



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

CR GAS'S TURNOVER INCREASED BY 31.3% TO HK\$12,846 MILLION WITH NET PROFIT UP BY 17.2% TO HK\$1,251 MILLION IN 1H2014

Results Highlights:

- Turnover up 31.3% at HK\$12,846 Million
- Net Profit up 17.2% to HK\$1,251 Million
- EPS up 18.4% to HK 58 cents
- Interim dividend up HK\$ 3 cents to HK\$ 5 cents
- Acquired and approved 29 new city gas projects for HK\$ 1,524 Million

Hong Kong - **China Resources Gas Group Limited** ("CR Gas" or the "Company", HKEx Mainboard Stock Code: 1193; together with its subsidiaries, "the Group"), the leading downstream city gas distributor in China, announced its interim results as of 30 June 2014. ("the Period"). In 1H2014, CR Gas's Turnover increased by 31.3% to HK\$12,846 million and profit attributable to shareholders was up 17.2% to HK\$1,251 million from the corresponding period last year. Basic earnings amounted to 58 HK cents with an 18.4% increase compared to 49 HK cents in 1H2013. The CR Gas's Board of Directors has resolved to declare the payment of an interim dividend of 5 HK cents per share, which represents an increase of 3 HK cents over the previous period.

The sound financial performance in 1H2014 was driven by 9% increase in gas sales volume from 6,251 million m³ in 1H2013 to 6,816 million m³ and 11% increase in accumulated connected households from 17.37 million units in 1H2013 to 19.35 million units. The 9% increase in gross sales volume is in line with the growth of China's national gas consumption in 1H2014, which was at 8.9% as reported by the NDRC. During the first half of 2014, the Group not only continued to sustain organic growth, but also acquired 14 new city-gas projects and 1 vehicle/vessel gas project with a total investment of HK\$916 million. There are further 14 new projects with total investment of HK\$ 608 million already approved by the Board and pending for business registration or completion. The total investment of the 29 completed and approved projects amounted to HK\$1,524 million.

"We are seeing robust growth in turnover with a 31.3% increase as well as in high-margin gas connection business with 798,000 new residential households having paid connection fee out of total 942,100 new residential customers in 1H2014. In addition, we are also making good progress in

acquiring new city-gas projects.” said Mr Wang Chuandong, Chairman of CR Gas.

Increase in shareholdings of existing business units

Following the increase in shareholdings of existing projects in Zhejiang and Hengshui in 2010, Zibo and Nanjing Jiangning in 2011, Zhengzhou in 2012, Neijiang in 2013, the Board has approved to increase its shareholdings in BP(Fujian) Petroleum Ltd from 33% to 100% and thereby once completed will increase earnings contribution to the Group. The Group will continue to pursue this strategy of enhancing revenue and profit contributions by increasing its stakes in existing gas joint ventures.

“Benchmarking” and “Lean Management”

The Group is intensively executing its company-wide “Benchmarking” and “Lean Management” measures to continuously improve its operational efficiencies so as to sustain the organic growth of the Group. Due to the management’s execution capability, both of these two campaigns have so far achieved many fruitful results. For example, during the first half of 2014, we have successfully increased the average market share of gas stations in regions where our city-gas projects are located from 30% in 2013 to about 48%. In addition, our average gas leakage rate has been reduced from 3.34% in 2012 to 2.73% for the first half of 2014, which is lower than the industrial average 5%.

Favourable macro-economic and regulatory environment

Natural gas price reform to close the price gap between imported and local gas prices are gradually being implemented in phases. Once realised, these measures are expected to more than double the supply of natural gas in China in the foreseeable future, which is beneficial to the Group’s business expansion.

The natural gas supply agreement concluded in May 2014 between China and Russia will deliver significant amount of gas at attractive price from Eastern Siberia to the North-Eastern and Northern Regions of China by 2018 and beyond. This will be a big boost to the Group’s 30 projects in these regions which is currently facing gas supply shortages.

Outlook

Looking to the future, Mr Wang added: “China’s GDP in the second quarter of 2014 continued to grow 2% quarter on quarter, higher than the 1.4% for the first quarter. HSBC PMI for July 2014 was 51.7, an improvement over the June’s 50.7. This improving economic activity trend is expected to continue for the rest of the year and will continue to drive the demand for natural gas. Based on our past track

records in 2010 and 2013, we are confident to successfully pass through the recently announced price hike on non-residential city-gate gas price. The Group will proactively communicate with its customers and local governments to ensure the pass-through will be successfully executed and the dollar margin of gas sales should largely be unchanged.”

About CR Gas

CR Gas, 63.95% owned by China Resources (Holding) Co. Ltd, one of the largest state-owned conglomerates in China, 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. At the end of June 2014, CR Gas's portfolio consists of 191 city gas projects in 21 provinces in China including 11 provincial capitals and 3 direct administrative municipalities. CR Gas aspires to become a respected market leader in downstream city gas distribution business in China.

Issued by: **China Resources Gas Group Limited**

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(Attached please find CR Gas's unaudited condensed and consolidated statement of profit or loss for the six months ended 30 June 2014)

This press release may contain forward-looking statements that involve risks and uncertainties. In most cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of such terms or similar terminology. Such forward-looking statements are not guarantees of future performance and involve significant assumptions, risks and uncertainties, and actual results may differ materially from those in the forward-looking statements.

CHINA RESOURCES GAS GROUP LIMITED
(Stock code: 1193)
Unaudited Condensed and Consolidated Statement of Profit or Loss
For the Six Months Ended 30 June 2014

For the six months ended 30 June

	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited and restated)	% increase
Turnover	12,845,540	9,785,834	31%
Cost of sales	(8,831,685)	(6,507,973)	36%
Gross profit	4,013,855	3,277,861	22%
Other income	407,819	288,473	41%
Selling and distribution expenses	(1,332,337)	(1,035,550)	29%
Administrative expenses	(967,633)	(836,339)	16%
	2,121,704	1,694,445	25%
Finance costs	(272,552)	(296,504)	(8%)
Share of results of joint ventures	329,202	411,976	(20%)
Share of results of associates	56,978	60,809	(6%)
Profit before taxation	2,235,332	1,870,726	19%
Taxation	(540,879)	(392,669)	38%
Profit for the Period	1,694,453	1,478,057	15%
Attributable to			
Owners of the Company	1,251,010	1,066,714	17%
Non-controlling interests	443,443	411,343	8%
	1,694,453	1,478,057	15%
	HK cents	HK cents	
Proposed / Paid interim dividend per share	5	2	150%
Earnings per share			
Basic	58	49	18%
Diluted	N/A	49	N/A