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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, 2011

Driven by acquisition and organic growths, CR Gas recorded significant improvements in interim results with an increase of 101% in turnover to HK$5.51 billion and registered 82% increase in net profit attributable to equity shareholders to HK$555 million.

	1st Half 2011	1st Half 2010	Increase	1st Half 2010	Increase
	HK$'000	*HK$'000* (Before Restatement)	*(%)*	*HK$'000* (Restated)	*(%)*
Turnover	**5,511,125**	**2,747,186**	**101%**	**3,273,507**	**68%**
Profit attributable to equity shareholders	**554,917**	**304,592**	**82%**	**352,283**	**58%**

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, 2011 with comparative figures for 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

		Six months ended 30th June,	
		2011	2010
		HK$'000	*HK$'000*
	NOTES	**(unaudited)**	(unaudited and restated)
Turnover	*3*	**5,511,125**	3,273,507
Cost of sales		**(3,778,323)**	(2,266,903)
Gross profit		**1,732,802**	1,006,604
Other income		**125,368**	106,232
Selling and distribution expenses		**(465,311)**	(237,076)
Administrative expenses		**(430,174)**	(291,272)
Finance costs		**(37,899)**	(37,096)
Share of results of associates		**50,188**	3,304
Profit before taxation		**974,974**	550,696
Taxation	*4*	**(225,903)**	(131,174)
Profit for the period	*5*	**749,071**	419,522
Other comprehensive income for the period			
Exchange differences arising on translation of foreign operations		**206,691**	77,408
Fair value gain (loss) on available-for-sale investments		**8,006**	(138)
Share of other comprehensive income of associates		**12,236**	213
Other comprehensive income for the period		**226,933**	77,483
Total comprehensive income for the period		**976,004**	497,005
Profit for the period attributable to:			
Owners of the Company		**554,917**	352,283
Non-controlling interests		**194,154**	67,239
		749,071	419,522
Total comprehensive income for the period attributable to:			
Owners of the Company		**739,329**	423,266
Non-controlling interests		**236,675**	73,739
		976,004	497,005
		HK$	*HK$*
Earnings per share	*7*		
– Basic		**0.31**	0.26
– Diluted		**0.31**	0.26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2011

	NOTES	At 30th June, 2011 HK$'000 (unaudited)	At 31st December, 2010 HK$'000 (audited and restated)
Non-current assets			
Property, plant and equipment	*8*	**7,975,096**	8,083,538
Prepaid lease payments		**725,839**	808,210
Investment properties		**14,297**	11,647
Interests in associates		**1,585,939**	85,249
Available-for-sale investments		**20,851**	41,721
Goodwill		**658,422**	652,768
Operating rights		**687,193**	674,121
Deferred tax assets		**112,407**	122,015
Deposit for prepaid lease payments		**25,152**	7,820
Deposit		**60,124**	–
		11,865,320	10,487,089
Current assets			
Inventories		**316,867**	236,968
Trade and other receivables	*9*	**1,718,140**	1,545,626
Amounts due from customers for contract work		**584,104**	378,633
Prepaid lease payments		**32,848**	32,593
Amounts due from fellow subsidiaries		**5,593**	32,813
Pledged bank deposits		**8,909**	14,875
Bank balances and cash		**5,598,166**	6,521,335
		8,264,627	8,762,843
Current liabilities			
Trade and other payables	*10*	**3,576,566**	3,346,080
Amounts due to customers for contract work		**2,009,312**	1,531,631
Amounts due to fellow subsidiaries		**354,954**	399,301
Government grants		**5,082**	6,645
Bank and other borrowings		**486,417**	493,068
Taxation payable		**123,326**	154,272
		6,555,657	5,930,997
Net current assets		**1,708,970**	2,831,846
		13,574,290	13,318,935

	NOTES	At 30th June, 2011 HK$'000 (unaudited)	At 31st December, 2010 HK$'000 (audited and restated)
Capital and reserves			
Share capital		**183,109**	183,109
Reserves		**6,060,165**	5,510,338
Equity attributable to owners of the Company		**6,243,274**	5,693,447
Non-controlling interests		**2,015,524**	1,894,764
		8,258,798	7,588,211
Non-current liabilities			
Government grants		**32,635**	57,895
Bank and other borrowings		**4,760,059**	5,132,770
Other long-term liabilities		**192,231**	124,287
Deferred tax liabilities		**330,567**	415,772
		5,315,492	5,730,724
		13,574,290	13,318,935

Notes:

1. BASIS OF PREPARATION

As part of the group reorganisation (the "Group Reorganisation"), on 25th October, 2010, the Company acquired 100% equity interests in Mega Fair Limited for a consideration of HK$2,221,155,000 which was settled by allotment and issue of 186,654,223 shares of the Company. Details of the Group Reorganisation are set out in the Company's circular dated 6th October, 2010.

The Group and Mega Fair and its subsidiaries (the "Mega Fair Group") are ultimately controlled by China Resources National Corp. before and after the Group Reorganisation, and that control is not transitory. The Group and Mega Fair Group are regarded as continuing entities as at the date of business combination and hence the acquisition has been 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" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Accordingly, the comparative figures presented in the condensed consolidated statement of 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, 2010 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, 2010, or since their respective dates of incorporation or establishment where this is a shorter period, except for the jointly controlled entities acquired by Mega Fair Group during the six months ended 30th June, 2010, which are combined since their respective dates 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 jointly controlled entity acquired during the six months ended 30th June, 2010 to reflect the fair value adjustments made upon completion of the purchase accounting during the period. Adjustments have been made retrospectively to property, plant and equipment, prepaid lease payments, goodwill and deferred tax liabilities.

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

2. 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.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA. Except as described below, the accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2010.

HKAS 24 "Related party disclosures" (as revised in 2009)

The Group has applied HKAS 24 (as revised in 2009) in full in the current period. HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) introduction of a partial exemption from the disclosure requirements for government-related entities and (b) revision of the definition of a related party.

In its annual consolidated financial statements for the year ended 31st December, 2010, the Group had applied early the partial exemption from the disclosure requirements for government-related entities. In the current interim period, the Group has applied for the first time the revised definition of a related party and the remaining parts of HKAS 24 (as revised in 2009). Certain related party transactions with non-controlling shareholders of subsidiaries, which were, previously disclosed in the Group's annual financial statements for the year ended 31st December, 2010, are no longer required.

HKAS 24 (as revised in 2009) requires retrospective application. Other than disclosed above, the application of HKAS 24 (as revised in 2009) has had no material effect on the amounts recognised or recorded and disclosed in the condensed consolidated financial statements for the current and prior periods.

The application of the other new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards and interpretations that have been issued but are not yet effective.

HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[1]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosures of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[3]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[1]

[1] Effective for annual periods beginning on or after 1st July, 2011
[2] Effective for annual periods beginning on or after 1st January, 2013
[3] Effective for annual periods beginning on or after 1st January, 2012
[4] Effective for annual periods beginning on or after 1st July, 2012

HKFRS 10 replaces the parts of HKAS 27 "Consolidation and separate financial statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements; (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas the Group currently accounts for its jointly controlled entities using the proportionate method of accounting in accordance with HKAS 31. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and will change the accounting treatments. Specifically, the Group's jointly controlled entities that are currently accounted for using proportionate consolidation may be classified as joint operations or joint ventures, as appropriate. For joint arrangements that are classified as jointly controlled entities in accordance with HKAS 31 and are classified as joint ventures in accordance with HKFRS 11, they will have to be accounted for using the equity method of accounting.

The Group has already commenced an assessment of the impact of these new and revised standards and interpretation but is not yet in a position to state whether these new and revised standards and interpretations would have a material impact on its results of operations and financial position.

3. 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 to make strategic decisions.

The activities of these divisions are as follows:

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

Gas connection – construction contracts for gas connection to the Group's pipelines

Information regarding the above segments is reported below.

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, 2011

	Sale and distribution of gas fuel and related products	**Gas connection**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue	**4,551,785**	**959,340**	**5,511,125**
Segment results	**562,626**	**499,367**	**1,061,993**
Share of results of associates			**50,188**
Unallocated income			**100,786**
Unallocated expenses			**(200,094)**
Finance costs			**(37,899)**
Profit before taxation			**974,974**

Six months ended 30th June, 2010 (restated)

	Sale and distribution of gas fuel and related products	Gas connection	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	2,607,956	665,551	3,273,507
Segment results	330,370	309,350	639,720
Share of results of associates			3,304
Unallocated income			97,261
Unallocated expenses			(152,493)
Finance costs			(37,096)
Profit before taxation			550,696

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

	At 30th June, 2011 *HK$'000*	At 31st December, 2010 *HK$'000* (restated)
Sale and distribution of gas fuel and related products	**7,676,322**	7,611,487
Gas connection	**2,804,081**	2,266,251
	10,480,403	9,877,738
Unallocated corporate assets	**9,649,544**	9,372,194
	20,129,947	19,249,932

4. TAXATION

	Six months ended 30th June, 2011 *HK$'000*	2010 *HK$'000* (restated)
Current tax		
PRC Enterprise Income Tax	**223,158**	125,771
Deferred taxation	**2,745**	5,403
	225,903	131,174

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the six months ended 30th June, 2011 and 2010. 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 People's Republic of China ("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.

Certain jointly controlled entities operating in the Western China have been granted tax concessions by the local tax bureau and are entitled to PRC Enterprise Income Tax at concessionary rate of 15%.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprises prior to 1st January, 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to the Enterprise Income Tax at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules.

5. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**188,365**	131,178
Amortisation of operating rights (included in administrative expenses)	**12,682**	12,410
Release of prepaid land lease payments	**8,946**	5,990
Impairment loss on trade receivables	**–**	344
Loss on disposal of property, plant and equipment	**215**	135
Interest income on bank deposits	**(32,748)**	(17,418)

6. DIVIDENDS

In respect of the current interim period, the directors declared an interim dividend of 2.00 HK cents per share (2010: 2.00 HK cents per share) that will be paid to shareholders whose names appear on the register of members of the Company on 23rd September, 2011. 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, 2011, a dividend of 8.00 HK cents per share (2010: 4.50 HK cents per share), totalling HK$141,050,000 (2010: HK$60,499,000), was paid by the Company to its shareholders as the final dividend for the year ended 31st December, 2010 (2010: 31st December, 2009).

7. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Earnings:		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**554,917**	352,283
Number of shares:		
Weighted average number of shares in issue less shares held for share award scheme for the purpose of basic earnings per share	**1,763,100,934**	1,344,420,910
Effect of dilutive potential shares in respect of share options	**49,032**	50,982
Weighted average number of shares in issue less shares held for share award scheme for the purpose of diluted earnings per share	**1,763,149,966**	1,344,471,892

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2011, the Group spent HK$39,662,000 (2010: HK$62,287,000) on addition of gas pipelines and HK$449,808,000 (2010: HK$331,818,000) on construction in progress. Property, plant and equipment of carrying value of HK$264,842,000 (2010: nil) and HK$937,737,000 (2010: nil), were acquired from the acquisition of a subsidiary and were arisen from the loss of joint control over of a jointly controlled entity, respectively.

9. 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 aged analysis of trade receivables, including notes receivable, net of allowance for doubtful debts, is presented based on the invoice date at the end of the reporting period as follows:

	At 30th June, 2011	At 31st December, 2010
	HK$'000	*HK$'000*
0 – 90 days	**593,584**	417,451
91 – 180 days	**58,228**	50,446
Over 180 days	**58,696**	31,712
	710,508	499,609

10. 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, 2011	At 31st December, 2010
	HK$'000	*HK$'000*
0 – 90 days	**705,819**	534,495
91 – 180 days	**117,904**	97,338
Over 180 days	**198,538**	264,249
	1,022,261	896,082

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

Included in other payables as at 30th June, 2011 are receipts in advance from customers of HK$1,508,766,000 (2010: HK$1,371,323,000) of which the construction work on gas connection projects has not yet commenced.

11. CONTINGENT LIABILITIES

As at 30th June, 2011, the Group's jointly controlled entity has given guarantees amounting to HK$192,395,000 (31st December, 2010: HK$188,029,000) to a bank in respect of banking facility granted to a state-controlled entity. The Group effectively shared 36% equity interests in that jointly controlled entity using proportionate consolidation, accordingly, the Group effectively shared 36% of contingent liabilities of HK$69,262,000 (31st December, 2010: HK$67,690,000). The fair values of the guarantees as at 30th June, 2011 and 31st December, 2010 are not significant as it is remote for the default payment by state controlled entity and therefore no amount has been recognised in the condensed consolidated statement of financial position as liabilities.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th June, 2011 are unaudited and have been reviewed by the Company's auditor and the Company's Audit Committee. The auditor's report on review of interim financial information is contained in the interim report to be dispatched to shareholders.

RESULTS

For the period ended 30th June, 2011, the Group recorded turnover and profit attributable to the Company's equity holders of HK$5,511 million and HK$555 million, an increase of 101% and 82% respectively over those of previous corresponding period before restatement.

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, 2011 (six months ended 30th June, 2010: HK$0.02 per share), payable on 7th October, 2011 to shareholders on the register of members of the Company on 23rd September, 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19th September, 2011 to 23rd September, 2011, 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 16th September, 2011.

BUSINESS REVIEW AND PROSPECTS

In 2010 the Group acquired 9 city gas projects from its controlling shareholders. The results of these 9 city gas projects are accounted for in the Group's consolidated financial statements in accordance with Accounting Guideline 5 "Merger Accounting under Common Control Combination" adopted by the Group. Accordingly, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the two 6 month periods ended 30th June, 2010 and 2011 include the results of operations, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the two 6 month periods ended 30th June, 2010 and 2011, or since their respective dates of incorporation or establishment where this is a shorter period except for the subsidiaries acquired from independent third parties and the jointly controlled entities acquired, which are included in the consolidated financial statements since their respective dates of acquisitions. To enable the management and discussion analysis be more meaningful in presenting the changes from 2010 to 2011, only the financial and operational numbers before restatement for 2010 are discussed in the analysis below.

The total revenue of city gas operation comprises of recurring gas sales and one-time gas connection fee which respectively accounts for 83% and 17% of the revenue for the period ended 30th June, 2011 (2010: 81% and 19% respectively).

The turnover of the city gas distribution operation for the period ended 30th June, 2011 amounted to HK$5,511 million, an increase of 101% over that 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 45% from 2,325 million m^3 to 3,362 million m^3 and the increase in connection fee income by 80% from HK$534 million to HK$959 million. The increases in gas sales and connection fee income were in turn driven by the following factors:

(1) 53% increase in the daily installed capacity for commercial & industrial ("C&I") customers from 15.1 million m^3 to 23.1 million m^3. C&I customers accounted for 61% and 65% of the total gas sales volume and total gas sales revenue respectively for the period ended 30th June, 2011.

(2) 45% increase in the number of connected households from 6.4 million to 9.3 million.

The continued economic growth and the rapid industrialization 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, especially after the commitment made during 2010 Copenhagen conference to reduce per capita GDP carbon emission.

The percentage of energy consumption from natural gas in the PRC is very low compared to international levels. According to 2011 BP Statistical Review of World Energy, for 2010, natural gas only accounted for less than 4% of China's total primary energy consumption, which is far lower than the international average of 24%. The PRC government intends to double that rate to 8.3% within the "Twelfth Five Year Plan" by 2015.

To increase natural gas supply, the "West to East Gas Transmission" pipelines were constructed with the support of the PRC government to bring natural gas from the Xinjiang Autonomous Region to the coastal regions of the PRC. Construction of the second and third phases of the "West to East Gas Transmission" pipelines from Central Asia, the "Sichuan to East" pipelines from the gas-rich Sichuan Province to coastal regions and the "Myanmar to Yunnan" gas pipeline as well as construction of Liquefied Natural Gas terminals in coastal cities of the PRC are actively in progress. Once completed these upstream infrastructure projects will more than double the supply of natural gas in China in the next five years. Moreover, CR Gas is assured of adequate gas supply by leveraging on the strategic gas supply arrangements made between China Resources (Holdings) Company Limited ("CRH"), China National Petroleum Corporation and China Petroleum & Chemical Corporation.

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

Subsequent to this financial period, on 22nd July, 2011, the company announced the acquisition of the 4th batch of city gas project from its controlling shareholder, CRH. The acquisition is subject to minority shareholders' approval on 31st August, 2011. These projects are located in various provinces of China including cities such as Yueyang, Zhongshan, Jingdezhen, Anyang, Huizhou Dayawan, Dandong and Dalian Huayuankou with annualized gas sales volume of about 500 million m^3, 80% of which are sold to higher margin industrial and commercial customers, and are expected to make significant contribution to the city gas distribution businesses portfolio of the Group upon acquisition.

7 projects announced on 22nd July, 2011 be acquired from CRH

	Province	Year of Founding/ Acquisition	% Owned	Type of Gas Sold	Total Connected Household in 1H2011	Installed Designed Capacity for C&I Customers in 1H2011 (m^3/day)	1H2011 Total Gas Sales Volume					# of Gas Stations
							Total ('000 m^3)	Residential (%)	Non-residential (%)	Gas Stations (%)	Bottled Gas (%)	
Jingdezhen	Jiangxi	2007	65.0	Piped NG and/or other gas	64,000	440,000	61,332	4.4	95.6	-	-	-
Anyang	Henan	2008	65.0	Piped NG and/or other gas	221,000	171,000	66,572	36.1%	63.9%	-	-	-
Yueyang	Hunan	2008	85.7	Piped NG and/or other gas, CNG stations	111,000	65,000	43,986	15.4%	71.9%	12.7%	-	7
Zhongshan	Guangdong	2010	40.0	Piped NG and/or other gas	2,400	200,000	29,871	0.5%	99.5%	-	-	-
Dayawan	Guangdong	2008	100.0	Piped NG and/or other gas, bottled gas	21,000	15,000	1,852	14.2%	78.4%	-	7.4%	-
Dandong	Liaoning	2009	100.0	Piped NG and/or other gas	7,600	30,000	2,178	1.5%	98.5%	-	-	-
Huayuankou	Liaoning	2009	100.0	Piped NG and/or other gas	-	100	11	-	100.0%	-	-	-
				Sub-total 7 projects	427,000	921,100	205,802	16.5%	80.7%	2.7%	0.1%	7

Following the increase in shareholdings of existing projects in Zhenjiang and Hengshui in 2010, on 5th July, 2011, the Group announced the acquisition of additional stake in Zibo China Resources Gas, whereby upon completion, it will become a subsidiary 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.

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, ACQUISITIONS AND DISPOSALS

Acquisition of Flemming Limited

On 16th March, 2011, Thousand Victory Investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Wing Mou Oil Company Limited and Winfield Petrochemical Limited, to acquire the entire issued share capital of Flemming Limited (which was owned as to 50% by Wing Mou Oil Company Limited and 50% by Winfield Petrochemical Limited) for a consideration of RMB352.95 million, which will be paid in stages upon fulfilment of certain conditions.

Flemming Limited and its group members are principally engaged in the operation of 7 city gas distribution businesses in Shandong Province and Zhejiang Province in the PRC.

Acquisition of up to additional 5% registered capital in Zibo China Resources Gas Co., Ltd.

On 5th July, 2011, Zibo China Resources Gas (Hong Kong) Limited, a wholly-owned subsidiary of the Company, entered into a corporate reorganisation agreement with Zibo Xinneng Trade Union Committee, Zibo Xinneng Group Company and Zibo China Resources Gas Co., Ltd (Zibo CR Gas), to acquire up to additional 5% registered capital in Zibo CR Gas. Subject to the terms and conditions of the agreement, the acquisition will be undertaken by way of share repurchase or share transfers and the consideration was determined based on arms length negotiations by reference to the net asset value of and the profits generated by Zibo CR Gas China for the latest financial year.

The acquisition, upon completion, will increase the stake of the Company in Zibo CR Gas to more than 50% to enable consolidation of accounts, which in turn will increase the revenue and earnings contribution to the Group.

Acquisition of Fourth Batch of City Gas Projects from CRH

On 22nd July, 2011, for a consideration of HK$1,710 million, the Company announced the acquisition of a batch of 7 city gas distribution projects from Powerfaith Enterprises Limited ("Powerfaith"), a wholly-owned subsidiary of its controlling shareholder, CRH. This was the fourth batch of city gas projects acquired from CRH since the last three batches in 2008, 2009 and 2010. This batch included projects in Yueyang, Zhongshan, Jingdezhen, Anyang, Huizhou Dayawan, Dandong and Dalian Huayuankou.

Some 80% of the gas sales volume of these projects are made to industrial and commercial customers of higher margins. These projects offer a lot of room to grow once additional gas supply are increasing available from West-East Phase 2 pipelines and LNG terminals in these regions.

Subject to obtaining independent shareholders' approval and the fulfillment of all necessary conditions, the consideration will be satisfied by the issue of 161,174,785 shares at HK$10.6096 per share which represents an approximate 5% discount on the average closing price of the shares for the 15 trading days of HK$11.1680 up to and including 21st July, 2011.

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, 2011.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

The Company has adopted the mandatory provisions of the Code on Corporate Governance Practices (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 and 2010 respectively. 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 and Investment Committees, disclosure of information and communication with shareholders. All the mandatory provisions under the Code have been adopted and reflected in the Handbook. During the period, the Company has complied with the mandatory provisions of the Code except for the provision E1.2 of the Code which provides that the Chairman of the Board should attend the annual general meeting (the "AGM") of the Company which was held on 30th May, 2011. The chairman of the

Board did not attend the AGM as he had conflicting business schedule. The chairman or members of the Audit, Remuneration and Nomination Committees and the Chief Financial Officer attended the AGM. The Company considers that their present is sufficient for (i) answering questions from and (ii) effective communication with shareholders present at the AGM.

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 the 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 2011 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, 2011

As at the date of this announcement, the directors of the Company are Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin, being Executive Directors; Mr. Du Wenmin and Mr. Wei Bin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Ms. Yu Jian, being Independent Non-executive Directors.