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, 2012

Driven by acquisition and organic growths, CR Gas recorded significant improvements in interim results with an increase of 42% in turnover to HK$7,851 million and registered 36% increase in net profit attributable to equity shareholders to HK$752 million.

	1st Half 2012	1st Half 2011	Increase	1st Half 2011	Increase
	HK$'000	*HK$'000* (Before Restatement)	*(%)*	*HK$'000* (Restated)	*(%)*
Turnover	**7,850,751**	**5,511,125**	**42%**	**6,134,351**	**28%**
Profit attributable to equity shareholders	**752,311**	**554,917**	**36%**	**588,975**	**28%**
Basic earnings per share (HK$ cents)	**38**	**31**	**23%**	**31**	**23%**
Proposed dividend per share (HK$ cents)	**2**	**2**	**0%**	**2**	**0%**

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, 2012 with comparative figures for 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2012

	NOTES	Six months ended 30th June, 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited and restated)
Turnover	4	**7,850,751**	6,134,351
Cost of sales		**(5,367,689)**	(4,234,308)
Gross profit		**2,483,062**	1,900,043
Other income		**195,514**	130,328
Selling and distribution expenses		**(747,946)**	(530,457)
Administrative expenses		**(623,434)**	(476,412)
Finance costs		**(109,006)**	(40,177)
Share of results of associates		**47,073**	50,188
Profit before taxation		**1,245,263**	1,033,513
Taxation	5	**(318,584)**	(241,869)
Profit for the period	6	**926,679**	791,644
Other comprehensive income for the period			
Exchange differences arising on translation		**(162,741)**	241,332
Fair value gain on available-for-sale investments		**–**	8,006
Share of other comprehensive income of associates		**(9,109)**	12,236
		(171,850)	261,574
Total comprehensive income for the period		**754,829**	1,053,218
Profit for the period attributable to:			
Owners of the Company		**752,311**	588,975
Non-controlling interests		**174,368**	202,669
		926,679	791,644
Total comprehensive income for the period attributable to:			
Owners of the Company		**594,955**	795,839
Non-controlling interests		**159,874**	257,379
		754,829	1,053,218
		HK$ **(unaudited)**	*HK$* (unaudited and restated)
Earnings per share	8		
– Basic		**0.38**	0.31
– Diluted		**0.38**	0.31

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2012

	NOTES	At 30th June, 2012 HK$'000 (unaudited)	At 31st December, 2011 HK$'000 (audited and restated)
Non-current assets			
Property, plant and equipment	*9*	**11,715,903**	10,900,723
Prepaid lease payments		**856,690**	844,531
Investment properties		**26,013**	26,701
Interests in associates		**1,602,226**	1,642,728
Available-for-sale investments		**29,749**	28,493
Goodwill		**460,002**	333,330
Operating rights		**738,389**	728,953
Deferred tax assets		**120,995**	121,274
Deposits for operating rights		**31,962**	61,675
Deposits for prepaid lease payments		**45,712**	29,564
		15,627,641	14,717,972
Current assets			
Inventories		**857,047**	412,178
Trade and other receivables	*10*	**1,985,870**	2,713,646
Amounts due from customers for contract work		**660,756**	618,509
Prepaid lease payments		**36,759**	35,689
Amounts due from fellow subsidiaries		**96,720**	89,581
Pledged bank deposits		**57,600**	17,891
Bank balances and cash		**14,324,024**	6,889,999
		18,018,776	10,777,493
Current liabilities			
Trade and other payables	*11*	**5,170,465**	4,068,037
Amounts due to customers for contract work		**3,472,029**	3,153,842
Amounts due to fellow subsidiaries		**23,895**	213,536
Government grants		**760**	1,181
Bank and other borrowings		**1,107,604**	1,536,083
Taxation payable		**163,218**	196,146
		9,937,971	9,168,825
Net current assets		**8,080,805**	1,608,668
		23,708,446	16,326,640

	NOTE	At 30th June, 2012 HK$'000 (unaudited)	At 31st December, 2011 HK$'000 (audited and restated)
Capital and reserves			
Share capital		**206,401**	199,227
Reserves		**8,869,854**	7,906,542
Equity attributable to owners of the Company		**9,076,255**	8,105,769
Non-controlling interests		**2,434,132**	2,516,094
		11,510,387	10,621,863
Non-current liabilities			
Government grants		**71,241**	69,268
Bank and other borrowings		**5,759,117**	4,963,513
Senior notes	*12*	**5,667,895**	–
Other long-term liabilities		**193,479**	194,567
Deferred tax liabilities		**506,327**	477,429
		12,198,059	5,704,777
		23,708,446	16,326,640

Notes:

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 People's Republic of China ("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 5th September, 2011, the Company acquired 100% equity interests in Wang Gao Limited ("Wang Gao") for a consideration of HK$1,930,874,000 which was settled by allotment and issue of 161,174,785 shares of the Company. Details of the Group Reorganisation are set out in the Company's circular dated 12th August, 2011.

In the preparation of the consolidated financial statements of the Group for the year ended 31st December, 2011, it was determined that the Group and Wang Gao and its subsidiaries (the "Wang Gao Group") were ultimately controlled by CRNC before and after the Group Reorganisation, and that control was not transitory. The Group and Wang Gao 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" 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, 2011 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, 2011, or since their respective dates of incorporation or establishment where this is a shorter period, except for the jointly controlled entity acquired by Wang Gao Group during the six months ended 30th June, 2011, 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 jointly controlled entity and a subsidiary acquired during the years ended 31st December, 2010 and 2011 to reflect the fair value adjustments made upon completion of the acquisition accounting during the six months ended 31st December, 2011 for the jointly controlled entity and six months ended 30th June, 2012 for the subsidiary. Adjustments have been made retrospectively to property, plant and equipment, 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 on the Stock Exchange 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.

In the current interim period, the Group has applied, for the first time, 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 those amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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, 2011.

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 liquefied petroleum gas and 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 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 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, 2012

	Sale and distribution of gas fuel and related products *HK$'000*	**Gas connection** *HK$'000*	**Total** *HK$'000*
Segment revenue – external customers	**6,755,725**	**1,095,026**	**7,850,751**
Segment results	**810,770**	**538,222**	**1,348,992**
Share of results of associates			**47,073**
Unallocated income			**166,214**
Unallocated expenses			**(208,010)**
Finance costs			**(109,006)**
Profit before taxation			**1,245,263**

Six months ended 30th June, 2011

	Sale and distribution of gas fuel and related products	Gas connection	Total
	HK$'000	*HK$'000*	*HK$'000*
	(restated)	(restated)	(restated)
Segment revenue – external customers	5,087,465	1,046,886	6,134,351
Segment results	599,306	518,589	1,117,895
Share of results of associates			50,188
Unallocated income			105,701
Unallocated expenses			(200,094)
Finance costs			(40,177)
Profit before taxation			1,033,513

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

	At 30th June, 2012	At 31st December, 2011
	HK$'000	*HK$'000*
		(restated)
Sale and distribution of gas fuel and related products	**12,419,046**	10,278,073
Gas connection	**3,567,421**	3,424,620
	15,986,467	13,702,693
Interests in associates	**1,602,226**	1,642,728
Deferred tax assets	**120,995**	121,274
Unallocated corporate assets	**15,936,729**	10,028,770
	33,646,417	25,495,465

5. TAXATION

	Six months ended 30th June,	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Current tax		
PRC Enterprise Income Tax	**313,825**	240,487
Deferred taxation	**4,759**	1,382
	318,584	241,869

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the six months ended 30th June, 2012. 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.

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%.

6. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2012	2011
	HK$'000	*HK$'000*
		(restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**252,249**	215,650
Amortisation of operating rights (included in administrative expenses)	**16,597**	13,439
Release of prepaid lease payments	**9,775**	9,571
(Gain) loss on disposal of property, plant and equipment	**(218)**	215
Interest income on bank deposits	**(66,111)**	(33,583)

7. DIVIDENDS

In respect of the current interim period, the directors declared an interim dividend of 2.00 HK cents per share (2011: 2.00 HK cents per share) that will be paid to shareholders whose names appear on the register of members of the Company on 24th September, 2012. 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, 2012, a dividend of 10.00 HK cents per share (2011: 8.00 HK cents per share), totalling HK$200,357,000 (2011: HK$141,050,000), was paid by the Company to its shareholders as the final dividend for the year ended 31st December, 2011 (2011: 31st December, 2010).

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,	
	2012	2011
	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)	**752,311**	588,975

	Six months ended 30th June,	
	2012	2011
		(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	**1,991,644,734**	1,913,513,223
Effect of dilutive potential shares in respect of share options	**633**	49,032
Weighted average number of shares in issue less shares held for incentive award scheme for the purpose of diluted earnings per share	**1,991,645,367**	1,913,562,255

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th June, 2012, the Group spent HK$451,927,000 (2011: HK$45,978,000) on additions of gas pipelines and HK$164,337,000 (2011: HK$514,760,000) on construction in progress. Property, plant and equipment of carrying value of HK$8,529,000 (2011: HK$615,572,000) were acquired through the acquisition of subsidiaries. In addition, property, plant and equipment of carrying value of HK$1,085,113,000 (2011: nil) and HK$759,579,000 (2011: HK$937,737,000) were deemed to be acquired through obtaining control over a jointly controlled entity and were deemed to be disposed from the loss of joint control over a jointly controlled entity, respectively.

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 aged analysis of trade receivables, 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, 2012	At 31st December, 2011
	HK$'000	*HK$'000*
0 – 90 days	**1,032,971**	843,869
91 – 180 days	**77,577**	67,926
Over 180 days	**82,947**	68,860
	1,193,495	980,655

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, 2012	At 31st December, 2011
	HK$'000	*HK$'000*
0 – 90 days	**1,445,899**	1,191,832
91 – 180 days	**51,639**	37,042
Over 180 days	**223,770**	210,898
	1,721,308	1,439,772

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

Included in other payables as at 30th June, 2012 are receipts in advance from customers of HK$1,582,676,000 (31st December, 2011: HK$1,179,662,000) of which the construction work on gas connection projects has not yet commenced.

12. 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$64,490,000 (2011: nil) was charged to profit or loss during the six months ended 30th June, 2012.

The Senior Notes are listed on the Singapore Exchange Securities Trading Limited. The fair value of the Senior Notes at 30th June, 2012 was estimated at approximately US$781,530,000 (equivalent to HK$6,063,204,000), which was determined based on the closing market price at that date.

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.

REVIEW OF INTERIM RESULTS

The interim results for the six months ended 30th June, 2012 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

In 2011, the Group acquired 7 city gas projects from its controlling shareholder in addition to its acquisition of other 18 new PRC city gas distribution projects. The results of these 7 city gas projects are accounted for in the Group's condensed consolidated financial statements in accordance with Accounting Guideline 5 "Merger Accounting under Common Control Combination" adopted by the Group. Accordingly, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows of the Group for the two 6 month periods ended 30th June, 2011 and 2012 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, 2011 and 2012, 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 condensed consolidated financial statements since their respective dates of acquisitions. To enable the management discussion and analysis be more meaningful in presenting the changes from 2011 to 2012, only the financial and operational numbers before restatement for 2011 are discussed in the analysis below.

For the period ended 30th June, 2012, the Group recorded turnover and profit attributable to the Company's equity holders of HK$7,851 million and HK$752 million, an increase of 42% and 36% respectively over the HK$5,511 million and HK$555 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 86% and 14% of the revenue for the period ended 30th June 2012 (2011: 83% and 17%, respectively).

The turnover of the city gas distribution operation for the period ended 30th June, 2012 amounted to HK$7,851 million, an increase of 42% over the HK$5,511 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 26% from 3,362 million m^3 to 4,248 million m^3 and the increase in connection fee income by 14% from HK$959 million to HK$1,095 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, 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 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 second and third phases 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 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 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.

Asset Injection from Controlling Shareholder

Subsequent to this financial period on 23rd August, 2012, the Company announced the acquisition of the 5th and final batch of 16 city gas projects from its controlling shareholder, China Resources (Holdings) Company Limited. The acquisition is subject to minority shareholders' approval on 28th September, 2012. These projects, including 2 provincial capital and 6 prefecture-level cities, are located in various provinces of China including cities such as Fuzhou, Nanchang, Jiangmen, Dongying, Taizhou, Heyuan, Liaoyang, Tonghua, etc. with annualized gas sales volume of about 400 million m^3, 77% of which are sold to higher margin industrial, commercial and Compressed Natural Gas station customers, and are expected to make significant contribution to the city gas distribution businesses portfolio of the Group in the future.

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, on 20th February, 2012, the Group announced the Close of the offer for the privatisation of Zhengzhou China Resources Gas Co., Ltd. ("Zhengzhou Gas"), whereby upon completion, the Company aggregate shareholdings in Zhengzhou Gas increased from 56.87% to 96.00% 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

Privatisation and withdrawal of listing of the H shares of Zhengzhou Gas and a voluntary conditional offer made for all the issued shares of Zhengzhou Gas

On 10th October, 2011, the board of directors of the Company notified Zhengzhou Gas that it was considering to place before the shareholders of Zhengzhou Gas a proposal which, if implemented, would result in the delisting of H shares of Zhengzhou Gas from the Stock Exchange and a voluntary conditional offer made for all the issued shares of Zhengzhou Gas, other than those owned by the Company and members of its group.

The Company subsequently made the offer on 23rd November, 2011 in compliance with the Hong Kong Code on Takeovers and Mergers ("Takeovers Code") on the following basis:

For the H share offer – 1.5 new shares of the Company for each H share held as share consideration rounded down to the nearest whole share or cash of HK$14.73 for every H share held; and

For the Domestic share offer – cash of RMB12.02 for every Domestic share held, being RMB equivalent of HK$14.73 based on the exchange rate.

On 9th January, 2012, the Company and Zhengzhou Gas jointly announced that the special resolutions to approve the withdrawal of listing of the H shares were duly passed by way of poll at the H shares class meeting and the EGM. The valid acceptances have been received in respect of 22,647,000 H shares and 25,380,333 Domestic shares, representing 94.41% and 95.00% of the total number of the votes respectively. In addition, Zhengzhou Gas also announced that the special resolution to approve amendments to the articles of association was duly passed by way of poll at the EGM. The valid acceptances have been received in respect of 96,159,333 Domestic shares, representing 98.63% of the total number of the votes.

On 6th February, 2012, the Company and Zhengzhou Gas jointly announced that valid acceptances under the offers had been received in respect of 100,000 Domestic shares (representing approximately 0.14% of the total issued Domestic shares) and 47,969,222 H shares (representing approximately 87.11% of the total issued H shares), among which, cash consideration is applicable to 100,000 Domestic shares and 1,083,786 H shares and share consideration is applicable to 46,885,436 H shares initially. The closing date of the offers was originally set on 6th February, 2012. In order to provide more time for independent Zhengzhou Gas shareholders who have not accepted the offers to tender valid acceptance forms, the Company decided to extend the closing date of the offers to 20th February, 2012.

On 13th February, 2012, the boards of the Company and Zhengzhou Gas jointly announced that listing of the H shares would be withdrawn from the Stock Exchange with effect from 9:00 a.m. on 14th February, 2012.

On 20th February, 2012, the Company and Zhengzhou Gas jointly announced that the offers had closed. The valid acceptances under the offers had been received in respect of 100,000 Domestic shares (representing 0.14% of the total issued Domestic shares) and 48,978,667 H shares (representing approximately 88.95% of the total issued H shares). Cash consideration is applicable to 100,000 Domestic shares and 1,151,231 H shares and share consideration is applicable to 47,827,436 H shares.

Acquisition of AEI China Gas Limited

On 15th May, 2012, Thousand Victory Investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with AEI Asia Ltd., to acquire the entire issued share capital of AEI China Gas Limited for a consideration of US$237.72 million, which will be paid upon fulfilment of certain conditions.

AEI China Gas Limited and its group members are principally engaged in the operation of 28 city gas distribution businesses, 8 gas stations and 4 mid-stream gas transmission pipelines in 11 provinces in the PRC. Its gas sales volume for 2011 was 350 million cubic meters. Some 85% of the gas sales volume of these projects are made to industrial and commercial customers of higher margins and will make significant contribution to the Group upon completion.

The acquisition was completed after the fulfillment of certain condition precedents and payment of the purchase consideration on 3rd July, 2012.

Acquisition of Fifth Batch of City Gas Projects from CRH

On 23rd August, 2012, for a consideration of HK$2,415 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 fifth and final batch of city gas projects acquired from CRH since the last four batches in 2008, 2009, 2010 and 2011. The portfolio includes city gas distribution projects in provincial capitals in Fujian Province and Jiangxi Province, namely Fuzhou City and Nanchang City.

Fuzhou City, the capital of Fujian Province, is an important economic center of the Minjiang River Delta in the south eastern coastal region of China with modern sea, air and rail linkages. Covering an area of 12,177 square km, it comprises of 5 Central Districts, 6 Counties, 2 County-level Cities and 1 Economic Development Zone. Fuzhou City has a population of 7.2 million in 2011. Its GDP for 2011 was RMB373.5 billion with growth rate of 13%. Its per capita GDP of RMB52,100 is more than 50% higher than the national average of RMB34,300.

The GDP of Fuzhou City is mainly driven by industry and coal is used as the primary source of energy to fuel these industrial activities. The estimated amount of coal consumed per annum is 9 million tons which is equivalent to 4 billion cubic meters of natural gas. This offers a tremendous amount of room for natural gas to replace coal once more natural gas are available. LNG supply from CNOOC's LNG terminal in Putian, Fujian Province, just started to supply Fuzhou City in 2010. The initial capacity of this LNG terminal is 2.6 million metric ton per annum or equivalent to about 3.6 billion cubic meter of natural gas. There is a plan by CNOOC to double this LNG capacity in the near future. China National Petroleum Corporation ("CNPC") has also started constructing the 3 billion cubic meter capacity West-East Phase 3 pipeline, bringing natural gas from Central Asia to southern and eastern coastal regions of China. This pipeline is expected to reach Fujian Province by 2015.

The gas penetration rate of less than 5% in Fujian Province ranks among the lowest in China as natural gas only arrived here recently, which offers a tremendous amount of room for growth. The current annual gas sales volume of Fuzhou project is 200 million cubic meters of which 82% are sold to industrial, commercial and CNG users. This gas sales volume is expected to increase very substantially by 2015 in tandem with the increase in upstream natural gas supply. The initial rapid increase is fueled by the replacement of coal by natural gas and the increase will subsequently be sustained by the double digit economic growth and continuing urbanization of Fuzhou City. This will enable the Fuzhou project to rank among the Company's top 10 city gas projects by 2015 and contribute significantly to the Company's revenue and profit.

The acquisition will also add to the Company's existing footprint in Fujian Province and create further cluster synergy with Xiamen city gas project in terms of LNG procurement, pipeline design & construction and management efficiency.

Nanchang City, the capital of Jiangxi Province, is an important logistics hub situated in the center of the Yangtze River Delta, Pearl River Delta and the south eastern Min/Fujian economic region. It has extensive rail, road and air infrastructures linking it with the entire China. Beijing-Kowloon Railway and Shanghai-Kunming Railway run through the city and it is also connected by the High-speed Railway to Shanghai, Hangzhou and Changsha. Beijing-Zhuhai, Shanghai-Kunming and Fuzhou-Lanzhou national trunk roads also connect Nanchang City to most of China.

Covering an area of 7,402 square km, it comprises of 5 Central Districts, 4 Counties, 2 County-level Cities and 2 National Level Economic Development Zones. Nanchang City has a population of 5.05 million in 2011 and its GDP for 2011 was RMB268.9 billion with growth rate of 13%. Its per capita GDP of RMB53,200 is more than 50% higher than the national average of RMB34,300.

Like Fuzhou, the GDP of Nanchang City is also mainly driven by industry and coal is used as the primary source of energy to fuel these industrial activities. The estimated amount of coal consumed per annum is 4.2 million tons which is equivalent to 1.9 billion cubic meter of natural gas. Natural gas supply from Sinopec's Sichuan-East pipeline just started to supply Nanchang City in 2010. The city has also begun to receive gas supply in 2012 from CNPC's West-East Phase 2 pipeline, which brings natural gas from Central Asia to eastern coastal regions of China.

The gas penetration rate of 5% in Jiangxi Province ranks among the lowest in China as natural gas only arrived recently, which offers a lot of scope for growth. The current annual gas sales volume of Nanchang project is 130 million cubic meters of which industrial and commercial users accounts for 61%. This gas sales volume is expected to increase significantly by 2015 in tandem with the increase in natural gas supply. The initial rapid increase is fueled by the replacement of coal by natural gas and the increase will subsequently be sustained by the continuing double digit economic growth of Nanchang City. As a provincial city gas project, it will contribute significantly to the Company's revenue and profit by 2015.

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

Also included in the projects to be acquired are 6 projects located in prefecture-level cities with sizeable GDP and double digit growth rates. All the above gas projects to be acquired are relatively new to pipe natural gas thus offers a tremendous room to growth at a very high rate 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 80 city gas projects will be further enhanced to fuel further operational scale and resulting economic efficiency.

Projects to be acquired from CRH:

	Province	Year of Founding	% Owned	Type of Gas	Connected Households	Installed Capacity (m^3/day)	1H 2012 Total Gas Sales Volume: Gas Sales Volume (000'm^3)	Residential (%)	Non-Residential (%)	Gas Stations (%)	Bottled (%)	No. of Gas Stations
Fuzhou	Fujian	2010	49.0	Piped NG and/or other gas, gas stations	376,000	650,000	100,110	17.7	76.3	6.0	–	3
Nanchang	Jiangxi	2011	49.0	Piped NG and/or other gas	322,000	158,000	66,538	39.0	61.0	–	–	–
Jiangmen	Guangdong	2008	80.0	Piped NG and/or other gas, gas stations	25,000	4,000	15,076	5.1	62.8	32.1	–	3
Dongying	Shandong	2010	90.0	Piped NG	1,100	72,000	7,391	–	100.0	–	–	–
Taizhou	Zhejiang	2002	100.0	Piped NG	400	16,000	3,077	0.4	99.6	–	–	–
Heyuan	Guangdong	2009	100.0	Piped NG and/or other gas	600	24,000	1,514	–	100.0	–	–	–
Fuzhou LPG	Fujian	2009	49.0	LPG and/or other gas	29,000	3,000	1,053	85.7	14.3	–	–	–
Nanzhang	Hubei	2008	100.0	Piped NG and/or other gas, gas station	3,900	8,000	930	14.2	41.6	44.2	–	1
Guixi	Jiangxi	2008	100.0	Piped NG and/or other gas	7,100	4,000	911	17.6	82.4	–	–	–
Haicheng	Liaoning	2009	100.0	Piped NG and/or other gas	13,000	2,000	411	19.0	81.0	–	–	–
Fenghua	Zhejiang	2009	49.0	Piped NG and/or other gas	7,200	20,000	181	74.0	26.0	–	–	–
Liaoyang	Liaoning	2009	100.0	Piped NG and/or other gas	4,500	90,000	–	–	–	–	–	–
Tonghua	Jilin	2009	100.0				Greenfield					
Yunnan Pipeline	Yunnan	2003	54.5				Greenfield					
Jinzhou	Liaoning	2012	100.0				Greenfield					
Wannian	Jiangxi	2012	51.0				Greenfield					
				Sub-total 16 projects	**789,800**	**1,051,000**	**197,192**	**23.3**	**71.0**	**5.7**	**–**	**7**

Subject to obtaining independent shareholders' approval and the fulfillment of all necessary conditions, the consideration will be funded fully by a shareholder's loan repayable within 6 months of completion of acquisition with interest at normal commercial rate agreed between the Company and CRH.

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, 2012 (six months ended 30th June, 2011: HK$0.02 per share), payable on 8th October, 2012 to shareholders on the register of members of the Company on 24th September, 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20th September, 2012 to 24th September, 2012, 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, 2012.

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, 2012.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES, CORPORATE GOVERNANCE CODE AND MODEL CODE

The Company has adopted the mandatory provisions of the Code on Corporate Governance Practices (the "Former CG Code") set out in Appendix 14 to the Listing Rules which came into effect on 1st January, 2005 and was recently revised and renamed as Corporate Governance Code (the "New CG Code") with effect from 1st April, 2012, as its own code of corporate governance practices. In line with the mandatory provisions of the Former CG Code and New CG Code, the Company has adopted a Corporate Governance Handbook (the "Handbook") on 23rd December, 2005 and subsequently updated in 2008, 2009, 2010 and 2012 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 New CG Code have been adopted and reflected in the Handbook. During the six months ended 30th June, 2012, the Company was in compliance with code provisions set out in the Former CG Code (effective until 31st March, 2012) during the period from 1st January, 2012 to 31st March, 2012 and the New CG Code (effective from 1st April, 2012) during the period from 1st April, 2012 to 30th June, 2012 contained in Appendix 14 of the Listing Rules at that time except for the deviations from code provisions A.6.7, D.1.4 and E.1.2 which are explained as follows:

Under the code provision A.6.7, Mr. Du Wenmin and Mr. Wei Bin, the Non-Executive Directors, were unable to attend the annual general meeting (the "AGM") of Company held on 31st May, 2012 due to conflicting business schedule.

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.

Under the code provision E1.2 which provides that the Chairman of the Board should attend the AGM of the Company which was held on 31st May, 2012. The Chairman of the Board did not attend the AGM as he had conflicting business schedule. The chairman or members of the Audit, Remuneration, Nomination, Investment and Corporate Governance Committees and the Chief Financial Officer attended the AGM. The Company considers that their presence is sufficient for (i) answering questions from and (ii) effective communication with shareholders present at the AGM.

Save as those mentioned above and in the opinion of the Directors, the Company has met the code provisions set out in the Former CG Code and New CG Code during the six months ended 30th June, 2012.

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 2012 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, 2012

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, Mr. Luk Chi Cheong and Ms. Yu Jian, being Independent Non-executive Directors.