

Press Release

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

CR GAS'S NET PROFIT INCREASED BY 25.0% TO HK\$1,564 MILLION, WITH TURNOVER UP BY 17.5% TO HK\$15,091 MILLION IN 1H2015

Results Highlights:

- **Profit attributable to the Company's equity holders increased by 25.0% to HK\$1,564 million**
- **Turnover rose by 17.5% to HK\$15,091 million**
- **Proposed interim dividend for 1H2015 doubled from 5 HK cents to 10 HK cents per share**

China Resources Gas Group Limited ("CR Gas" or the "Group", stock code: 1193) achieved a turnover of HK\$15,091 million for the 6 months ended 30 June 2015, representing a rise of 17.5 per cent year-on-year. Profit attributable to equity holders of the Company for the period under review increased by 25.0 per cent to HK\$1,564 million when compared with that of 2014. Basic earnings amounted to HK\$0.72 per share (1H2014: HK\$0.58 per share).

CR Gas's board of directors resolved to recommend the payment of an interim dividend of 10 HK cents per share for the period ended 30 June 2015 (1H2014: 5 HK cents per share).

During the period under review, the Group continue to grow organically and acquired 9 city gas projects. Driven by both organic and acquisition growth, the Group saw an increase of 17.6 per cent in consolidated gas sales revenue from HK\$10,633 million to HK\$12,506 million, while its gas connection income rose by 16.8 per cent from HK\$2,212 million to HK\$2,584 million.

The National Development and Reform Commission has announced an increase of city gate gas price of RMB 0.04/m³ on existing gas volume and a reduction of RMB 0.44/m³ on incremental gas volume leading to an overall reduction in city gate gas price with effect from 1 April 2015. Another cut is expected in 2H2015. This will start to restore the cost competitiveness of gas versus other alternative sources of energy and is extremely positive for downstream city gas industry going forward.

During the year under review, the Group invested HK\$271 million in 9 city gas projects. Up to 20 August 2015, the Company has announced or approved investment of HK\$2,406 million in another 17 projects. Including Qingdao, Qinhuangdao and Dalian Projects.

“The increased pace of acquisition recently will see bigger M&A growth during 2015. The imminent downward review of natural gas price will further stimulate gas demand. These factors, couple with the improving performance of Tianjin project, will ensure a better financial performance of CR Gas in 2015,” said Mr. Wang Chuandong, Chairman of CR Gas.

The Group continued its “benchmarking” campaign relentlessly in 2015 to improve operation efficiency and enhance the Group’s core competency to sustain the organic growth of the Group further into the future.

In addition to BBB+ investment grade rating given by Standard & Poor’s, the Group’s high investment grade ratings of Baa1 and BBB+ was also affirmed by Moody’s and Fitch in 2015.

“The improvement in the Group’s result and credit ratings not only affirm our strategies and performances, but also serve to strengthen investors’ confidence in the Group. Looking ahead, we will continue to sharpen our competitive edge, diligently identify opportunities for business expansion through organic and external growth to consolidate our leading market presence in the downstream city gas distribution business. The heightened environmental consciousness and efforts to improve air quality in China have continued to increase the demand for cleaner energy in the country. Supported by national policies, the natural gas industry will see continual strong growth in the foreseeable future. CR Gas will continue to enhance its core competency and position itself to tap into the opportunity and to grow with the market.” added Mr Wang.

The Group currently serves 21.8 million customers in 213 city gas projects in 22 provinces including 13 provincial capitals and 3 direct administrative municipalities and 71 prefecture-level cities in the PRC with 2014 annual gross gas sales volume of 13.3 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 and consolidated statement of profit or loss for the six months ended 30 June 2015)

CHINA RESOURCES GAS GROUP LIMITED
(Stock code: 1193)
Unaudited Condensed and Consolidated Statement of Profit or Loss
For the Six Months Ended 30 June 2015

For the six months ended 30 June

	2015 HK\$'000	2014 HK\$'000	%
	(unaudited)	(unaudited and restated)	increase
Turnover	15,090,569	12,845,540	17%
Cost of sales	(10,557,292)	(8,967,869)	18%
Gross profit	4,533,277	3,877,671	17%
Other income	357,773	407,819	(12%)
Selling and distribution expenses	(1,456,560)	(1,196,153)	22%
Administrative expenses	(990,514)	(967,633)	2%
	2,443,976	2,121,704	15%
Finance costs	(275,880)	(272,552)	1%
Share of results of joint ventures	417,130	329,202	27%
Share of results of associates	56,884	56,978	(0%)
Profit before taxation	2,642,110	2,235,332	18%
Taxation	(632,533)	(540,879)	17%
Profit for the Period	2,009,577	1,694,453	19%
Attributable to			
Owners of the Company	1,563,802	1,251,010	25%
Non-controlling interests	445,775	443,443	1%
	2,009,577	1,694,453	19%
	HK cents	HK cents	
Proposed / Paid interim dividend per share	10	5	100%
Earnings per share			
Basic	72	58	24%