelines, "Sichuan to East" pipelines and "Myanmar to Yunnan" gas pipeline, as well as the construction of liquefied natural gas terminals in coastal cities, the supply of natural gas in China will be more than double in the next five years. We will take advantage of this favourable industry development to expand our market share continuously in the downstream gas industry via organic and acquisition growth," said Wang Chuandong, Managing Director of CR Gas.

In July 2011, the Group announced the proposed acquisition of a batch of seven city gas distribution projects from CRH. This would be the fourth batch of city gas projects acquired from CRH since the last three batches in 2008, 2009 and 2010. These projects are located in various provinces of China including cities such as Yueyang, Zhongshan, Jingdezhen, Anyang, Huizhou Dayawan, Dandong and Dalian Huayuankou with annualized gas sales volume of about 500 million m³ and are expected to make significant contribution to the city gas distribution businesses portfolio of the Group upon completion of the acquisition.

In addition to new acquisitions, the Group has also increased its equity holding in existing projects to a controlling stake to enhance its revenue and earnings. Following the increase in shareholdings of existing projects in Zhenjiang and Hengshui in 2010, on 5 July 2011, the Group announced the acquisition of additional stake in Zibo China Resources Gas Co., Ltd, whereby upon completion, it will become a subsidiary and thereby increase earnings contribution to the Group. The Group will continue to execute this strategy of enhancing results via increasing its stakes in existing gas projects.

As at 30 June 2011, the Group operates 57 city gas projects in 15 provinces including 6 provincial capitals and 1 direct administrative municipality with annualised gas sale volume of some 6.7 billion m³.

About CR Gas

CR Gas is principally engaged in downstream city gas distribution business including piped natural gas distribution and CNG (compressed natural gas) filling stations operation. Its 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.

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China Resources Gas Group Limited
(Stock code: 1193)
Unaudited Consolidated Income Statement
for the six months ended 30 June 2011

For the six months ended 30
June

	2011 HK\$'000	2010 HK\$'000 Before restatement	%	2010 HK\$'000 Restated	%
			increase		increase
Turnover	5,511,125	2,747,186	101%	3,273,507	68%
Cost of sales	(3,778,323)	(1,905,501)	98%	(2,266,903)	67%
Gross profit	1,732,802	841,685	106%	1,006,604	72%
Other income	125,368	101,458	24%	106,232	18%
Selling and distribution expenses	(465,311)	(184,088)	153%	(237,076)	96%
Administrative expenses	(430,174)	(244,042)	76%	(291,272)	48%
Profit from operation	962,685	515,013	87%	584,488	65%
Finance costs	(37,899)	(36,829)	3%	(37,096)	2%
Share of results of associates	50,188	2,927	1,615%	3,304	1,419%
Profit before taxation	974,974	481,111	103%	550,696	77%
Taxation	(225,903)	(116,511)	94%	(131,174)	72%
Profit for the Period	749,071	364,600	105%	419,522	79%
Attributable to					
Equity holders of the Company	554,971	304,592	82%	352,283	58%
Minority interests	194,154	60,008	224%	67,239	189%
	749,071	364,600	105%	419,522	79%
Proposed interim dividends per share	HK cents 2.00	HK cents 2.00	0%	HK cents 2.00	0%
Earnings per share	HK\$	HK\$		HK\$	
Basic	0.31	0.23	35%	0.26	19%
Diluted	0.31	0.23	35%	0.26	19%