

For Immediate Release

29 March, 2010



YINGDE GASES GROUP COMPANY LIMITED

(Stock code: 02168)

Announces Its Annual Results

TURNOVER SURGES BY 46.3%

NET PROFIT WAS RMB 530 MILLION

Financial Highlights

- Turnover of the Group in 2009 was RMB 2,066 million, representing a 46.3 % significant increase as compared with RMB1,411.7 million for the same period in 2008
- Profit attributable to equity shareholders of the Group was RMB 530 million, representing an increase of 23.2%
- The Group has a total of 21 On-site Gas Supply operating projects and total installed capacity is amounted to 938,800 Nm³/hr after completion of new constructed projects by 2010
- Strong financial position since successful listing in October 2009, the cash at bank and in hand was RMB 2,102 million for the year ended 2009
- Basic earnings per share amounted to approximately RMB 0.34

(Hong Kong – 29 March 2010) Yingde Gases Group Company Limited (“Yingde Gases” or the “Group”, HKSE stock code: 02168), is pleased to announce the annual results of the Group for the twelve months ended 31 December 2009.

During the period under review, turnover of the Group was RMB 2,066 million, representing a 46.3% significant increase as compared with RMB1411.7 million for the same period in 2008. Profit attributable to equity shareholders of the Group was RMB 530 million, representing an increase of 23.2%. For the year ended 31 December 2009, basic earnings per share amounted to approximately RMB 0.34. During the review period, the Group remains strong in its financial position with abundant working capital. The bank balance and cash in hand was RMB 2,102 million.

To review the 2009 results, Mr Zhongguo Sun, Chairman of Yingde Gases, commented, “The world economy experienced a devastating financial tsunami and dampened investor confidence, however, the PRC economy recovered swiftly. The Chinese central government actively stepped up its investment in the construction industry to spur and stimulate domestic economic development. As a pioneer in China’s industrial gas industry, Yingde Gases took advantage of the improving macro economy in the second half of the year to proactively maintain the steady growth of its on-site gas supply operation whilst leverage on the strong growth momentum. As such, Yingde Gases managed to achieve encouraging results. In addition, through the successful launch of our initial public offering in October 2009, the Group was well-equipped with solid funding, which not only brought extensive and favorable effects in strengthening the Group’s corporate image, but also enhancing the interests of investors and the public towards Yingde Gases.”

On-site Gas Supply Operation

To optimize its scale of operation, Yingde Gases actively explored new customers and diversified its product mix through a two-pronged development strategy: “Go Deep” and “Go Wide”. Yingde Gases mainly supplies gas products to the iron and steel, chemical and non-ferrous metals industries, and has established long-term cooperation with its customers. During the period under review, turnover of the on-site gas supply business was RMB 1,792 million, representing an increase of 57.6 % YoY. As at 31 December 2009, two on-site gas supply facilities of the Group commenced production. There are a total of 21 operating projects and 14 projects still under construction. The latest project is to provide the on-site gas supply service to an industrial company located in the Changshu Economic Development Zone in Jiangsu Province, which is planned to construct an oxygen production facility. All projects currently under construction are expected to complete and commence production in 2011. The Group sold 424,300 Nm³ of industrial gas in aggregate, representing a year-on-year growth of 17.5%. During the period under review, the Group sold 5,667 million Nm³ of industrial gas in aggregate, representing a year-on-year growth of 60.2%. The total sales volume of oxygen products, nitrogen products and argon products were 2,987 million Nm³, 2,312 million Nm³ and 84 million Nm³ respectively. It is expected that the total installed capacity will amount to 938,800 Nm³/hr upon completion of all projects under construction in 2011.

Merchant Gas Operation

The Group used to be passive in its merchant gas operation. However, it was determined to take an active role from 2009 onwards and implemented the “Go to market” strategy, where it actively sought the right customers and utilized any remaining production capacity of its on-site gas production facilities to produce gases for selling to the merchant market. The customer network of the Group currently covers, among others, the electronics, glass, food, automotive and construction industries. As at 31 December 2009, the total turnover of the Group’s merchant gas operation amounted to RMB 273 million, keeping flat over last year.

Customer Network

The Group has established a gas supply network in the PRC. Our production facilities scattered among eight provinces as at 31 December 2009, which indicated an ongoing and stable expansion of our business scale. The Group’s target customers primarily include the iron and steel, chemical and non-ferrous metals industries. In the future, we will identify more quality customers and expand our customer base into other industries. According to the SAI Report, the Group is the largest on-site industrial gas supplier in China, reaching 25.8% of the market share.

Business Outlook

Looking forward, Mr Zhongguo Sun, remarked, “Challenges and opportunities will co-exist in the coming year for Yingde Gases. On the one hand, the world economy just bottomed out and the global financial crisis will continue to cast its shadows. Downstream companies of gas industry have yet to be completely recovered. As a result, Yingde Gases’ leading position in the market will be challenged by the accelerated degree of keen competition in Industrial gas market. On the other hand, there is an increasing trend for outsourcing on-site industrial gas which unfold great market potential, in addition with the domestic economy stimulus policy by the Chinese government, we Yingde Gases, as an industrial gas supplier with large production scale, are well-positioned to grasp the opportunities. The group will leverage on the strong growth momentum and continue to adopt the two-pronged development strategy of “Go Deep” and “Go Wide”. On the product quality front, the Group will further enlarge the production capacity, keep a close eye on market trends and allocate resources to study and produce other industrial gases, with a view not only to increasing the Group’s production capacity and lowering production cost, but also to diversify the Group’s product mix. On the customer front, the Group will continue to identify other quality customers within its industry coverage, and endeavor to expand its customer base to other industries. With these in mind, Yingde Gases will persist in pursuing distinguished results in 2010.”

About Yingde Gases Group Company Limited

Yingde Gases Group Company Limited is the largest domestic independent industrial gas supplier specializing in on-site gas supply in China in terms of total revenue for 2008, according to Strategic Analysis Inc. The Company produces, supplies and distributes a variety of industrial gas products to its on-site and merchant customers from a number of locations in the PRC, with oxygen, nitrogen and argon being the Company's main gas products.

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This press release is issued by **Yingde Gases Group Company Limited**.

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