



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

## DRIVEN BY ORGANIC GROWTH AND ACQUISITION CR GAS'S PROFIT ATTRIBUTABLE TO EQUITY HOLDERS SURGES BY 64% TO HK\$1,200 MILLION

### Results Highlights:

- Turnover for 2011 surged by 62% to HK\$13,507 million
- Profit attributable to the Company's equity holders for 2011 increased by 64% to HK\$1,200 million
- Gross gas sales volume increased by 29% to 7.2 billion m<sup>3</sup>
- Connected residential customers increased 20% to 10.5 million households

China Resources Gas Group Limited ("CR Gas" or the "Group", stock code: 1193) saw its turnover rise by 62%, year-on-year to HK\$13,507 million for the year ended 31 December 2011. Profit attributable to equity holders of the Company for the year under review surged by 64% to HK\$1,200 million when compared with that of 2010. Basic earnings amounted to 66 HK cents per share (2010: 51 HK cents per share).

"Our turnover and earnings have again reached record levels in 2011 due to robust organic and acquisition growths," said Mr. Ma Guoan, Chairman of CR Gas.

CR Gas's board of directors resolved to recommend the payment of a final dividend of 10.0 HK cents per share for the year ended 31 December 2011 (2010: 8.0 HK cents per share). Together with an interim dividend of 2.0 HK cents per share (2010 interim: 2.0 HK cents per share), the total dividends for the year 2011 will be 12.0 HK cents per share (2010: 10.0 HK cents per share).

During the year under review, the Group acquired a total of 25 city gas projects, 7 from China Resources (Holdings) Limited ("CRH"), being the CR Gas's controlling shareholder, and 18 from the market. Driven by organic growth and the new acquisitions in 2011, the Group saw an increase of 29% in gas sales volume from 5,577 million m<sup>3</sup> to 7,215 million m<sup>3</sup>. The strong growth in gas sales volume, together with a 40% increase in connection fee from HK\$1,959 million to HK\$2,741 million had contributed to a 62% year-on-year increase in the turnover of the city gas distribution operation for 2011, which amounted to HK\$13,507 million.

The city gas distribution operation registered an overall gross profit margin of 29.4% for 2011 which is comparable to the 29.7% for 2010.

In July 2011, the Group acquired the fourth batch of seven city gas distribution projects from CRH. These projects are located in various provinces of China including cities such as Yueyang, Zhongshan, Jingdezhen, Anyang, Huizhou Dayawan, Dandong and Dalian Huayuankou with annual gas sales volume of 519 million m<sup>3</sup>, of which 80% are sold to higher margin commercial and industrial customers. These projects are expected to make significant contribution to the city gas distribution business of the Group going forward.

The Group acquired Flemming Limited with 7 projects in Shandong and Zhejiang Provinces, formed a joint venture with Tianjin Gas Group Company Limited and Ningbo Urban Construction Planning and Investment Holding Company Limited during the year under review. Flemming will add synergy to the Group's existing operations in Shandong and Zhejiang Provinces. Tianjin has huge development potential and is a key location in the Tianjin-Bohai Region which the Group targets to achieve significant business growth in the coming years, Ningbo is one of the important coastal cities and economic centres in the Yangtze River Delta Economic Zone. The Group will continue to diligently identify opportunities for business expansion through organic and external growth to pave the way to becoming the PRC leading city gas distribution company.

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 acquisition of additional stake in Zibo China Resources Gas Co., Ltd on 5 July 2011, the Group also raised its stake in Nanjing Jiangning China Resources Gas Co., Limited to 70%, which enhanced the overall performance and increased earnings contribution to the Group. The Group will continue to execute this strategy of enhancing results via increasing its stakes in existing gas projects.

On the gas supply security and collaboration with upstream players, in addition to the previous arrangements with CNPC and Sinopec, the Group also entered into similar arrangement with CNOOC Gas & Power Group as well as to explore co-operation in city gas distribution, LNG gas stations and district cooling & heating business.

"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% within the "Twelfth Five Year Plan" by 2015. We will continue to adopt expansion strategy via strategic acquisitions and organic growth, as well as forging alliances with major industry players to scale new heights and enhance market penetration," remarked Mr Ma Guoan, Chairman of CR Gas.

As at 31 December 2011, the Group operates 73 city gas projects in 16 provinces including six provincial capitals and one direct administrative municipality with annual gross gas sale volume of some 7.2 billion m<sup>3</sup> and 10.5 million residential customers.

## **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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(Attached please find CR Gas's audited consolidated statement of comprehensive income for the year ended 31 December 2011)

**CHINA RESOURCES GAS GROUP LIMITED**  
**(Stock code: 1193)**  
**Audited Consolidated Statement of Comprehensive Income**  
**For the Year Ended 31 December 2011**

	2011 HK\$'000	2010 HK\$'000 (As Previously Reported & Before Restatement)	Change (%)
Turnover	13,506,632	8,326,747	62%
Cost of sales	<b>(9,534,172)</b>	<b>(5,851,881)</b>	63%
Gross profit	3,972,460	2,474,866	61%
Other income	447,703	209,909	113%
Selling and distribution expenses	<b>(1,083,752)</b>	(544,574)	99%
Administrative expenses	<b>(1,229,354)</b>	(800,613)	54%
Profit from operation	2,107,057	1,339,588	57%
Finance costs	<b>(76,809)</b>	(79,733)	(4%)
Share of results of associates	117,454	15,524	657%
Profit before taxation	2,147,702	1,275,379	68%
Taxation	<b>(551,294)</b>	(304,980)	81%
Profit for the Year	<b>1,596,408</b>	970,399	65%
Attributable to			
Owners of the Company	1,200,473	733,685	64%
Non-controlling interests	395,935	236,714	67%
	<b>1,596,408</b>	970,399	65%
Earnings per share			
Basic and Diluted	HK\$ 0.66	HK\$ 0.51	29%
Dividend per share			
Interim (paid)	HK cents 2	HK cents 2	0%
Final (proposed)	10	8	25%
	<b>12</b>	10	20%