

To: Business Editor

【For Immediate Release】



**中裕燃氣控股有限公司**  
**ZHONGYU GAS HOLDINGS LIMITED**

(STOCK CODE: 3633.HK)

**Announces Its Interim Results for the Six Months Ended 30 June 2014**  
**Turnover Increased by 8.9% to HK\$1.57Billion**  
**Profit Attributable to Owners of the Company Significantly Increased by**  
**31.2% to HK\$127.46Million**

\*\*\*\*\*

**Benefited From the Favorable National Energy Policy**  
**Continuous Expansion of Nationwide Distribution Network**  
**Capture Growing Demand for Piped Gas Consumption**  
**to Propel Steady Long-term Development**

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Financial Highlights	For the Six Months Ended 30 June (HK\$ '000)		
	2014	2013	Changes (%)
Turnover	1,572,648	1,444,030	+8.9%
Gross profit (Gross profit margin)	362,114 (23.0%)	317,070 (22.0%)	+14.2% +1.0 ppt
EBITDA	304,211	245,981	+23.7%
Profit attributable to owners of the Company (Net profit margin)	127,460 (8.1%)	97,155 (6.7%)	+31.2% +1.4ppt
Earnings per share			
Basic	HK 5.05 cents	HK 3.85 cents	+31.2%
Diluted	HK 5.05 cents	HK 3.85 cents	+31.2%

(Hong Kong, 19 August 2014) – **Zhongyu Gas Holdings Limited** (“Zhongyu Gas” or the “Company”, together with its subsidiaries, the “Group”) (Stock Code:3633.HK), a leading natural gas operator in China, today announced its interim results for six months ended 30 June 2014 (the “Period”).

During the Period, the Group’s turnover increased by 8.9% to approximately HK\$1,572,648,000 from approximately HK\$1,444,030,000 last year. The significant growth in turnover was mainly attributable

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to the robust growth in sales of piped gas and operation of compressed natural gas and liquefied natural gas (“CNG/LNG”) filling stations.

During the Period, the Group’s gross profit increased by 14.2% to HK\$362,114,000 from approximately HK\$317,070,000 for the corresponding period last year. The overall gross profit margin was approximately 23.0% (1H2013: 22.0%).

During the Period, the Group’s EBITDA increased by 23.7% to HK\$304,211,000 from approximately HK\$245,981,000 for the corresponding period last year. Profit attributable to owners of the Company soared by approximately 31.2% to approximately HK\$127,460,000 from approximately HK\$97,155,000 when compared to the corresponding period last year.

### **Business Overview**

<b><u>Sales Breakdown</u></b>	<b>For the Six Months Ended 30 June</b>				
	<b>2014 (HK\$ '000)</b>	<b>% of total</b>	<b>2013 (HK\$ '000)</b>	<b>% of total</b>	<b>Changes (%)</b>
<b>Sales of piped gas</b>	<b>1,163,242</b>	<b>74.0%</b>	1,129,968	78.2%	+2.9%
<b>Connection revenue from gas pipeline construction</b>	<b>202,496</b>	<b>12.8%</b>	197,553	13.7%	+2.5%
<b>Operation of CNG/LNG filling station</b>	<b>195,729</b>	<b>12.4%</b>	105,044	7.3%	+86.3%
<b>Sales of stoves and related equipment</b>	<b>2,527</b>	<b>0.2%</b>	3,356	0.2%	-24.7%
<b>Sub-total</b>	<b>1,563,994</b>	<b>99.4%</b>	1,435,921	99.4%	+8.9%
<b>Sales of liquefied petroleum gas (“LPG”)</b>	<b>8,654</b>	<b>0.6%</b>	8,109	0.6%	+6.7%
<b>Total</b>	<b>1,572,648</b>	<b>100%</b>	1,444,030	100%	8.9%

### ***Downstream Natural Gas Distribution***

As at 30 June 2014, the Group’s gas projects have increased by 4 to a total of 29 with exclusive rights. Among which, 21 are in Henan Province, 4 are in Shandong Province, 2 are in Jiangsu Province, 1 is in Fujian Province and 1 is in Heilongjiang Province. The areas in which the Group’s gas projects operate currently have a total connectable urban population of approximately 5,891,000 (1H2013: 4,528,000). It is estimated that there are an aggregate of approximately 1,683,000 connectable residential households (1H2013: 1,294,000).

### ***Sales of Piped Gas***

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Sales of piped gas during the Period amounted to approximately HK\$1,163,242,000, representing an increase of approximately 2.9% over the corresponding period last year. The growth in sales of piped gas was mainly attributable to the increase in sales of piped gas to residential households and commercial customers, which was offset by the decrease in sales of piped gas to industrial customers. Nearly 97% of total sales of piped gas for the Period were derived from provision of natural gas. Sales of piped gas for the Period contributed approximately 74.0% of the total turnover of the Group, which continued to be the major source of turnover of the Group.

### **Gas Pipeline Construction**

Connection revenue from gas pipeline construction during the Period amounted to approximately HK\$202,496,000, representing an increase of approximately 2.5% over the corresponding period last year. The increase in connection revenue from gas pipeline construction was mainly attributable to the increase in average connection fee for residential households from RMB2,710 to RMB2,890, which offset the effect of the decrease in construction work of gas pipeline connection completed for residential households to 48,745 from 50,333.

The connection revenue from gas pipeline construction contributed approximately 12.8% of the total turnover of the Group, which continued to be one of major sources of turnover for the Group. As at 30 June 2014, the Group's penetration rates of residential pipeline connection reached 52.5%. (1H2013: 55.7%) (represented by the percentage of accumulated number of the Group's residential households to the estimated aggregate number of connectable residential households in its operating regions).

### **Operation of CNG/LNG Filling Stations**

Revenue from operation of CNG/LNG filling stations for the Period amounted to approximately HK\$195,729,000, representing an increase of approximately 86.3% over the corresponding period last year. The increase was mainly due to an increase in the number of CNG/LNG filling stations from 14 to 33 stations as well as the average selling price of natural gas for CNG/LNG filling stations was increased by 10.7% when compared to the corresponding period last year. During the Period, the unit of natural gas sold to vehicles increased by 68.3% to approximately 41,734,000 m<sup>3</sup> from approximately 24,801,000 m<sup>3</sup> for the corresponding period last year.

During the Period, the turnover derived from operating the CNG/LNG filling station accounted for approximately 12.4% of the total turnover of the Group. The Group commenced building an additional 13 CNG/LNG filling stations in the PRC. It is targeted that 9 new CNG/LNG filling stations will commence operation by the end of 2014. The remaining new CNG/LNG filling stations are expected to commence operations in the first half of 2015.

### **Upstream Gas Business**

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The Group secured 8 coal blocks, situated at Jiaozuo, Zhengzhou, Pingdingshan (including Yuzhou and Ruzhou), Hebi, Yima, Yongxia, Henan Province, the PRC, to explore, exploit, develop and produce coalbed methane gas (“CBM”). The Group will continue to update investors on the latest exploration progress.

### **Material Events during the Period**

#### **1. Sino Gas Project**

On 3 April 2014, Zhongyu Gas signed an agreement with Harmony Gas Holdings Limited in relation to the Proposed Privatization of Sino Gas. Upon Completion, the Company will indirectly hold 50% shareholding interests in the privatized Sino Gas. Based on the quarterly report of Sino Gas for the six months period ended 30 June 2014, Sino Gas and its subsidiaries own and operate distribution systems in 34 small and medium size cities serving approximately 390,527 residential and 16 industrial customers. The facilities of Sino Gas and its subsidiaries include approximately 2,496 kilometers of pipeline and delivery networks (including delivery trucks) with a daily capacity of approximately 186,400 cubic meters of natural gas.

#### **2. Zhejiang Zhongyu Project**

On 28 March 2014, the Company entered into an agreement with The People’s Government of Daishan County (岱山縣人民政府) in respect of the proposed development of constructing and operating piped natural gas projects exclusively in Daishan Economic Development District located in Daishan County, Zhejiang Province, the PRC (the “Development Agreement”). Pursuant to the Development Agreement, after obtaining the specific land in Daishan Economic Development District, The People’s Government of Daishan County will grant the Company the concession right in coming months to operate the sales and distribution of natural gas in Daishan Economic Development District and the concession right is for a period of 30 years. On 8 August 2014, Zhejiang Zhongyu gas Company Limited, a wholly-owned subsidiary of the Company, has obtained a land in Daishan Economic Development District to build the LNG gasification station.

#### **3. Dezhou Wangyuan Project**

During the Period, Zhongyu (Henan) Energy Holdings Limited (“Zhongyu Henan”), a wholly-owned subsidiary of the Company, completed the acquisition of 100% equity interest in 德州旺源燃氣有限公司 Dezhou Wangyuan Gas Company Limited (“Dezhou Wangyuan”). Dezhou Wangyuan is principally engaged in exclusively sales of piped gas in Tianqu industrial zone of Dezhou City, Shangdong Province, the PRC.

#### **4. Additional Interest of Xinwu Zhongyu**

On 26 March 2014, Zhongyu Henan entered into the equity transfer agreement (the “Equity Transfer Agreement”) with 焦作眾合建設投資有限公司 (Jiaozuo Zhonghe Construction Investment Company Limited) (“Jiaozuo Zhonghe”). According to the Equity Transfer Agreement, Jiaozuo Zhonghe has

agreed to transfer to Zhongyu Henan 40% of the equity interest in 修武中裕燃氣發展有限公司 (Xiuwu Zhongyu Gas Development Company Limited) (“Xiuwu Zhongyu”) held by it. Xiuwu Zhongyu is principally engaged in the exclusive business of the sales and distribution of piped natural gas in Xiuwu County, Henan Province, the PRC.

## 5. Newly Established CNG/LNG Filling Stations

The Group continued to develop natural gas filling station business actively. During the Period, 6 addition CNG/LNG filling stations put into operation.

### Prospects

The Group is confident in its future prospects as the steady growth of the natural gas market in the PRC is expected to be maintained. The favorable domestic business environment and the growing demand for piped gas consumption arising from the progressing urbanization and increasing consumption of automobiles will also serve to drive business growth. In the future, the Group will focus in expanding its natural gas distribution with a focus on high margin commercial and industrial users and CNG/LNG filling stations, with the goal of increasing its penetration rate in the areas it is currently operating in.

In addition to the abovementioned strategies, the Group is cautiously seeking for suitable investment opportunities. With healthy financial position, together with the constant cash inflow generated by the downstream projects, the Group would be able to strategically increase the market penetration. At the same time, the Group will strive to enhance the operation efficiency by cooperating with promising peers in the industry. It is believed that the Group is well-positioned to capture the opportunities arising from the economic development in the PRC and maximize shareholders’ returns.

- End -

### About Zhongyu Gas Holdings Limited (Stock Code: 3633)

Zhongyu Gas Holdings Limited (“Zhongyu Gas”) (Stock Code: 3633.HK), is a leading natural gas operator in China. Currently Zhongyu Gas has 29 exclusive downstream projects, 21 in Henan province, 4 in Shandong province, 2 in Jiangsu province, 1 in Fujian province and 1 in Heilongjiang Province. Leveraging on its broad client base and seasoned management team, the Group will strive to develop its natural gas sales business in order to capture the ample growth brought by the surging demand of clean energy in the domestic market, and promote the Group’s long-term steady development.

Company Website: <http://www.zhongyugas.com>

Issued by Porda Havas International Finance Communications Group for and on behalf of **Zhongyu**

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