



【For Immediate Release】

23 January 2019



## 中裕燃气控股有限公司

ZHONGYU GAS HOLDINGS LIMITED

(Stock code: 3633.HK)

### Acquires two gas companies for RMB 462,152,012 Further expands the Group's market share in Henan Province

(Hong Kong – 23 January 2019) **A leading natural gas operator in China – Zhongyu Gas Holdings Limited** (“Zhongyu Gas”, together with its subsidiaries, the “Group”; stock code: 3633.HK) is pleased to announce that a wholly-owned subsidiary of the Group, Zhongyu (Henan) Energy Holding Co., Ltd. (中裕(河南)能源控股有限公司), has entered into the Sale and Purchase Agreements to acquire 100% of the equity interests of two gas companies (“Target Companies”) at an aggregate consideration of RMB462,152,012 (equivalent to approximately HK\$536,096,334). The Target Companies had signed franchise agreements with the local governmental authorities of Mengzhou City and Wen County pursuant to which an exclusive right has been granted to them to invest in, build and operate piped gas business and provide the ancillary services in Mengzhou City and Wen County. The Company believes that the acquisition will further enhance the Group's market share in Henan Province, particularly in Jiaozuo City. The unaudited profit of the Target Companies after taxation for the year ended 31 December 2017 was RMB30,500,000.

The Target Companies are Gaoyuan Gas (Mengzhou) and Gaoyuan Gas (Wen County). Gaoyuan Gas (Mengzhou) is principally engaged in the businesses of pipeline gas; sale of gas appliances, metal hardware and electrical appliances, steel and building materials; repair and installation of gas appliances; sale of vehicle-used compressed natural gas, and its business operations are in Mengzhou City of Jiaozuo, Henan Province. Gaoyuan Gas (Wen County) is principally engaged in the businesses of pipeline gas; sale of gas appliances, metal hardware and electrical appliances, steel and building materials; design and installation of gas projects; sale of vehicle-used compressed natural gas



The unaudited net profit after taxation of the Target Companies is as follows :

For the year ended 31 December (RMB)	2017	2016	Change
Gaoyuan Gas (Mengzhou)	18,245,000	8,258,000	+120.9%
Gaoyuan Gas (Wen County)	12,255,000	7,432,000	+64.9%

As at 30 November 2018, the unaudited net asset values of Gaoyuan Gas (Mengzhou) and Gaoyuan Gas (Wen County) prepared in accordance with the China Accounting Standards for Business Enterprises were approximately RMB69,753,000 (equivalent to approximately HK\$80,913,480) and RMB54,562,000 (equivalent to approximately HK\$63,291,920), respectively.

The Company considers that the acquisition can create synergies with the Target Companies by broadening its consumer base and strengthening the coverage of its products and services and further enhancing its market share in Henan Province. As stated in the 2017 annual report of the Company, it is a strategy of the Group to accelerate the merger and acquisition of high quality targets and explore developed markets adjacent to its existing operation regions. The Group has a strong presence in Henan Province, especially in Jiaozuo City, and the business area of the Target Companies are Mengzhou City and Wen County, which are adjacent to each other and within Jiaozuo City. The Group has not yet commenced any material business in Mengzhou City and Wen County but has several urban gas projects in the areas nearby. Synergies can be formed between the projects currently operated by the Target Companies and the existing projects of the Group, strengthening the Group's presence in Henan Province.

**Mr. Wang Wenliang, Chairman and Executive Director of Zhongyu Gas Holdings Limited,** stated, "We are delighted for the acquisition, which is part of the Group's development strategy of expanding our operation to the nearby markets. Combining the resources and customer coverage from the two natural gas companies in Mengzhou and Wenxian, and our value-added services, synergies can be formed and our market share in Henan Province will be further enlarged. Looking forward, we will continue to look for quality merger and acquisition projects and strike to explore and nurture new markets, marching forward to becoming the most valuable integrated energy service provider.

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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. As of 30 June 2017, Zhongyu Gas and its subsidiaries have 56 exclusive gas projects, with 22 in Henan Province, 17 in Hebei Province, 5 in Jiangsu Province, 4 in Shandong Province, 2 in Jilin Province, 1 in Fujian Province, 1 in Heilongjiang Province, 2 in Zhejiang Province and 2 in Anhui Province. Leveraging 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.

Corporate website: <http://www.zhongyugas.com>

This press release is issued by DLK Advisory Limited for and on behalf of **Zhongyu Gas Holdings Limited**.

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