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

(Incorporated in Bermuda with limited liability)
(Stock Code: 1193)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

Driven by acquisition and organic growths, CR Gas recorded significant improvements in interim results with an increase of 76% in turnover to HK$9,786 million and registered 41% increase in net profit attributable to equity shareholders to HK$1,072 million.

	1st Half 2013	1st Half 2012	Increase
	HK$'000	*HK$'000* (Restated)	*(%)*
Turnover	**9,785,834**	**5,571,777**	**76%**
Profit attributable to equity shareholders	**1,072,135**	**762,030**	**41%**
Basic earnings per share (HK cents)	**48**	**38**	**26%**
Proposed dividend per share (HK cents)	**2**	**2**	**–**

The board of directors (the "Board") of China Resources Gas Group Limited (the "Company" or "CR Gas") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months period ended 30th June, 2013 with comparative figures for 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2013

	NOTES	**Six months ended 30th June, 2013** *HK$'000* **(unaudited)**	2012 *HK$'000* (unaudited and restated)
Turnover	*4*	**9,785,834**	5,571,777
Cost of sales		**(6,507,973)**	(3,816,856)
Gross profit		**3,277,861**	1,754,921
Other income		**288,473**	124,959
Selling and distribution expenses		**(1,028,322)**	(556,000)
Administrative expenses		**(836,339)**	(475,290)
Finance costs		**(296,504)**	(104,608)
Share of results of joint ventures		**411,976**	398,141
Share of results of associates		**60,809**	45,860
Profit before taxation		**1,877,954**	1,187,983
Taxation	*5*	**(394,476)**	(239,471)
Profit for the period	*6*	**1,483,478**	948,512
Other comprehensive income (expense) for the period			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		**280,322**	(123,414)
Share of exchange differences of joint ventures/ associates		**130,865**	(34,777)
		411,187	(158,191)
Total comprehensive income for the period		**1,894,665**	790,321
Profit for the period attributable to:			
Owners of the Company		**1,072,135**	762,030
Non-controlling interests		**411,343**	186,482
		1,483,478	948,512
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,429,949**	618,333
Non-controlling interests		**464,716**	171,988
		1,894,665	790,321
		HK$ **(unaudited)**	*HK$* (unaudited and restated)
Earnings per share	*8*		
– Basic		**0.48**	0.38
– Diluted		**0.48**	0.38

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2013

	NOTES	At 30th June, 2013 HK$'000 (unaudited)	At 31st December, 2012 HK$'000 (restated)
Non-current assets			
Property, plant and equipment	9	**15,513,490**	12,589,663
Prepaid lease payments		**963,788**	849,917
Investment properties		**2,948**	2,864
Interests in joint ventures		**9,107,431**	6,144,740
Interests in associates		**1,900,664**	1,757,911
Available-for-sale investments		**7,942**	7,802
Goodwill		**731,433**	726,772
Operating rights		**565,677**	283,084
Deferred tax assets		**118,389**	115,350
Deposits for operating rights		**95,479**	56,209
Deposits for prepaid lease payments		**66,832**	26,574
Deposits for property, plant and equipment		**168,325**	103,274
Deposits for investments		**142,808**	205,153
		29,385,206	22,869,313
Current assets			
Inventories		**1,019,257**	535,068
Trade and other receivables	10	**4,471,831**	3,174,282
Amounts due from customers for contract work		**759,112**	321,943
Prepaid lease payments		**56,786**	39,540
Amounts due from fellow subsidiaries		**–**	33,913
Pledged bank deposits		**78,511**	68,023
Bank balances and cash		**8,970,445**	10,539,547
		15,355,942	14,712,316
Current liabilities			
Trade and other payables	11	**7,261,501**	5,091,684
Amounts due to customers for contract work		**5,562,350**	2,654,483
Amount due to an intermediate holding company		**–**	45,016
Amounts due to fellow subsidiaries		**–**	2,564,673
Government grants		**10,832**	9,545
Bank and other borrowings	12	**106,852**	175,107
Taxation payable		**179,081**	225,166
		13,120,616	10,765,674
Net current assets		**2,235,326**	3,946,642
		31,620,532	26,815,955

	NOTES	At 30th June, 2013 HK$'000 (unaudited)	At 31st December, 2012 HK$'000 (restated)
Capital and reserves			
Share capital	13	**222,401**	222,401
Reserves		**12,607,947**	11,481,872
Equity attributable to owners of the Company		**12,830,348**	11,704,273
Non-controlling interests		**4,178,679**	2,987,138
		17,009,027	14,691,411
Non-current liabilities			
Government grants		**143,253**	125,826
Bank and other borrowings	12	**8,245,780**	5,848,690
Senior notes	14	**5,679,093**	5,669,130
Other long-term liabilities		**80,341**	78,877
Deferred tax liabilities		**463,038**	402,021
		14,611,505	12,124,544
		31,620,532	26,815,955

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2013

1. GENERAL

The Company is a listed public company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's intermediate parent company is China Resources (Holdings) Company Limited ("CRH"), a company incorporated in Hong Kong and its ultimate holding company is China Resources National Corp. ("CRNC"), a company established in the PRC.

The Group is principally engaged in the sale and distribution of gas fuel and related products and gas connection operation in the PRC.

The interim results of the Group are unaudited and have been reviewed by the Company's Audit Committee.

2. BASIS OF PREPARATION

As part of the group reorganisation (the "Group Reorganisation"), on 16th October, 2012, the Company acquired 100% equity interests in China Resources Petrochem Gas Group Limited ("CR Petrochem") for a consideration of HK$2,415,000,000. Details of the Group Reorganisation are set out in the Company's circular dated 23rd August, 2012.

In the preparation of the consolidated financial statements of the Group for the year ended 31st December, 2012, it was determined that the Group and CR Petrochem and its subsidiaries (the "CR Petrochem Group") were ultimately controlled by CRNC before and after the Group Reorganisation, and that control was not transitory. The Group and CR Petrochem Group were regarded as continuing entities as at the date of business combination and hence the acquisition was accounted for as a combination of entities under common control by applying the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger accounting for common control combinations" ("AG5") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Accordingly, the comparative figures presented in the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group in respect of the six months ended 30th June, 2012 have been restated to include the results of operations, changes in equity and cash flows of the companies now comprising the Group as if the current group structure upon the completion of the Group Reorganisation had been in existence throughout the six months ended 30th June, 2012, or since their respective dates of incorporation or establishment where this is a shorter period, except for the joint ventures acquired by CR Petrochem Group during the six months ended 30th June, 2012, which is combined since the date of acquisition.

Apart from the aforesaid business combination of entities under common control, the Group has retrospectively adjusted the provisional fair values of the assets and liabilities of a subsidiary acquired during the year ended 31st December, 2011 to reflect the fair value adjustments made upon finalisation of the accounting of that subsidiary in the second half of 2012.

The effect of those restatements described above on the Group's basic and diluted earnings per share for the six months ended 30th June, 2012 is as follows:

	Impact on basic earnings per share *HK$*	**Impact on diluted earnings per share** *HK$*
Figures before adjustments	0.38	0.38
Adjustments arising from business combination of entities under common control	–	–
Adjustments arising from finalisation of accounting for acquisition of a subsidiary	–	–
Figures after adjustments	0.38	0.38

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the HKICPA.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain types of financial instruments which are measured at fair value.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investment in jointly controlled entities, which were classified as a jointly controlled entity under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under HKFRS 11 and accounted for using the equity method. The change in accounting of the Group's investment in jointly controlled entities has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investment as at 1st January, 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. Also, the directors performed an impairment assessment on the initial investment as at 1st January, 2012 and concluded that no impairment loss is required. Comparative amounts for 2012 have been restated to reflect the change in accounting for the Group's investment in joint arrangements.

HKFRS 13 ***Fair Value Measurement***

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. The Group has applied the new fair value measurement and disclosure requirements prospectively and there is no significant change on fair value measurement of the Group.

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 *Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)*

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle* for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Disclosures of restated segment information are set out in note 4.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. TURNOVER AND SEGMENT INFORMATION

The Group has identified two operating and reportable segments – sale and distribution of gas fuel and related products, and gas connection. The Group's chief operating decision maker uses such operating segment information for the purpose of resource allocation and assessment of segment performance.

The activities of these divisions are as follows:

Sale and distribution of gas fuel and related products – sale of natural gas for residential, commercial and industrial use.

Gas connection – connection fee income and construction contracts for gas connection to the Group's pipelines.

Information regarding the above segments is reported below.

Segments results now represent the profit before taxation earned by each segment, excluding sundry income, interest income, share of results of joint ventures, share of results of associates, finance costs, central administration costs, release from prepaid lease payments and directors' salaries. The segment measurement has been changed in relation to the application of HKFRS 11 as disclosed in note 2. This is the measure reported to the executive directors for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's revenue and results by operating and reportable segments for the periods under review:

Six months ended 30th June, 2013

	Sale and distribution of gas fuel and related products *HK$'000*	Gas connection *HK$'000*	Total *HK$'000*
Segment revenue – external customers	**8,038,535**	**1,747,299**	**9,785,834**
Segment results	**870,697**	**784,766**	**1,655,463**
Share of results of joint ventures			**411,976**
Share of results of associates			**60,809**
Unallocated income			**254,234**
Unallocated expenses			**(208,024)**
Finance costs			**(296,504)**
Profit before taxation			**1,877,954**

Six months ended 30th June, 2012

	Sale and distribution of gas fuel and related products *HK$'000* (restated)	Gas connection *HK$'000* (restated)	Total *HK$'000* (restated)
Segment revenue – external customers	4,743,824	827,953	5,571,777
Segment results	552,979	342,175	895,154
Share of results of joint ventures			398,141
Share of results of associates			45,860
Unallocated income			102,285
Unallocated expenses			(148,849)
Finance costs			(104,608)
Profit before taxation			1,187,983

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	At 30th June, 2013 ***HK$'000***	At 31st December, 2012 *HK$'000* (restated)
Segment assets:		
Sale and distribution of gas fuel and related products	**14,848,963**	12,085,647
Gas connection	**5,572,106**	3,385,387
	20,421,069	15,471,034
Interests in joint ventures	**9,107,431**	6,144,740
Interests in associates	**1,900,664**	1,757,911
Deferred tax assets	**118,389**	115,350
Unallocated corporate assets	**13,193,595**	14,092,594
	44,741,148	37,581,629

	At 30th June, 2013 HK$'000	At 31st December, 2012 HK$'000 (restated)
Segment liabilities:		
Sale and distribution of gas fuel and related products	**2,173,410**	1,737,307
Gas connection	**6,680,396**	4,780,392
	8,853,806	6,517,699
Taxation payable	**179,081**	225,166
Deferred tax liabilities	**463,038**	402,021
Unallocated corporate liabilities	**18,236,196**	15,745,332
	27,732,121	22,890,218

5. TAXATION

	Six months ended 30th June, 2013 HK$'000	2012 HK$'000 (restated)
Current tax		
PRC Enterprise Income Tax	**396,456**	229,437
Deferred taxation	**(1,980)**	10,034
	394,476	239,471

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the six months ended 30th June, 2013. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and subsidiaries operating in Hong Kong had no assessable profits for both periods.

Profits tax arising in the PRC is calculated based on the applicable tax rates on assessable profits.

Certain subsidiaries operating in the PRC are exempted from income tax applicable in the PRC for two years starting from the first profit making year after utilisation of the tax losses brought forward and were granted a 50% relief for the following three years.

6. PROFIT FOR THE PERIOD

	Six months ended 30th June, 2013 *HK$'000*	2012 *HK$'000* (restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**367,381**	178,344
Amortisation of operating rights (included in administrative expenses)	**14,442**	2,902
Release of prepaid lease payments	**28,437**	8,105
Loss (gain) on disposal of property, plant and equipment	**9,724**	(118)
Gain on disposal of prepaid lease payments	**(58)**	–
Interest income on bank deposits	**(143,105)**	(50,596)

7. DIVIDENDS

In respect of the current interim period, the directors declared an interim dividend of 2.00 HK cents per share amounting to HK$44,480,000 in aggregate (six months ended 30th June, 2012: 2.00 HK cents per share) that will be paid to shareholders whose names appear on the register of members of the Company on 27th September, 2013. This dividend was declared and approved after the interim reporting date, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

During the six months ended 30th June, 2013, a dividend of 14.00 HK cents per share (six months ended 30th June, 2012: 10.00 HK cents per share), totalling HK$303,874,000 (2012: HK$200,357,000), was paid by the Company to its shareholders as the final dividend for the year ended 31st December, 2012 (2012: 31st December, 2011).

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30th June, 2013 *HK$'000*	2012 *HK$'000* (restated)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**1,072,135**	762,030

	Six months ended 30th June, 2013	2012 (restated)
Number of shares:		
Weighted average number of shares in issue less shares held for incentive award scheme for the purpose of basic earnings per share	**2,224,011,202**	1,991,644,734
Effect of dilutive potential shares		
Share options	**841**	633
Weighted average number of shares in issue less shares held for incentive award scheme for the purpose of diluted earnings per share	**2,224,012,043**	1,991,645,367

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2013, the Group spent HK$369,248,000 on additions of gas pipelines and HK$699,086,000 on construction in progress. In addition, property, plant and equipment of carrying value of HK$1,855,346,000 was deemed to be acquired through obtaining control over a joint venture.

10. TRADE AND OTHER RECEIVABLES

The Group generally allows credit periods ranging from 30 to 90 days to its trade customers, which may be extended to 180 days for selected customers depending on the trade volume and settlement terms. The following is an analysis of trade receivables by age, net of allowance for doubtful debts, is presented based on the invoice date, which approximated the revenue recognition date.

	At 30th June, 2013 *HK$'000*	At 31st December, 2012 *HK$'000* (restated)
0 – 90 days	**1,943,528**	1,592,890
91 – 180 days	**101,172**	91,301
Over 180 days	**255,029**	119,585
	2,299,729	1,803,776

11. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is presented based on the invoice date at the end of the reporting period as follows:

	At 30th June, 2013 *HK$'000*	At 31st December, 2012 *HK$'000* (restated)
0 – 90 days	**2,504,551**	1,828,310
91 – 180 days	**104,767**	111,668
Over 180 days	**447,712**	192,033
	3,057,030	2,132,011

The average credit period on purchases of goods ranges from 7 to 180 days.

Included in other payables as at 30th June, 2013 are receipts in advance from customers of HK$1,109,195,000 (31st December, 2012: HK$832,673,000) of which the construction work on gas connection projects has not yet commenced.

12. BANK AND OTHER BORROWINGS

	At 30th June, 2013 HK$'000	At 31st December, 2012 HK$'000 (restated)
Bank loans	**8,302,914**	5,984,280
Other loans	**49,718**	39,517
	8,352,632	6,023,797
Secured	**158,783**	38,662
Unsecured	**8,193,849**	5,985,135
	8,352,632	6,023,797
The Group's bank and other borrowings are repayable as follows:		
On demand or within one year	**106,852**	175,107
More than one year, but not exceeding two years	**71,710**	41,316
More than two years, but not exceeding five years	**7,909,862**	5,486,998
More than five years	**264,208**	320,376
	8,352,632	6,023,797
Less: Amount due within one year shown under current liabilities	**(106,852)**	(175,107)
Amount due after one year shown as non-current liabilities	**8,245,780**	5,848,690

The effective annual interest rates on the Group's bank and other borrowings range from 0.65% to 11.33% (31st December, 2012: 0.65% to 9.18%) per annum.

13. SHARE CAPITAL

	Number of shares	Nominal value of shares HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1st January, 2012, 31st December, 2012 and 30th June, 2013	10,000,000,000	1,000,000
Issued and fully paid:		
At 1st January, 2012	1,992,269,718	199,227
Issue of shares upon acquisition of additional interest in a subsidiary *(Note a)*	71,741,153	7,174
Placing of shares *(Note b)*	160,000,000	16,000
At 31st December, 2012	2,224,010,871	222,401
Exercise of share options *(Note c)*	2,000	–
At 30th June, 2013	2,224,012,871	222,401

The new shares issued during the year rank pari passu in all respects with the existing shares in issue.

Notes:

(a) In January and February 2012, the Group acquired additional interest in a subsidiary, Zhengzhou China Resources Gas Company Limited 鄭州華潤燃氣股份有限公司 ("Zhengzhou Gas"), for a consideration of HK$805,288,000 for the purpose of the privatisation and withdrawal of the listing of H shares of Zhengzhou Gas. The consideration was satisfied by cash of HK$16,957,000 and the allotment and issue of 71,741,153 consideration shares in the Company of HK$788,331,000. The consideration shares were issued at an average share price of HK$10.99 per share.

(b) On 20th November, 2012, CRH (Gas) Limited ("CRH (Gas)"), the Company's immediate holding company, and the Company entered into a placing and subscription agreement with the placing agent pursuant to which the placing agent placed 160,000,000 existing shares at a price of HK$16.95 per share owned by CRH (Gas) to certain independent places. Pursuant to the placing and subscription agreement, CRH (Gas) subscribed for 160,000,000 new shares equivalent to the number of the placing shares. The proceeds from the placing of shares, net of professional fees and out-of-pocket expenses, will be used principally for acquisition of more downstream city gas distribution businesses in the PRC.

(c) During the current period, 2,000 share options were exercised at an exercise price of HK$9.06 per share. There is no share options outstanding as at 30th June, 2013.

14. SENIOR NOTES

On 5th April, 2012, the Company issued senior notes with principal amount of US$750,000,000 (equivalent to HK$5,818,890,000) at an offer price of 97.95% of the face value of the notes ("Senior Notes"). The Senior Notes bear coupon interest at 4.5% per annum payable semi-annually in arrears and are due on 4th April, 2022. The Senior Notes are unsecured and carry effective interest rate of 4.8% per annum. Interest expenses of HK$134,689,000 (six months ended 30th June, 2012: HK$64,490,000) was charged to profit or loss during the six months ended 30th June, 2013.

The Group has the option to redeem all of the Senior Notes, in full but not in part, at 100% of their principal amount plus accrued and unpaid interest at any time up to the maturity date.

15. EVENT AFTER THE REPORTING PERIOD

On 10th May, 2013, the Group announced to propose merger of China Resources Power Holdings Company Limited ("CR Power"), a limited company listed in Hong Kong, to consolidate the upstream energy resources, power generation portfolio, midstream and downstream energy distribution, and end customer access of both the Group and CR Power. On 22nd July, 2013, the proposed merger was not approved by the requisite majority of CR Power and it will not proceed.

Details of these transactions are disclosed on the Company's announcement dated 10th May, 2013 and 22nd July, 2013 respectively.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th June, 2013 are unaudited and have been reviewed by the Company's auditor and the Company's Audit Committee. The auditor's report on review of condensed consolidated financial statements is contained in the interim report to be dispatched to shareholders.

RESULTS

For the period ended 30th June, 2013, the Group recorded turnover and profit attributable to the Company's equity holders of HK$9,786 million and HK$1,072 million, an increase of 76% and 41% respectively over the HK$5,572 million and HK$762 million of the previous corresponding period.

BUSINESS REVIEW AND PROSPECTS

Revenue and Profit Drivers

The total revenue of city gas operation comprises of recurring gas sales and one-time gas connection fee which accounts for 82% and 18% of the revenue for the period ended 30th June 2013 (2012: 85% and 15%, respectively).

The turnover of the city gas distribution operation for the period ended 30th June, 2013 amounted to HK$9,786 million, an increase of 76% over the HK$5,572 million of the previous corresponding period. The significant increase was mainly due to both acquisition and organic growths which resulted in the increase in gas sales volume by 47% from 4,248 million m^3 to 6,251 million m^3 and the increase in connection fee income by 111% from HK$828 million to HK$1,747 million.

Favourable Macro-economic and Regulatory Environment

The continued economic growth and the rapid industrialisation and urbanisation in China has spiked the demand for energy in China. In order to diversify its energy sources, the PRC government has, in recent years, taken various measures to promote the development and utilisation of less polluting energy sources. Natural gas is considered a cleaner and superior substitute for conventional energy sources such as coal and crude oil. The PRC government has therefore been very supportive of the development of the natural gas industry.

The percentage of energy consumption from natural gas in the PRC is very low compared to international levels. According to 2013 BP Statistical Review of World Energy, for 2012, natural gas only accounted for 4.7% of China's total primary energy consumption, which is far lower than the international average of 24%. The PRC government intends to increase that rate to 7.5% within the "Twelfth Five Year Plan" by 2015.

To increase natural gas supply, the "West to East Gas Transmission" pipelines and the "Sichuan to East" pipelines were constructed with the support of the PRC government to bring natural gas from the Xinjiang Autonomous Region and from the gas-rich Sichuan Province to the coastal regions of the PRC. Construction of the third phase of the "West to East Gas Transmission" pipelines from Central Asia, and the "Myanmar to Yunnan" gas pipeline as well as construction of Liquefied Natural Gas ("LNG") terminals in coastal cities of the PRC are actively in progress. Once completed these upstream infrastructure projects will significantly increase the supply of natural gas in China by 2015. Moreover, CR Gas is assured of adequate gas supply by leveraging on the strategic gas supply arrangements made with China National Petroleum Corporation, China Petroleum & Chemical Corporation and CNOOC Gas & Power Group ("CNOOC").

The above factors augur well for the natural gas industry in China and offer tremendous opportunity for future growth of the Group.

Increase in Shareholdings of Business Units

Following the increase in shareholdings of existing projects in Zhenjiang and Hengshui in 2010, Zibo and Nanjing Jiangning in 2011, Zhengzhou in 2012, the Group increased its shareholdings in Neijiang China Resources Co., Ltd from 50% to 51% in January 2013 and thereby increase earnings contribution to the Group. The Group will continue to execute this strategy of enhancing results via increasing its stakes in existing gas projects.

Continue Enhancement of Operational Efficiencies

The Group also continues to enhance its operational and financial efficiencies and constantly seeks improvements in areas such as customer service, project tendering, safety standards, gas leakages control, centralised cash management, centralised procurement, tax management, etc. The ongoing organic enhancement of existing city gas distribution operations and the external acquisition of new city businesses will continue to deliver stable cash flow as well as excellent growth opportunity for the enhancement of the Company's shareholders' value in the foreseeable future.

Leveraging on the above mentioned factors, the Group will continue to grow rapidly via organic and acquisition growths and aspires to become the PRC leading city gas distribution company in the foreseeable future.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

In January 2013, an amount of RMB2.45 billion was paid by the Company as equity contribution for a 49% stake in Jinran China Resources Gas Co., Ltd (津燃華潤燃氣有限公司), a joint venture company which engages in the investment, construction and operation of city gas pipelines, the sale and distribution of gas, the provision of gas related equipment, apparatus and ancillary services, as well as gas facilities repair and maintenance in Tianjin Municipality of the PRC.

The Group also made new investments of some RMB236 million in 10 city gas projects in Henan, Zhejiang, Anhui, Sichuan, Guangdong and Hubei Provinces. Four of these projects are wholly owned by the Group while the rest are joint ventures with majority controls.

The acquisitions will add to the Company's existing footprint in these provinces and create further cluster synergy with existing city gas projects in terms of centralized procurement, pipeline design & construction and management efficiency.

Most of the above gas projects are relatively new to pipe natural gas or pipe gas will arrive in the future thus offers a tremendous room to growth in the near future. Their aggregate gas sales volume is expected to grow in tandem with the overall growth in gas supply in China which is projected to more than double to 260 billion cubic meter by 2015. In addition, cluster synergy with the Company's existing city gas projects will be further enhanced to fuel further operational scale and resulting economic efficiency.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK$0.02 per share for the six months ended 30th June, 2013 (six months ended 30th June, 2012: HK$0.02 per share), payable on 7th October, 2013 to shareholders on the register of members of the Company on 27th September, 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23rd September, 2013 to 27th September, 2013, both days inclusive. In order to qualify for the proposed interim dividend payment, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19th September, 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period ended 30th June, 2013.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the mandatory provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules. In line with the mandatory provisions of the Code, the Company has adopted a Corporate Governance Handbook (the "Handbook") on 23rd December, 2005 and subsequently updated in 2008, 2009, 2010 and 2012. The contents of the Handbook include, among others, directors' duties, model code for directors' transactions in securities, model code for securities transaction by relevant employees, the functions and terms of reference of the Audit, Remuneration, Nomination, Investment and Corporate Governance Committees, disclosure of information, communication with shareholders and procedures for shareholders to propose a person for election as a director. All the mandatory provisions under the Code have been adopted and reflected in the Handbook. During the six months ended 30th June, 2013, the Company was in compliance with the mandatory provisions of the Code except for the deviation from code provision D.1.4 which is explained as follows:

Under the code provision D.1.4, the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors. However, the Directors are subject to retirement by rotation at least once every three years in accordance with the Bye-Laws. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" (if applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. Besides, the Directors are required to comply with the requirements under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Code during the six months ended 30th June, 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code.

INTERIM REPORT

The 2013 Interim Report will be dispatched to shareholders and published on the Stock Exchange's designated website (www.hkexnews.hk) and the Company's website (www.crgas.com.hk) in due course.

On behalf of the Board
CHINA RESOURCES GAS GROUP LIMITED
WANG Chuandong
Chairman

Hong Kong, 23rd August, 2013

As at the date of this announcement, the directors of the Company are Mr. Wang Chuandong, Mr. Shi Shanbo and Mr. Ong Thiam Kin, being Executive Directors; Mr. Du Wenmin, Mr. Wei Bin, Mr. Huang Daoguo and Mr. Chen Ying, being Non-executive Directors; and Mr. Wong Tak Shing, Ms. Yu Jian, Mr. Yu Hon To, David and Mr. Qin Chaokui, being Independent Non-executive Directors.