

To: Business Editor
【For Immediate Release】



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

ZHONGYU GAS HOLDINGS LIMITED (STOCK CODE: 3633.HK)

Announces Its Third Quarterly Results for the Nine Months Ended 30th September, 2012
Turnover Increased by 72.8% to HK\$1,848,467,000
Net Profit Soared by 539.3% to HK\$112,316,000

STRONG GROWTH OF DOWNSTREAM OPERATIONS
PROMOTES THE GROUP'S SUSTAINABLE BUSINESS DEVELOPMENT

<u>Financial Highlights</u>	For the Nine Months Ended 30th September (HK\$'000)		
	2012	2011	Changes
Turnover	1,848,467	1,069,779	+72.8%
Gross Profit (Gross Margin)	407,922 (22.1%)	232,968 (21.8%)	+75.1% +0.3 ppt
EBITDA	294,412	125,938	+133.8%
Profit Attributable to Owners of the Company	112,316	17,569	+539.3%
Basic Earnings per Share	HK 4.51 cents	HK 0.79 cent	+470.9%
Diluted Earnings per Share	HK 4.49 cents	HK 0.78 cent	+475.6%

(Hong Kong, 12 November 2012) – **Zhongyu Gas Holdings Limited** (“Zhongyu Gas” or “the Company”, together with its subsidiaries collectively as the “Group”) (Stock Code: 3633.HK), a leading natural gas operator in China, is pleased to announce its third quarterly results for the nine months ended 30th September, 2012 (the “Period”).

During the Period, the Group’s turnover increased by 72.8% to approximately HK\$1,848,467,000 from approximately HK\$1,069,779,000 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 75.1% to HK\$407,922,000 from approximately HK\$232,968,000 in the corresponding period last year. The overall gross profit margin increased to 22.1% during the Period, compared with 21.8% in the same period last year. The slight increase was mainly benefited by the Price Link Mechanism enables the Group to pass the upward gas procurements cost to our residential users and resulted in the profit margins of gas sales to residential customers to increase which, in turn, contributed to the increase in the overall gross profit margin. Moreover, the selling price of natural gas for industrial and commercial users of the Group’s subsidiary in Jiyuan City and the selling price of natural gas for commercial users of the Group’s subsidiary in Jiaozuo City increased in late 2011, thereby slightly increasing the gross profit margin of related business. In addition, the increase in gross profit margin was partially due to the increase in the gross profit margin of connection revenue from gas pipeline construction which increased by

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1.4 percentage points when compared to the corresponding period last year.

The Group's EBITDA for the Period increased by 133.8% to HK\$294,412,000 from approximately HK\$125,938,000 in the corresponding period last year. Profit attributable to owners of the Company soared by approximately 539.3% to approximately HK\$112,316,000 during the Period.

Business Overview

<u>Sales Breakdown</u>	For the Nine Months Ended 30th September (HK\$'000)				
	Turnover			% to Total Sales	
	2012	2011	Changes	2012	2011
Sales of piped gas	1,418,241	756,187	+87.6%	76.8%	70.7%
Gas pipeline construction	278,944	195,854	+42.4%	15.1%	18.3%
Sales of natural gas from compressed natural gas ("CNG") filling stations	124,316	86,014	+44.5%	6.7%	8.0%
Sales of liquefied petroleum gas ("LPG")	24,607	28,867	-14.8%	1.3%	2.7%
Sales of stoves and related equipment	2,359	2,857	-17.4%	0.1%	0.3%
Total	1,848,467	1,069,779	+72.8%	100%	100.0%

Downstream Gas Business

Sales of Piped Gas

Sales of piped gas for the nine months ended 30th September, 2012 amounted to approximately HK\$1,418,241,000, representing an increase of approximately 87.6% 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 94.8% to 495,881,000 m³ from 254,548,000 m³. Sales of piped gas for the Period contributed approximately 76.8% of the total turnover of the Group (2011: 70.7%) and continued to become the major source of turnover of the Group.

Gas Pipeline Construction

Connection revenue from gas pipeline construction for the nine months ended 30th September, 2012 amounted to approximately HK\$278,944,000, representing an increase of approximately 42.4% over the corresponding period last year. The increase in connection revenue from gas pipeline construction was mainly attributable to the increase in completion of construction work for gas pipeline connection for residential households to 69,890 from 53,504.

During the Period, the connection revenue from gas pipeline construction contributed approximately 15.1% of the total turnover of the Group, which continued to be one of major sources of turnover for the Group.

As at 30th September, 2012, the Group's penetration rates of residential pipeline connection reached 49% (2011: 49%) (represented by the percentage of accumulated number of the Group's residential households to the estimated aggregate number of connectable residential households).

Sales of Natural Gas from CNG Filling Stations

Revenue from operating the CNG filling stations for the nine months ended 30th September, 2012 amounted to approximately HK\$124,316,000, representing an increase of approximately 44.5% over the corresponding period last year. The increase was mainly due to a CNG filling station commenced operations in Luohe City in May 2011, which resulted in an increase in turnover of approximately 40.2% in Luohe City over the corresponding period last year. The natural gas usage per station increased by 205.5% to approximately

3,275,000 m³ for the nine months ended 30th September, 2012 from approximately 1,072,000 m³ for the corresponding period last year. Moreover, the CNG selling price increment in Nanjing City also leads to an increase in revenue of relevant businesses.

In addition, the Group commenced building an additional eleven CNG refilling stations in the PRC. It is expected that four new CNG refilling stations will commence operation in late 2012. The remaining new CNG refilling stations are expected to commence operation in 2013.

Upstream Gas Business

As at 30th September, 2012, the Group secured eight 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.

Material Event during the Period

Transfer of Listing

The Company has successfully transferred its listing to the Main Board of the Stock Exchange of Hong Kong Limited under the new stock code "3633" on 11 July 2012. The board lot size for trading in the Shares was changed from 2,000 Shares to 4,000 Shares with effect on 10 July 2012.

Bid for Exclusive Piped natural Gas Projects in Wuyishan City

Wuyishan City Zhong Min Natural Gas Company Limited (武夷山市中閩天然氣有限公司)("Wuyishan Zhong Min"), an indirect non wholly-owned subsidiary of the Company, has been approved by the local government for being an eligible candidate. Currently, the local government is carrying out overall urban and city gas planning. After such planning is finished, Wuyishan Zhong Min plans to submit a bid to the local government for that project to obtain an exclusive right granted by the Peoples' Government of Wuyishan City to engage in the construction and operation of piped natural gas projects in Wuyishan City.

Event After the Reporting Period

On 8th October, 2012, Zhengzhou Dongxin Aluminum Company Limited (鄭州東信鋁業有限公司)("Zhengzhou Dongxin"), and Zhongyu (Henan) Energy Holdings Limited ("Zhongyu Henan"), a wholly owned subsidiary of the Company, entered into the equity transfer agreement. Pursuant to which Zhengzhou Dongxin agreed to transfer its 100% of the equity interest in Nanjing Jingqiao Energy Investment Management Company Limited(南京晶橋能源投資管理有限公司)("Nanjing Jingqiao") to Zhongyu Henan at a total consideration of RMB130 million (equivalent to approximately HK\$160 million). After completion of the equity transfer agreement, Nanjing Jingqiao will become a wholly owned subsidiary of Zhongyu Gas.

Nanjing Jingqiao is principally engaged in the business of constructing natural gas reserves and related pipeline infrastructure projects in Jingqiao Town, Nanjing, the PRC. Nanjing Jingqiao obtained the concession right from local authorities of Nanjing, the PRC, to operate the sales and distribution of natural gas and compressed natural gas filling stations in Jingqiao Town, Nanjing, the PRC. The concession right is for a period of 30 years and has been granted for exclusive operations since 21st June, 2010.

Jingqiao Town is a major industrial town in Nanjing, Jiangsu Province, the PRC. The total area and population of the town is 150 square kilometers and 44,000 respectively. The industry sector in Jingqiao Town has developed rapidly and its comprehensive economic strength keeps growing. There are 170 industrial enterprises in town with industrial output value of RMB 2.52 billion.

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 nine cities it is operating in.

With our healthy financial position, coupled with the constant cash inflow generated by our downstream projects, we will continue to prudently seek investment opportunities in the market in order to increase our penetration rate. At the same time, we will strive to enhance our operation efficiency by cooperating with promising peers in the industry and maximize our shareholder's returns.

— End —

About Zhongyu Gas Holdings Limited (Stock Code: 3633.HK)

Zhongyu Gas Holdings Limited (“Zhongyu Gas”) (Stock Code: 3633.HK), is a leading natural gas operator in China. Currently Zhongyu Gas has fifteen exclusive downstream projects, twelve in Henan province and three in Shandong 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.zygas.com.cn>

Released by **Porda Havas International Finance Communications Group** for and on behalf of **Zhongyu Gas Holdings Limited**. For further information, please contact:

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