



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 Interim Results for the Six Months Ended 30 June 2012**

**Turnover Increased by 78.6% to HK\$1,236,654,000**

**Profit Attributable to Owners of the Company Soared by 1,137.4% to HK\$80,011,000**

<u>Financial Highlights</u>	<b>For the Six Months Ended 30 June (HK\$'000)</b>		
	<b>2012</b>	<b>2011</b>	<b>Changes</b>
<b>Turnover</b>	<b>1,236,654</b>	692,429	+78.6%
<b>Gross Profit (Gross Margin)</b>	<b>267,530 (21.6%)</b>	145,476 (21.0%)	+83.9% +0.6 ppt
<b>EBITDA (EBITDA Margin)</b>	<b>198,243 (16.0%)</b>	77,669 (11.2%)	+155.2% +4.8 ppt
<b>Profit Attributable to Owners of the Company</b>	<b>80,011</b>	6,466	+1,137.4%
<b>Basic Earnings per Share</b>	<b>HK 3.24 cents</b>	HK 0.30 cent	+980.0%
<b>Diluted Earnings per Share</b>	<b>HK 3.21 cents</b>	HK 0.30 cent	+970.0%

(Hong Kong, 2 August 2012) – **Zhongyu Gas Holdings Limited** (“Zhongyu Gas” or the “Group”) (Stock Code: 3633.HK), a leading natural gas operator in China, is pleased to announce its interim results for the six months ended 30 June, 2012 (the “Period”).

During the Period, the Group’s turnover increased by 78.6% to approximately HK\$1,236,654,000 from approximately HK\$692,429,000 in the same period last year. The growth in turnover was mainly attributable to the robust growth in sales of piped gas and connection revenue from gas pipeline construction as well as the operation of CNG filling station.

Gross profit for the Period increased by 83.9% to approximately HK\$267,530,000 from approximately HK\$145,476,000 in the same period last year. The overall gross profit margin increased to 21.6% during the Period, compared with 21.0% in the same period last year. The slight increase was mainly benefited by the Price Link Mechanism between the upstream and selling prices of natural gas for residential users which allows the Group to pass the increasing gas procurements cost to our residential users, the selling price of natural gas for industrial and commercial users of the Group’s subsidiary in Jiyuan City as well as the increase in selling price of natural gas for commercial users of the Group’s subsidiary in Jiaozuo City in late 2011, which resulted in a slight increase in the overall gross profit margin for natural gas sales to industrial and commercial customers. The increase in overall gross profit margin was also due to the increase in the gross profit margin of connection revenue from gas pipeline construction, which increased by 4.8% when comparing to the corresponding period last year.

During the Period, the Group’s EBITDA for the Period increased by 155.2% to approximately HK\$198,243,000

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from approximately HK\$77,669,000 in the same period last year. Profit attributable to shareholders amounted to HK\$80,011,000 for the Period, which soared by 1,137.4% as compared to a profit of HK\$6,466,000 in the corresponding period last year.

### **Business Overview**

<b><u>Sales Breakdown</u></b>	<b>For the Six Months Ended 30 June (HK\$'000)</b>				
	<b>Turnover</b>			<b>% to Total Sales</b>	
	<b>2012</b>	<b>2011</b>	<b>Changes</b>	<b>2012</b>	<b>2011</b>
<b>Sales of piped gas</b>	967,018	497,796	+94.3%	78.2%	71.8%
<b>Connection revenue from gas pipeline construction</b>	165,735	121,893	+36.0%	13.4%	17.6%
<b>Operation of CNG filling station</b>	81,379	50,910	+59.8%	6.6%	7.4%
<b>Sales of liquefied petroleum gas ("LPG")</b>	20,873	20,097	+3.9%	1.7%	2.9%
<b>Sales of stoves and related equipment</b>	1,649	1,733	-4.8%	0.1%	0.3%
<b>Total</b>	<b>1,236,654</b>	<b>692,429</b>	<b>+78.6%</b>	<b>100%</b>	<b>100%</b>

### ***Downstream Gas Business***

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

During the Period, sales of piped gas amounted to approximately HK\$967,018,000, representing an increase of approximately 94.3% over the corresponding period last year. During the Period, nearly 91% of the total sales of piped gas was derived from provision of natural gas. During the Period, the Group provided 335,695,000 m<sup>3</sup> of natural gas to its customers, representing a significant increase of 99.7% over the corresponding period last year (2011: 168,111,000 m<sup>3</sup>).

During the Period, the piped natural gas usage per customer provided by the Group to its residential household was approximately 77 m<sup>3</sup> (2011 : 68 m<sup>3</sup>); to its industrial customer was approximately 767,572 m<sup>3</sup> (2011 : 430,839 m<sup>3</sup>); to its commercial customer was approximately 15,789 m<sup>3</sup> (2011 : 14,097 m<sup>3</sup>).

#### ***Gas Pipeline Construction***

During the Period, connection revenue from gas pipeline construction amounted to approximately HK\$165,735,000, representing an increase of approximately 36% over the corresponding period last year. The increase in connection revenue from gas pipeline construction was mainly attributable to the increase in construction work of gas pipeline connection completed for residential households to 41,017 from 33,614.

As at 30 June, 2012, the Group's natural gas penetration rate was 47% (2011: 47%) (represented by the percentage of accumulated number of the Group's residential households to the estimated aggregate number of connectable residential households).

#### ***Operation of CNG Filling Station***

During the Period, revenue from operation of CNG filling stations amounted to approximately HK\$81,379,000, representing an increase of approximately 59.8% over the corresponding period last year. The increase was mainly due to a CNG filling station in Luohe City which commenced operations in May 2011, resulting in an increase in turnover of approximately 52.9% in Luohe City as compared to the corresponding period last year. The natural gas usage per station increased by 141.9% to approximately 2,136,000 m<sup>3</sup> for the six months ended 30 June, 2012 from approximately 883,000 m<sup>3</sup> for the corresponding period last year. Moreover, the selling price increment in Nanjing City also increased the revenue from the operation of CNG filling stations.

In addition, the Group has commenced to build nine additional CNG refilling stations in the PRC. It is expected that four new CNG refilling stations will commence operations in the second half of 2012. The remaining five new CNG refilling stations are expected to commence operations in 2013.

### ***Upstream Gas Business***

As at 30 June, 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. the exploration of CBM in Henan Province is still being operated. The dewatering and releasing process of the operating wells are under monitoring and evaluation by professionals. The Group will continue to update investors on the latest exploration progress.

### **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. Wuyishan Zhong Min will tender a bid to the local government in the coming months 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.

#### **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. The favorable domestic business environment and the growing demand for piped gas consumption arising from progressing urbanization and increasing consumption by automobiles will also serve to drive growth. In the future, the Group will continue to strive to 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.

The main pipeline of the second West-East Gas Pipeline has been completed and commenced gas supply in July 2011. Moreover, the supply of piped natural gas to Yanshi City and Xinmi City from the sub-pipeline of second West-East Gas Pipeline will also be completed and commence in the second half of 2012. As a result, piped gas supply for the Group’s project located city has increased significantly, which facilitates the Group to connect with more end users, increase the Group’s turnover and in turn, enhance its earning base.

In addition to 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. We believe that Zhongyu Gas is well-positioned to capture the opportunities arising from the economic development in the PRC and maximize our shareholders’ returns.

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### **About Zhongyu Gas Holdings Limited**

**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

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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. On 11 July, 2012, Zhongyu Gas transferred the listing of its shares from the GEM to the Main Board of the Stock Exchange.

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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