



華潤燃氣控股有限公司
China Resources Gas Group Limited

DRIVEN BY STRATEGIC ACQUISITION AND ORGANIC GROWTH CR GAS'S PROFIT ATTRIBUTABLE TO EQUITY HOLDERS SURGES BY 74% TO HK\$734 MILLION

Results Highlights:

- Turnover for 2010 surged by 122% to HK\$8,327 million
- Profit attributable to the Company's equity holders for 2010 increased by 74% to HK\$734 million
- Acquisition of 21 new city gas projects in 2010

Almost doubling the number of its city gas projects to 48, China Resources Gas Group Limited ("CR Gas" or the "Group", stock code: 1193) saw its turnover rise by 122 per cent year-on-year to HK\$8,327 million for the year ended 31 December 2010. Profit attributable to equity holders of the Company for the year under review surged by 74 per cent to HK\$734 million when compared with that of 2009. Basic earnings amounted to 51 HK cents per share (2009: 30 HK cents per share).

CR Gas's board of directors resolved to recommend the payment of a final dividend of 8.0 HK cents per share for the year ended 31 December 2010 (2009: 4.5 HK cents per share). Together with an interim dividend of 2.0 HK cents per share (2009 interim: 2.0 HK cents per share), the total dividends for the year 2010 will be 10.0 HK cents per share (2009: 6.5 HK cents per share).

During the year under review, the Group acquired a total of 21 city gas projects, nine from China Resources (Holdings) Limited ("CRH"), being the CR Gas's controlling shareholder, and 12 from the market. Driven by the new acquisitions in 2010 and organic growth, the Group saw a remarkable increase of 152 per cent in gas sales volume from 2,214 million m³ to 5,577 million m³. The strong growth in gas sales volume, together with a 112 per cent increase in connection fee from HK\$924 to HK\$1,959 million had contributed to a 122 per cent year-on-year increase in the turnover of the city gas distribution operation for 2010, which amounted to HK\$8,327 million.

The city gas distribution operation registered an overall gross profit margin of 29.7 per cent for 2010 as compared with 31.0 per cent for 2009. The decrease in gross margin was mainly due to the lower gross margin contribution from the high volume city of Chongqing.

On the other hand, the gross profit margin for connection fee income increased from 50.6 per cent for 2009 to 60.5 per cent for 2010. It was mainly attributable to higher proportion of connection fee income from cities with relative higher connection fee such as Wuxi, Suzhou, Zhengzhou, Wuhan, Kunming and Xiangfan. The higher gas sales margins of industrial cities such as Wuxi, Wuhan, Zhenjiang, Zibo and Xiangfan were negated to a certain extent by the lower gas sales margins of Chongqing, Chengdu and Luzhou where gas sales price are traditionally lower due to abundance of gas sources in Sichuan Province.

In addition to the acquisitions made in 2010, the Group also announced proposed acquisition of a major city gas project in Tianjin. Excluding the on-going acquisitions of the Tianjin city gas projects, the Group operated, as at 31 December 2010, a total of 48 city gas projects in 15 provinces, including six provincial capitals and one direct administrative municipality in China. CRH still possesses 23 other city gas projects at different stages of incubation and development.

In June 2010, CRH entered into a strategic collaboration agreement with China National Petroleum Corporation ("CNPC"). From this collaboration agreement, CR Gas expects to gain more support and advantages in securing gas supply and project acquisition.

"The continued economic growth and rapid industrialisation and urbanisation of China has spiked the demand for energy in the PRC. The PRC government has been very supportive of the development of the natural gas industry and has promulgated various policies and guidelines to encourage and rational usage of natural gas. All these provide enormous room for growth in the downstream gas industry in China. In view of the favourable business environment and prospects, we will continue to adopt expansion strategy via strategic acquisitions and organic growth, as well as forging alliances with major industry players to scale new heights and enhance market penetration," remarked Mr Ma Guoan, Chairman of CR Gas.

About CR Gas

CR Gas is principally engaged in downstream city gas distribution business including piped natural or petroleum gas, CNG (compressed natural gas) filling stations and bottled LPG (liquefied petroleum gas) distribution. Its piped natural gas operations are strategically located in areas of China with rich reserves of natural gas and areas which are economically more developed and densely populated. CR Gas aspires to become a respected market leader in downstream city gas distribution business in China.

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(Attached please find CR Gas's audited consolidated statement of comprehensive income for the year ended 31 December 2010)

CHINA RESOURCES GAS GROUP LIMITED
(Stock code: 1193)
Audited Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2010

	For the year ended 31 December		Change (%)
	2010 HK\$'000	2009 HK\$'000 (As Previously Reported & Before Restatement)	
Turnover	8,326,747	3,746,779	122
Cost of sales	(5,851,881)	(2,586,070)	126
Gross profit	2,474,866	1,160,709	113
Other income	209,909	140,694	49
Selling and distribution expenses	(544,574)	(231,969)	135
Administrative expenses	(800,613)	(409,501)	96
	1,339,588	659,933	103
Finance costs	(79,733)	(39,878)	100
Share of results of associates	15,524	7,187	116
Profit before taxation			
Continuing operations	1,275,379	605,268	111
Discontinued operations	–	21,974	–
	1,275,379	627,242	103
Taxation	(304,980)	(86,896)	251
Profit for the year			
Continuing operations	970,399	518,372	87
Discontinued operations	–	21,974	–
	970,399	540,346	80
Attributable to			
Owners of the Company			
Continuing operations	733,685	421,599	74
Discontinued operations	–	21,974	–
	733,685	443,573	65
Non-controlling interests	236,714	96,773	144
	970,399	540,346	80
Basic and Diluted Earnings per share			
From continuing operations	<u>HK\$0.51</u>	<u>HK\$0.30</u>	<u>70</u>