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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, 2014

Driven by organic growth, CR Gas recorded improvements in interim results with an increase of 31% in turnover to HK\$12,846 million and registered 17% increase in net profit attributable to equity shareholders to HK\$1,251 million.

	1st Half 2014	1st Half 2013	Increase
Turnover (HK\$ million)	12,846	9,786	31%
Profit attributable to equity shareholders (HK\$ million)	1,251	1,067	17%
Basic earnings per share (HK cents)	58	49	18%
Proposed dividend per share (HK cents)	5	2	150%
Gross gas sales volume (million m³)	6,816	6,251	9%
Accumulated total connected customers (million)	19.35	17.37	11%

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 ended 30th June, 2014 with comparative figures for 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June, 2014

	NOTES	Six months ended 30th June,	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited and restated)
Turnover	4	12,845,540	9,785,834
Cost of sales		<u>(8,831,685)</u>	<u>(6,507,973)</u>
Gross profit		4,013,855	3,277,861
Other income		407,819	288,473
Selling and distribution expenses		(1,332,337)	(1,035,550)
Administrative expenses		(967,633)	(836,339)
Finance costs		(272,552)	(296,504)
Share of results of joint ventures		329,202	411,976
Share of results of associates		<u>56,978</u>	<u>60,809</u>
Profit before taxation		2,235,332	1,870,726
Taxation	5	<u>(540,879)</u>	<u>(392,669)</u>
Profit for the period	6	<u>1,694,453</u>	<u>1,478,057</u>
Other comprehensive (expense) income for the period			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		<u>(143,904)</u>	<u>411,187</u>
Total comprehensive income for the period		<u><u>1,550,549</u></u>	<u><u>1,889,244</u></u>
Profit for the period attributable to:			
Owners of the Company		1,251,010	1,066,714
Non-controlling interests		<u>443,443</u>	<u>411,343</u>
		<u><u>1,694,453</u></u>	<u><u>1,478,057</u></u>
Total comprehensive income for the period attributable to:			
Owners of the Company		1,149,891	1,424,528
Non-controlling interests		<u>400,658</u>	<u>464,716</u>
		<u><u>1,550,549</u></u>	<u><u>1,889,244</u></u>
		HK\$	HK\$
		(unaudited)	(unaudited and restated)
Earnings per share	8		
– Basic		<u><u>0.58</u></u>	<u><u>0.49</u></u>
– Diluted		<u><u>N/A</u></u>	<u><u>0.49</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2014

		At 30th June, 2014 <i>HK\$'000</i> (unaudited)	At 31st December, 2013 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	9	19,545,048	18,527,861
Prepaid lease payments		1,224,661	1,132,220
Investment properties		11,997	11,140
Interests in joint ventures		8,986,968	8,853,031
Interests in associates		1,972,452	1,956,465
Available-for-sale investments		8,041	21,383
Goodwill		402,647	409,952
Operating rights		722,508	758,244
Deferred tax assets		90,505	98,630
Deposits for operating rights		76,618	77,168
Deposits for prepaid lease payments		178,195	77,257
Deposits for property, plant and equipment		199,337	189,497
Deposits for investments		–	149,756
		<u>33,418,977</u>	<u>32,262,604</u>
Current assets			
Inventories		868,525	791,955
Trade and other receivables	10	6,524,001	6,665,784
Amounts due from customers for contract work		1,276,099	903,006
Prepaid lease payments		52,417	55,115
Amount due from an intermediate holding company		1,972,089	–
Pledged bank deposits		73,051	219,149
Bank balances and cash		8,805,360	9,584,178
		<u>19,571,542</u>	<u>18,219,187</u>
Current liabilities			
Trade and other payables	11	11,976,260	11,470,251
Amounts due to customers for contract work		5,766,370	5,218,147
Government grants		4,646	12,154
Bank and other borrowings		2,865,134	858,749
Taxation payable		252,843	396,520
		<u>20,865,253</u>	<u>17,955,821</u>
Net current (liabilities) assets		<u>(1,293,711)</u>	<u>263,366</u>
		<u>32,125,266</u>	<u>32,525,970</u>

		At 30th June, 2014 <i>HK\$'000</i> (unaudited)	At 31st December, 2013 <i>HK\$'000</i> (audited)
Capital and reserves			
Share capital	12	222,401	222,401
Reserves		<u>14,675,878</u>	<u>13,960,534</u>
Equity attributable to owners of the Company		<u>14,898,279</u>	14,182,935
Non-controlling interests		<u>4,841,407</u>	<u>4,432,903</u>
		<u>19,739,686</u>	<u>18,615,838</u>
Non-current liabilities			
Government grants		99,768	88,240
Bank and other borrowings		5,785,499	7,331,576
Senior notes		5,677,763	5,683,954
Other long-term liabilities		267,783	245,405
Deferred tax liabilities		<u>554,767</u>	<u>560,957</u>
		<u>12,385,580</u>	<u>13,910,132</u>
		<u><u>32,125,266</u></u>	<u><u>32,525,970</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2014

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 which is owned and controlled by the PRC government.

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

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 and with Hong Kong Accounting Standard 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by approximately HK\$1,294 million, and the Group has capital commitment of approximately HK\$2,482 million as at 30 June 2014. As at 30 June 2014, the Group has bank and other borrowings totaling approximately HK\$8,651 million of which approximately HK\$2,865 million was classified as current liabilities. The directors of the Company are of the opinion that there are good track records and relationship with banks which would enhance the Group’s ability on renewing the borrowing facilities.

The directors of the Company are of the opinion that, taking into account of the internally generated funds of the Group and the other factors described above, the Group has sufficient working capital for its present requirements for the next twelve months from 30th June, 2014. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

In the preparation of the consolidated financial statement for the year ended 31st December, 2013, the Group has retrospectively adjusted the provisional fair values of the assets and liabilities of a subsidiary acquired during the year ended 31st December, 2012 to reflect the fair value adjustments made upon completion of the purchase accounting. Accordingly the comparatives in the condensed consolidated statements of profit or loss and other comprehensive income for the six months ended 30th June, 2013 have been restated.

(a) The effects of those restatements described above are as follows:

	Six months ended 30th June, 2013 <i>HK\$'000</i> (originally stated)	Effect of the finalisation of accounting for acquisition of a subsidiary <i>HK\$'000</i>	Six months ended 30th June, 2013 <i>HK\$'000</i> (unaudited and restated)
Turnover	9,785,834	–	9,785,834
Cost of sales	(6,507,973)	–	(6,507,973)
Gross profit	3,277,861	–	3,277,861
Other income	288,473	–	288,473
Selling and distribution expenses	(1,028,322)	(7,228)	(1,035,550)
Administrative expenses	(836,339)	–	(836,339)
Finance costs	(296,504)	–	(296,504)
Share of results of joint ventures	411,976	–	411,976
Share of results of associates	60,809	–	60,809
Profit before taxation	1,877,954	(7,228)	1,870,726
Taxation	(394,476)	1,807	(392,669)
Profit for the period	1,483,478	(5,421)	1,478,057
Other comprehensive income for the period			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation	411,187	–	411,187
Total comprehensive income for the period	<u>1,894,665</u>	<u>(5,421)</u>	<u>1,889,244</u>
Profit for the period attributable to:			
Owners of the Company	1,072,135	(5,421)	1,066,714
Non-controlling interests	411,343	–	411,343
	<u>1,483,478</u>	<u>(5,421)</u>	<u>1,478,057</u>
Total comprehensive income for the period attributable to:			
Owners of the Company	1,429,949	(5,421)	1,424,528
Non-controlling interests	464,716	–	464,716
	<u>1,894,665</u>	<u>(5,421)</u>	<u>1,889,244</u>

(b) The effects of those restatements described above has no significant impact on the Group's basic and diluted earnings per share for the six months ended 30th June, 2013.

(c) The impact of the finalisation of accounting for acquisition of a subsidiary on the condensed consolidated statement of financial position of the Group as at 1st January, 2013 has been disclosed in the annual financial statements of the Group for the year ended 31st December, 2013.

3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2013.

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

The application of the new Interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the Group's condensed consolidated financial statements.

4. TURNOVER AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's operating segments under HKFRS 8 are as follows:

Sale and distribution of gas fuel and related products – sale of natural gas and to a much lesser extent, liquefied petroleum gas for residential, commercial and industrial use.

Gas connection – construction of gas pipelines networks under gas connection contracts.

Segments results represent the profit before taxation earned by each segment, excluding sundry income, interest income, finance costs, central administration costs, release from prepaid lease payments and directors' salaries. This is the measure reported to the executive directors of the Company for the purpose of resource allocation and assessment of segment performance.

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

Six months ended 30th June, 2014

	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue – external customers	<u>10,633,281</u>	<u>2,212,259</u>	<u>12,845,540</u>
Segment results	<u>1,075,702</u>	<u>985,193</u>	2,060,895
Share of results of joint ventures			329,202
Share of results of associates			56,978
Unallocated income			354,128
Unallocated expenses			(293,319)
Finance costs			(272,552)
Profit before taxation			<u>2,235,332</u>

Six months ended 30th June, 2013 (restated)

	Sale and distribution of gas fuel and related products <i>HK\$'000</i> (restated)	Gas connection <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
Segment revenue – external customers	<u>8,038,535</u>	<u>1,747,299</u>	<u>9,785,834</u>
Segment results	<u>863,469</u>	<u>784,766</u>	1,648,235
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			<u>1,870,726</u>

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

	At 30th June, 2014 <i>HK\$'000</i>	At 31st December, 2013 <i>HK\$'000</i>
Segment assets:		
Sale and distribution of gas fuel and related products	22,785,145	22,015,545
Gas connection	<u>3,282,487</u>	<u>2,209,792</u>
	26,067,632	24,225,337
Interests in joint ventures	8,986,968	8,853,031
Interests in associates	1,972,452	1,956,465
Deferred tax assets	90,505	98,630
Unallocated corporate assets	<u>15,872,962</u>	<u>15,348,328</u>
	<u>52,990,519</u>	<u>50,481,791</u>
Segment liabilities:		
Sale and distribution of gas fuel and related products	2,943,634	2,759,135
Gas connection	<u>7,275,235</u>	<u>6,481,791</u>
	10,218,869	9,240,926
Taxation payable	252,843	396,520
Deferred tax liabilities	554,767	560,957
Unallocated corporate liabilities	<u>22,224,354</u>	<u>21,667,550</u>
	<u>33,250,833</u>	<u>31,865,953</u>

5. TAXATION

	Six months ended 30th June,	
	2014	2013
	HK\$'000	HK\$'000 (restated)
Current tax		
PRC Enterprise Income Tax	546,442	394,649
Deferred taxation	(5,563)	(1,980)
	<u>540,879</u>	<u>392,669</u>

Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the six months ended 30th June, 2014. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its 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.

6. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2014	2013
	HK\$'000	HK\$'000 (restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	425,972	374,499
Depreciation of investment properties	691	310
Amortisation of operating rights (included in administrative expenses)	31,181	14,552
Release of prepaid lease payments	25,442	28,437
Loss on disposal of property, plant and equipment	317	9,724
Gain on disposal of prepaid lease payments	(1,897)	(58)
Interest income on bank deposits	(120,790)	(143,105)
	<u>(120,790)</u>	<u>(143,105)</u>

7. DIVIDENDS

During the six months ended 30th June, 2014, a dividend of 20 HK cents per share (six months ended 30th June, 2013: 14 HK cents per share), totalling HK\$434,547,000 (2013: HK\$303,874,000), was paid by the Company to its shareholders as the final dividend for the year ended 31st December, 2013 (2013: 31st December, 2012).

In respect of the current interim period, on 22nd August, 2014, the directors of the Company declared an interim dividend of 5 HK cents per share amounting to HK\$108,637,000 in aggregate (six months ended 30th June, 2013: 2 HK cents per share) that will be paid to shareholders whose names appear on the register of members of the Company on 26th September, 2014. 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.

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,	
	2014	2013
	HK\$'000	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)	1,251,010	1,066,714
	Six months ended 30th June,	
	2014	2013
		(restated)
Number of shares:		
Weighted average number of shares in issue less shares held for incentive award scheme for the purposes of basic earnings per share	2,172,734,387	2,170,464,218
Effect of dilutive potential shares		
Share options	N/A	841
Weighted average number of shares in issue less shares held for incentive award scheme for the purposes of diluted earnings per share	N/A	2,170,465,059

The Group has no potential ordinary shares in issue during the six months ended 30th June, 2014.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2014, the Group incurred a total cost of HK\$412,877,000 and HK\$725,416,000 (six months ended 30th June, 2013: HK\$369,248,000 and 699,086,000) on additions of gas pipelines and construction in progress respectively. In addition, during the six months ended 30th June, 2013, 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, 2014	At 31st December, 2013
	HK\$'000	HK\$'000
0 – 90 days	2,994,101	2,621,904
91 – 180 days	57,155	40,992
Over 180 days	328,241	314,710
	3,379,497	2,977,606

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, 2014 <i>HK\$'000</i>	At 31st December, 2013 <i>HK\$'000</i>
0 – 90 days	4,995,020	4,251,392
91 – 180 days	361,059	343,425
Over 180 days	454,519	660,985
	<u>5,810,598</u>	<u>5,255,802</u>

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

Included in other payables as at 30th June, 2014 are receipts in advance from customers of HK\$2,010,715,000 (31st December, 2013: HK\$1,758,426,000) of which the construction work on gas connection projects has not yet commenced.

12. SHARE CAPITAL

	Number of shares	Nominal value of shares <i>HK\$'000</i>
Shares of HK\$0.10 each		
Authorised:		
At 1st January, 2013, 31st December, 2013 and 30th June, 2014	10,000,000,000	1,000,000
Issued and fully paid:		
At 1st January, 2013	2,224,010,871	222,401
Exercise of share options	2,000	–
At 31st December 2013 and 30th June, 2014	<u>2,224,012,871</u>	<u>222,401</u>

In May 2013, 2,000 share options were exercised at an exercise price of HK\$9.06 per share. The new shares issued rank pari passu in all respects with the existing shares in issue. There is no share options outstanding as at 31st December, 2013 and 30th June, 2014.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th June, 2014 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, 2014, the Group recorded turnover and profit attributable to the Company's equity holders of HK\$12,846 million and HK\$1,251 million, an increase of 31% and 17% respectively over the HK\$9,786 million and HK\$1,067 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 83% and 17% of the revenue for the period ended 30th June, 2014 (2013: 82% and 18%, respectively).

The turnover of the city gas distribution operation for the period ended 30th June, 2014 amounted to HK\$12,846 million, an increase of 31% over the HK\$9,786 million of the previous corresponding period. The significant increase was mainly due to both organic growth which resulted in the increase in gas sales volume by 9% from 6,251 million m³ to 6,816 million m³ and the increase in connection fee income by 27% from HK\$1,747 million to HK\$2,212 million.

The gross profit margin for the six months ended 30th June, 2014 was 31.2%, a drop of 2.3% compared to the previous corresponding period's 33.5%. The reduction was mainly due to the decrease in the dollar margin of gas station business as a result of the significant increase in lower margins LNG gas stations during the last 12 months by 28 stations, from 20 stations to 48 stations; and increase in gas sales volume to residential customers which are traditionally lower margin. Contribution from LNG stations will improve once their operations are ramped up with improved utilisation.

The net profit attributable shareholders of the Company for the period ended 30th June, 2014 was HK\$1,251 million, an increase of 17% over that of the previous corresponding period. This represents a net profit margin of 9.7%, 1.2% less than that of the previous period's 10.9%. The reduction was mainly due to the decrease in gross profit margin 2.3%, mitigated by the overall 1.2% reduction in operating expenses (improvement in operating efficiency), but dragged down by lower 1.8% contributions from joint ventures and associates. With the continuing focus on Lean Management and Benchmarking measures by the Group, operational efficiency will continue to improve going forward.

Favourable Macro-economic and Regulatory Environment

The on-going economic growth, industrialisation and urbanisation in China has continued to increase 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 2014 BP Statistical Review of World Energy, for 2013, natural gas only accounted for 5.1% of China's total primary energy consumption, which is far lower than the international average of 23.7%. 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. Natural gas price reform to close the price gap between imported and local gas prices are also gradually being implemented in phases. Once realised, these measures are expected to more than double the supply of natural gas in China in the foreseeable future. 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.

The natural gas supply arrangement concluded in May 2014 between China and Russia will deliver significant amount of gas at attractive price from Eastern Siberia to the North-eastern and Northern Regions of China by 2018 and beyond. This will be a big boost to CR Gas's 30 projects in the these regions which are currently facing gas supply shortages.

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, Neijiang in 2013, the Board has approved to increase its shareholdings in BP (Fujian) Petroleum Ltd from 33% to 100% and expected to increase earnings contribution to the Group after the completion. 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 is intensively executing its company-wide “Lean Management” and “Benchmarking” measures to enhance its operational and financial efficiencies continuously. It constantly seeks for improvements in various areas such as speed of signing up new customers, 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 gas 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 steadily during the second half of the year and beyond. It will continue to grow via organic and acquisition growths and aspires to become the PRC leading city gas distribution company in the foreseeable future.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

The Group made new investments of approximately RMB705 million (approximately HK\$916 million) in 15 city gas projects in Henan, Zhejiang, Anhui, Sichuan, Guangdong, Jiangxi, Shanxi and Guizhou Provinces. Three of these projects are wholly owned by the Group while the rest are joint ventures with majority controls.

Another 14 projects of RMB468 million (approximately HK\$608 million) have been approved by the Board up to 22 August, 2014.

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 green field projects thus offer a lot of room for 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. 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 5 HK cents per share for the six months ended 30th June, 2014 (six months ended 30th June, 2013: 2 HK cents per share), payable on 6th October, 2014 to shareholders on the register of members of the Company on 26th September, 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22nd September, 2014 to 26th September, 2014, 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 share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 19th September, 2014.

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, 2014.

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, 2012, 2013 and 2014. 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, procedures for shareholders to propose a person for election as a director and board diversity policy. All the mandatory provisions under the Code have been adopted and reflected in the Handbook. During the six months ended 30th June, 2014, 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, 2014.

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 throughout the period.

INTERIM REPORT

The 2014 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, 22nd August, 2014

As at the date of this announcement, the directors of the Company are Mr. Wang Chuandong, Mr. Shi Shanbo, Mr. Ge Bin and Mr. Ong Thiam Kin, being Executive Directors; Mr. Du Wenmin, Mr. Wei Bin, Mr. Chen Ying and Mr. Wang Yan, 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.