

Press Release

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

CR GAS'S INTERIM TURNOVER SURGES 76% TO HK\$9,786 MILLION, WITH NET PROFIT UP BY 41% TO HK\$1,072 MILLION

Results Highlights:

- **Turnover for the first half of 2013 leaped by 76% to HK\$9,786 million**
- **Profit attributable to owners of the Company for the first half of 2013 increased by 41% to HK\$1,072 million**
- **Gas sales volume increased by 47% to 6.25 billion m³**
- **Made new investments of some RMB236 million in 10 city gas projects in China**

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") sustained strong growth of 76% and 41% year-on-year in turnover and profit attributable to owners of the Company to HK\$9,786 million and HK\$1,072 million respectively for the six months ended 30 June 2013.

CR Gas's board of directors has resolved to declare the payment of an interim dividend of 2.0 HK cents per share for the six months ended 30 June 2013 (2012 interim period: 2.0 HK cents per share).

During the period under review, gas sales volume of the Group increased by 47% year-on-year to 6.25 billion m³, and connection fee income grew by 111% year-on-year to HK\$1,747 million.

The Group continued to persevere with the strategy of increasing its stakes in existing gas projects to enhance results. In January 2013, the Group increased its shareholdings in Neijiang China Resources Co., Ltd from 50% to 51%, thereby raising its earnings contribution to the Group.

During the period under review, the Group invested some RMB236 million in 10 city gas projects in Henan, Zhejiang, Anhui, Sichuan, Guangdong and Hubei Provinces. The aforesaid acquisitions will add to the Company's existing footprint in these provinces and create further cluster synergy with existing city gas projects in terms of centralized procurement, pipeline design & construction and management efficiency.

"All the gas projects we invested in the first half of 2013 are greenfield projects, and thus offers tremendous room for growth in the near future. Their aggregate gas sales volume, together with those other new projects acquired in recent years, is expected to grow in tandem with the overall growth in gas supply in the PRC, which is projected to more than double to 260 billion m³ by 2015," Mr Wang Chuandong, Chairman of CR Gas, said.

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With regard to the increase in natural gas city gate price on 10 July 2013, CR Gas has already passed through the price increase for projects located in Chongqing, Sichuan, Shandong, Hunan, Hubei, Henan and Hebei which accounts for about 80% of total gas sales volume in the first half of 2013. We are confident to complete the price increase pass through eventually, similar to the price increase pass through in 2010. The core issue is that even after the price increase, the cost of natural gas is still about 30% more competitive than fuel oil and electricity, on a similar heat content basis.

Commenting on the outlook for the natural gas industry, Mr Wang added: "The PRC government intends to increase the natural gas utilisation rate to 7.5% within the "Twelfth Five Year Plan" by 2015 from 2012's 4.7%. To increase natural gas supply, the "West to East Gas Transmission" pipelines and the "Sichuan to East" pipelines were constructed with the support of the PRC government. Construction of the third phase of the "West to East Gas Transmission" pipelines from Central Asia, and the "Myanmar to Yunnan" gas pipeline as well as construction of Liquefied Natural Gas terminals in coastal cities of the PRC are actively in progress. Once completed these upstream infrastructure projects will significantly increase the supply of natural gas in the PRC by 2015."

Mr Wang said: "The Company is further assured of adequate gas supply by leveraging on the strategic gas supply arrangements made with China National Petroleum Corporation, China Petroleum & Chemical Corporation and CNOOC Gas & Power Group. With such gas supply arrangements and the Group's continued business expansion through organic growth and acquisitions, CR Gas aspires to become the PRC leading city gas distribution company in the foreseeable future."

As at 30 June 2013, the Group operated 159 city gas projects in 20 provinces including 11 provincial capitals and 3 direct administrative municipalities with gross gas sales volume of some 6.25 billion m³.

About CR Gas

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

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(Attached please find CR Gas's Unaudited Condensed Consolidated Statement of Profit Or Loss And Other Comprehensive Income for the six months ended 30 June 2013)

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China Resources Gas Group Limited
(Stock code: 1193)
Unaudited Condensed Consolidated Statement of Profit Or Loss And
Other Comprehensive Income
for the six months ended 30 June 2013

	For the six months ended 30 June 2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited and restated)	% increase
Turnover	9,785,834	5,571,777	76%
Cost of sales	<u>(6,507,973)</u>	<u>(3,816,856)</u>	71%
Gross profit	3,277,861	1,754,921	87%
Other income	288,473	124,959	131%
Selling and distribution expenses	<u>(1,028,322)</u>	(556,000)	85%
Administrative expenses	<u>(836,339)</u>	(475,290)	76%
Finance costs	<u>(296,504)</u>	(104,608)	183%
Share of results of joint ventures	411,976	398,141	3%
Share of results of associates	<u>60,809</u>	<u>45,860</u>	33%
Profit before taxation	1,877,954	1,187,983	58%
Taxation	<u>(394,476)</u>	<u>(239,471)</u>	65%
Profit for the period	<u>1,483,478</u>	<u>948,512</u>	56%
Other comprehensive income (expense) for the period			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation	280,322	(123,414)	327%
Share of exchange differences of joint ventures/ associates	<u>130,865</u>	<u>(34,777)</u>	476%
	<u>411,187</u>	<u>(158,191)</u>	360%
Total comprehensive income for the period	<u>1,894,665</u>	<u>790,321</u>	140%
Profit for the period attributable to:			
Owners of the Company	1,072,135	762,030	41%
Non-controlling interests	<u>411,343</u>	<u>186,482</u>	121%
	<u>1,483,478</u>	<u>948,512</u>	56%
Total comprehensive income for the period attributable to:			
Owners of the Company	1,429,949	618,333	131%
Non-controlling interests	<u>464,716</u>	<u>171,988</u>	170%
	<u>1,894,665</u>	<u>790,321</u>	140%
Proposed interim dividends per share	HK cents <u>2</u>	HK cents <u>2</u>	0%
Earnings per share			
Basic	<u>48</u>	<u>38</u>	26%
Diluted	<u>48</u>	<u>38</u>	26%