



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

(STOCK CODE: 3633.HK)

Announces Its First Quarterly Results for the Three Months Ended 31 March 2013
Turnover Increased by 13.0% to HK\$708,920,000
Profit Attributable to Owners of the Company Significantly Increased by 9.0% to
HK\$40,394,000

**STRONG GROWTH OF SALES OF PIPED GAS
PROMOTES THE GROUP'S SUSTAINABLE BUSINESS DEVELOPMENT**

<u>Financial Highlights</u>	For the Year Ended 31 March (HK\$ '000)		
	2013	2012	Changes (%)
Turnover	708,920	627,294	+13.0%
Gross profit (Gross profit margin)	137,187 (19.4%)	124,672 (19.9%)	+10.0% (-0.5 ppt)
EBITDA	103,879	92,992	+11.7%
Profit attributable to owners of the Company	40,394	37,065	+9.0%

(Hong Kong, 15 May 2013) – **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 first quarterly results for the three months ended 31 March 2013 (the “Period”).

During the Period, the Group’s turnover increased by 13.0% to approximately HK\$708,920,000 from approximately HK\$627,294,000 in the corresponding period last year. The growth in turnover was mainly attributable to the robust growth in sales of piped gas.

During the Period, the Group’s gross profit increased by 10.0% to HK\$137,187,000 from approximately HK\$124,672,000 in the corresponding period last year. The overall gross profit margin was approximately 19.4% (2012: 19.9%). The overall gross profit margin decreased slightly resulted from the slightly increase in the proportion of turnover derived from sales of piped gas, which in general has a relatively low profit margin. The

Group's turnover attributable to sales of piped gas increased to approximately 82.5% for the period. (2012: 81.5%). During the Period, the gross profit margin for the sales of piped gas was 14.7% (2012: 15.0%); for the gas pipeline construction was 62.9% (2012: 66.2%); for the operation of CNG filling stations was 21.9% (2012: 25.4%).

The Group's EBITDA during the Period increased by 11.7% to HK\$103,879,000 from approximately HK\$92,992,000 in the corresponding period last year. Profit attributable to owners of the Company increased by approximately 9.0% to approximately HK\$40,394,000 from approximately HK\$37,065,000 during the period.

Business Overview

<u>Sales Breakdown</u>	For the Three Months Ended 31 March (HK\$ '000)				
	Turnover			% to Total Sales	
	2013	2012	Changes	2013	2012
Sales of piped gas	584,879	510,931	+14.5%	82.5%	81.5%
Gas pipeline construction	72,659	65,507	+10.9%	10.2%	10.4%
Sales of natural gas from compressed natural gas ("CNG") filling station	45,435	39,349	+15.5%	6.4%	6.3%
Sales of liquefied petroleum gas ("LPG")	4,073	10,935	-62.8%	0.6%	1.7%
Sales of stoves and related equipment	1,874	572	+227.6%	0.3%	0.1%
Total	708,920	627,294	+13.0	100%	100%

Downstream Natural Gas Distribution

As at 31 March 2013, the Group has secured 17 exclusive projects. Among which, 12 are in Henan Province, 3 are in Shandong Province, 1 is in Jiangsu Province and 1 is in Fujian Province.

Sales of Piped Gas

Sales of piped gas for the three months ended 31 March 2013 amounted to approximately HK\$584,879,000, representing an increase of approximately 14.5% over the corresponding period last year. The rapid growth in sales of piped gas was mainly attributable to the increase in gas sales volume by 17.5% to 206,812,000 m³ from 175,941,000 m³. Nearly 97% of total sales of piped gas for the Period were derived from provision of natural gas.

Gas Pipeline Construction

Connection revenue from gas pipeline construction for the three months ended 31 March 2013 amounted to approximately HK\$72,659,000, representing an increase of approximately 10.9% 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 to approximately RMB2,800 from approximately RMB2,400 for the corresponding period last year.

The connection revenue from gas pipeline construction contributed approximately 10.2% of the total turnover of the Group, which continued to be one of major sources of turnover for the Group. During the Period, the Group made new gas pipeline construction for 17,032 residential households (2012: 16,662 residential households), 15 industrial customers (2012: 15 industrial customers) and 69 commercial customers (2012: 58 commercial customers). As at 31 March 2013, the Group's penetration rates of residential pipeline connection reached 55.8% (2012: 55.4%) (represented by the percentage of accumulated number of the Group's connected residential households to the estimated aggregate number of connectable residential households in operation regions)

Sales of Natural Gas from CNG Filling Stations

Revenue from operating the CNG filling stations for the three months ended 31 March 2013 amounted to approximately HK\$45,435,000, representing an increase of approximately 15.5% over the corresponding period last year. The increase was mainly due to increase the number of CNG filling stations to twelve from nine. During the Period, the total unit of natural gas provided by the Group to vehicles was approximately 10,785,000 m³ (2012: 9,272,000 m³).

During the period, the turnover derived from operating the CNG filling stations accounted for approximately 6.4% of the total turnover of the Group. In addition, the Group commenced building an additional 17 CNG refilling stations in the PRC. It is targeted that 14 new CNG refilling stations will commence operation by the end of 2013. The remaining new CNG refilling stations are targeted to commence operations in the first half of 2014.

Upstream Gas Business

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 CBM. Currently, the exploration of CBM in Henan Province operated smoothly. The Group will continue to update investors on the latest exploration progress.

Growth Prospects

The Group is confident in its future prospects since the steady growth of the natural gas market in China is expected to be maintained due to the favorable domestic business environment and the growing demand for piped gas consumption arising from the progressing urbanization in China. In the future, the Group will expand its downstream natural gas distribution with a focus on high margin commercial and industrial users and gas refueling stations with the goal of increasing its penetration rate in the cities it is operating in.

The main pipeline of the Second West-East Gas Pipeline has completed and commenced gas supply. The connection and supply of gas to Yanshi City and Xinmi City from the sub-pipeline of the Second West-East Gas Pipeline completed and commenced supply in October 2012 and March 2013 respectively. As a result the sales of piped gas to Yanshi City and Xinmi City has greatly increased, enabling the Group to connect with more end users, increasing the Group's turnover and in turn, enhancing its earning base. Currently, the gas in most of the gas projects of the Group except the gas projects in Yongcheng City, Nanjing City and Shaowu City are connected and

supplied through the First and Second West-East Gas Pipeline.

In addition to the abovementioned strategies, the Group is cautiously seeking for suitable investment opportunities. With our healthy financial position, together with the constant cash inflow generated by our downstream projects, we believe that we would be able to prudently increase our market penetration. At the same time, we will strive to enhance our operation efficiency by cooperating with promising peers in the industry. We believe that Zhongyu Gas is well-positioned to tackle the challenges imposed by the global economic environment and maximize our shareholders' returns.

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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 17 exclusive downstream projects, 12 in Henan province, 3 in Shandong province, 1 in Jiangsu province and 1 in Fujian 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: www.zygas.com.cn

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