天伦燃气
TIANLUN GAS

China Tian Lun Gas Holdings Limited
中國天倫燃氣控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01600)

Announcement of Interim Results for the six months ended 30 June 2011

For the six months ended 30 June 2011, revenue of the Group amounted to approximately RMB188,272,000 representing an increase of approximately RMB72,333,000 or a significant rise of approximately 62.4% as compared with the corresponding period of last year.

For the six months ended 30 June 2011, profit attributable to owners of the Company amounted to approximately RMB50,138,000, representing an increase of approximately RMB17,774,000 or a significant rise of approximately 54.9% as compared with the corresponding period of last year.

As at 30 June 2011, the Group owned in aggregate 13 urban gas concession operation regions, 10 gas stations in use and 1 up-stream gas sources base in Sichuan Province; as at the date of this announcement, the Group owned 1 up-stream gas resources base, 15 urban gas concession operation regions and 11 gas stations in use as well as 9 gas stations under construction; the scale of the Group's operation has been expanded significantly when compared to 3 urban gas concession operation regions and 3 gas stations in use owned by the Group at the end of 2010.

The board (the "Board") of directors (the "Directors") of China Tian Lun Gas Holdings Limited (the "Company", together with its subsidiaries collectively referred to as the "Group") is pleased to announce the interim results of the Group for the six months ended 30 June 2011 (the "Reporting Period").

Unaudited interim condensed consolidated balance sheet

	Note	Unaudited 30 June 2011 *RMB'000*	Restated 31 December 2010 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**305,743**	149,930
Investment properties		**9,332**	9,556
Lease prepayments		**21,331**	8,273
Intangible assets		**38,914**	32,216
Goodwill		**239,073**	—
Deferred income tax assets		**1,618**	1,581
		616,011	201,556
Current assets			
Inventories		**32,648**	8,114
Trade and other receivables	*5*	**96,441**	63,444
Cash and cash equivalents		**403,436**	411,926
		532,525	483,484
Total assets		**1,148,536**	685,040
EQUITY			
Equity attributable to owners of the Company			
Share capital		**7,077**	7,077
Share premium		**454,188**	454,188
Reserves		**(1,369)**	21,631
Retained earnings		**124,861**	74,728
Non-controlling interests		**115,677**	2,845
Total equity		**700,434**	560,469
LIABILITIES			
Non-current liabilities			
Trade and other payables	*6*	**27,000**	—
Borrowings		**6,395**	6,350
		33,395	6,350
Current liabilities			
Trade and other payables	*6*	**135,313**	47,222
Advance from customers		**60,967**	44,414
Current income tax liabilities		**3,349**	1,506
Borrowings		**215,078**	25,079
		414,707	118,221
Total liabilities		**448,102**	124,571
Total equity and liabilities		**1,148,536**	685,040
Net current assets		**117,818**	365,263
Total assets less current liabilities		**733,829**	566,819

Unaudited interim condensed consolidated statement of comprehensive income

	Note	Unaudited Six months ended 30 June 2011 *RMB'000*	Restated 2010 *RMB'000*
Revenue	*4*	**188,272**	115,939
Cost of sales		**(108,590)**	(63,816)
Gross profit		**79,682**	52,123
Distribution costs		**(3,029)**	(1,467)
Administrative expenses		**(11,841)**	(5,901)
Other gains — net		**7,344**	238
Operating profit	*7*	**72,156**	44,993
Finance income		**1,117**	633
Finance costs		**(3,358)**	(2,807)
Finance costs — net		**(2,241)**	(2,174)
Profit before income tax		**69,915**	42,819
Income tax expense	*8*	**(13,722)**	(10,048)
Profit for the period		**56,193**	32,771
Other comprehensive income for the period, net of tax		**—**	—
Total comprehensive income for the period		**56,193**	32,771
Profit and total comprehensive income attributable to:			
Owners of the Company		**50,138**	32,364
Non-controlling interests		**6,055**	407
		56,193	32,771
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic and diluted	*9*	**0.06**	0.04

1. GENERAL INFORMATION OF THE GROUP

China Tian Lun Gas Holdings Limited (the "Company") was incorporated on 20 May 2010 in the Cayman Islands under the Companies Law (2010 Revision) of the Cayman Islands as an exempted company with limited liability. The Company is an investment holding company and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 November 2010.

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the gas connections by providing estate developers and commercial and industrial users with laying and installation and transportation, distribution and sales of pipelined gases including natural gas, coal gas and compressed natural gas (the "CNG") in certain cities of People's Republic of China ("PRC") (the "Listing Business").

The Group was collectively controlled by Mr. Zhang Yingcen ("Mr. Zhang") and his family members comprising his wife and eldest son (collectively the "Controlling Shareholders").

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved by the Board for issue on 29 August 2011.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

In June 2011, the Group acquired the entire equity interests in Puyang Tian Lun Gas Limited ("Puyang Tian Lun") for a consideration of RMB23 million.

Puyang Tian Lun was owned by Mr. Zhang and Henan Tian Lun Engineering Investment Limited ("Henan Tian Lun Engineering Investment") as to 10% and 90%, respectively. As Henan Tian Lun Engeering Investment was a company incorporated in the PRC and beneficially owned by the Controlling Shareholders, the aforesaid transaction is regarded as business combination under common control. These consolidated financial statements incorporated the acquired entity's results as if both the acquired entity and Company had always been combined.

In preparation of the listing of the Company's shares on the Stock Exchange, the Company has undergone a group reorganisation (the "Reorganisation") in October 2010 pursuant to which the Company became the holding company of the Group. The Group resulting from the Reorganisation was regarded as a continuing entity. Accordingly, the condensed financial statements for the six months ended 30 June 2010 have been prepared using principle of merger accounting. Details of the Reorganisation are set out in the annual financial statements for the year ended 31 December 2010.

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with HKAS 34, Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with HKFRSs.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011.

- HKFRS 3 (Amendments), "Business combination: measurement of non-controlling interests" clarifies that only entities with present ownership instruments that entitle their holders to a pro rata share of the entity's net assets in the event of liquidation can choose to measure the non-controlling interest at fair value or the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The Group adopted the latter to measure the non-controlling interests.

- Amendment to HKAS 34 "Interim financial reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKFRS 1 (Amendment) "Disclosure — transfers of financial assets", and HKFRS 7 (Amendment) "Severe hyperinflation and removal of fixed dates for first-time adopters", both effective for annual periods beginning on or after 1 July 2011.

- HKAS 12 (Amendment) "Deferred tax: recovery of underlying assets", effective for annual periods beginning on or after 1 January 2012.

- HKAS 19 (Amendment) "Employee benefits", HKFRS 9 "Financial instruments", HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", and HKFRS 13 "Fair value measurements", all effective for annual periods beginning on or after 1 January 2013.

The Group is in the process of making an assessment of the impact of these new/revised standards.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the senior executive management team on monthly basis that are used to make strategic decisions.

The senior executive management team considers the business from a "product" perspective only, as geographically all the products are provided within the PRC, which is considered as one geographic location with similar risks and returns.

The reportable operating segments derive their revenue primarily from transportation and sales of gases, and gas pipeline connections.

The revenue from rental income of investment properties and other miscellaneous income, is not reviewed by the senior executive management team, and its results are included in the "all other segment" column.

4. **SEGMENT INFORMATION** (Continued)

The senior executive management team assesses the performance of the operating segments based on the measure of gross profit, which is determined by using the accounting policies which are the same as disclosed in Note 3 above. Meanwhile, the Group does not allocate operating costs, assets or liabilities to its segments, as the senior executive management team does not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Group does not report a measure of segment assets and segment liabilities for each reportable segment.

The segment information provided to the senior executive management team for the reportable segments for the six months ended 30 June 2011 is as follows:

	Transportation and sales of gas	**Gas pipeline connections**	**All other segments**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total external revenue	89,654	94,565	4,053	—	188,272
Gross profit	16,088	62,556	1,038	—	79,682
Distribution costs				(3,029)	(3,029)
Administrative expenses				(11,841)	(11,841)
Other gains — net				7,344	7,344
Operating profit					72,156
Finance costs — net				(2,241)	(2,241)
Profit before income tax					69,915
Income tax expense				(13,722)	(13,722)
Profit for the period					56,193

The segment information provided to the senior executive management team for the reportable segments for the six months ended 30 June 2010 is as follows:

	Transportation and sales of gas	**Gas pipeline connections**	**All other segments**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total external revenue	51,545	58,719	5,675	—	115,939
Gross profit	6,367	41,920	3,836	—	52,123
Distribution costs				(1,467)	(1,467)
Administrative expenses				(5,901)	(5,901)
Other gains — net				238	238
Operating profit					44,993
Finance costs — net				(2,174)	(2,174)
Profit before income tax					42,819
Income tax expense				(10,048)	(10,048)
Profit for the period					32,771

4. SEGMENT INFORMATION (Continued)

The principal subsidiaries of the Company are domiciled in the PRC. All their revenue from external customers are derived from the PRC, and all the non-current assets (there are no financial instrument, employment benefit assets and rights arising under insurance contracts) are located in the PRC.

For the year ended 30 June 2011, no revenue derived from sales made to a single external customers amounted to 10% or more of the Group's total revenue (2010: nil).

5 TRADE AND OTHER RECEIVABLES

	30 June 2011 *RMB'000* **Unaudited**	31 December 2010 *RMB'000* Restated
Trade receivables	**28,482**	20,397
Prepayments	**44,535**	7,888
Other receivables	**23,424**	35,159
	96,441	63,444

The credit period generally granted to customers in relation to sales of gases is from 10 to 90 days. As for the customers in relation to connection of gas pipelines, the Group generally requests advances, and in circumstances of credit sales, management closely monitors the credit quality of the customers, and credit period was granted case by case with maximum of 2 years. The aging analysis of the trade receivables is as follows:

	30 June 2011 *RMB'000* **Unaudited**	31 December 2010 *RMB'000* Restated
Less than 30 days	**12,822**	11,663
31 days to 90 days	**3,725**	2,599
91 days to 1 year	**9,807**	5,003
Over 1 year	**2,128**	1,132
	28,482	20,397

6 TRADE AND OTHER PAYABLES

	30 June 2011 *RMB'000* **Unaudited**	31 December 2010 *RMB'000* Restated
Trade payables	**55,312**	15,155
Bills payable	**2,000**	—
Amount due to related parties	**217**	2,104
Accrued payroll and welfare	**235**	123
Other taxes payables	**696**	3,361
Other payables	**76,853**	26,479
Total trade and other payables	**135,313**	47,222

6 TRADE AND OTHER PAYABLES (Continued)

The aging analysis of the trade payables, including amounts due to a related party which were trade in nature was as follows:

	30 June 2011 *RMB'000* Unaudited	31 December 2010 *RMB'000* Restated
Less than 30 days	**19,382**	8,143
31 days to 90 days	**4,340**	3,609
91 days to 1 year	**23,081**	3,843
1 year to 2 years	**9,215**	847
2 years to 3 years	**1,174**	36
Over 3 years	**337**	521
	57,529	16,999

7 OPERATING PROFIT

	Six months ended 30 June 2011 *RMB'000* Unaudited	2010 *RMB'000* Restated
Depreciation on property, plant and equipment	**5,484**	3,902
Depreciation on investment properties	**224**	211
Amortisation of lease prepayments	**182**	35
Amortisation of intangible assets	**498**	365
Government grants	**3,840**	—
Gain on acquisition of a business	**2,500**	717

8 INCOME TAX EXPENSE

(a) The Company and Upsky Holdings Limited are not subject to profits tax in their respective countries of incorporation.

(b) Hong Kong profits tax

For the six months ended 30 June 2011 and 2010, there is no Hong Kong profits tax applicable to any group entity as no group entity had profit derived from Hong Kong.

(c) PRC corporate income tax (the "PRC CIT")

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2011 is 25% (2010: 25%).

The amount of income tax expense charged to profit or loss represents:

	Six months ended 30 June 2011 *RMB'000* Unaudited	2010 *RMB'000* Restated
Current income tax:		
— PRC corporate income tax	**13,759**	10,801
Deferred income tax	**(37)**	(753)
	13,722	10,048

9 EARNINGS PER SHARE

Basic earnings per share ("EPS") are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	Unaudited	Restated
Group's profit attributable to owners of the Company (RMB'000)	**50,183**	32,397
Weighted average number of shares in issue (in thousand)	**827,925**	827,925
Basic earnings per share (RMB per share)	**0.06**	0.04

10 DIVIDENDS

No dividends had been paid or declared by the Company for the six months ended 30 June 2011.

Management Discussion and Analysis

Business Review

The major businesses of the Group are gas connection, transportation and sale of gas, construction and operation of vehicle gas filling station and production and sale of LNG. During the Reporting Period, the Group devoted to development of its operation and business domain and expansion of its urban gas operation regions, which had yielded remarkable results.

Development of New Projects

During the Reporting Period, the Group acquired 10 urban gas concession operation regions including Heqi Industry Assemble Zone of Hebi, Puyang Gaoxin District of Puyang, Minquan County and Yucheng County of Shangqiu in Henan Province and counties of Tongyu, Dunhua, Panshi, Daan, Jiutai and Zhenlai in Jilin Province. As at 30 June 2011, the Group owned a total of 13 urban gas concession operation regions, 10 gas filling stations in operation and 1 up-stream gas source base in Sichuan Province. Subsequent to the Reporting Period, in July this year, the Group acquired 2 urban gas projects in Song County of Luoyang in Henan Province and Baiyin City in Gansu Province. As at the date of this announcement, the Group owned 1 up-stream gas source base, 15 urban gas concession operation regions and 11 gas filling stations in operation and another 9 gas filling stations under construction. The scale of the Group's operation has been expanded significantly when compared to 3 urban gas concession operation regions and 3 gas filling stations in operation owned by the Group at the end of 2010.

Gas Connection

The Group is engaged in the gas connections operation and provides property developers and commercial and industrial users with gas pipeline laying and installation services. As at 30 June 2011, the Group had 258,629 household users, representing an increase of 58.4% as compared with 163,300 users at the end of 2010. During the first half year of 2011, the rapid increase of the Group's operation regions and the growing number of connectable users had driven the Group's connection volume to grow significantly during the Reporting Period. During the Reporting Period and corresponding period last year, revenue generated from gas connection business were approximately RMB94,565,000 and RMB58,719,000 respectively, representing an increase of 61.0%.

Sale of Gas

The Group transport, distribute and sell natural gas and coal gas in the operating cities. During the Reporting Period, the Group sold a total of 43,740,000 m^3 of gas, representing an increase of 14,970,000 m^3 or approximately 52.0% as compared with the corresponding period of last year, of which 31,450,000 m^3 was natural gas, representing an increase of 12,770,000 m^3 or approximately 68.4% as compared with the corresponding period of last year. During the Reporting Period, sales volume of gas sold to residential, industrial and commercial users and vehicle users representing an increase of 53.9%, 34.2% and 136.2% respectively as compared with the corresponding period of last year. Among them, the proportion of gas sales from vehicle users, which provide higher gross profit margin, to the total sales is on an increasing trend, and were 1.72%, 7.4% and 14.0% for the three years ended 31 December 2010 respectively and further increased to 17.5% for the Reporting Period.

It is anticipated that after the completion of gas reversion of Zhengzhou Shangjie Tian Lun Gas Limited ("Shangjie Tian Lun "), a non-wholly owned subsidiary of the Company, in the second half year of 2011, the Group will only supply natural gas to its end users. By that time, Shangjie Company will achieve better results in gas sale scale in future. Meanwhile, along with the increase in new projects, the expansion of concession operation regions and the increased number of newly constructed gas stations putting into operation, it is anticipated that the Group will continue to achieve even higher growth in sale of gas in the second half of 2011.

Gross Profit Margin and Net Profit Margin

For the six months ended 30 June 2011, the Group achieved gross profit and net profit (before non-controlling interests) of approximately RMB79,682,000 and RMB56,193,000 respectively during the Reporting Period, representing an increase of approximately RMB27,559,000 and RMB23,422,000 respectively as compared with the corresponding period in 2010. Net profit attributable to owners of the Company amounted to approximately RMB50,138,000, representing an increase of approximately RMB17,774,000 as compared with the corresponding period in 2010. Overall gross profit margin and net profit margin (before non-controlling interests) of the Group were 42.3% and 29.8% respectively. The gross profit margin dropped by 2.7% and the net profit margin rose slightly by 1.5% as compared with the same period last year.

The decrease in the gross profit margin was mainly attributable to the difference of the regions where the newly acquired enterprises located and a noticeable difference in respect of cost control for the gas connection business between the newly acquired enterprises and the Group's original enterprises, leading to a drop of 5.2% in the overall gross profit margin of connection business of the Group for the first half year of 2011 as compared with the same period last year, and as a result thereof, the overall gross profit margin of the Group decreased. In the second half of 2011, the Group will continue to reinforce the management on newly acquired enterprises and improve their cost control. On the other hand, with the gradual enhancement of the Group's gas sales volume structure, the gross profit margin of the gas sale business rose to 17.9%, representing an increase of 5.5% as compared with the same period last year.

Financial Review

For the six months ended 30 June 2011, the Group's revenue amounted to approximately RMB188,272,000, representing an increase of approximately RMB72,333,000 or a significant rise of 62.4% as compared with the corresponding period of last year; gross profit amounted to approximately RMB79,682,000, representing an increase of approximately RMB27,559,000 or a significant rise of 52.9% as compared with the corresponding period of last year; profit attributable to owners of the Company amounted to approximately RMB50,138,000, representing an increase of approximately RMB17,774,000 or a significant rise of 54.9% as compared with the corresponding period of last year.

Revenue

For the six months ended 30 June 2011, the Group's revenue was primarily derived from the gas connections business and transportation and sale of the gas business, accounting for 50.2% and 47.6% of the total revenue respectively. The increase in revenue was mainly attributable to the significant increase in the number of customers brought by the development of new projects, the increased connections of residential, commercial and industrial users driven by market demand as well as the increase in the number of compressed natural gas filling stations.

Liquidity and Financial Resources

The capital policy of the Group aims at securing funds for development and acquisition of the Group with the use of cash generated from operating activities, an appropriate level of bank borrowings and proceeds of capital contributions from the shareholders and proceeds from the global offering. As at 30 June 2011, the Group's cash and cash equivalent amounted to approximately RMB403,436,000 (31 December 2010: RMB411,926,000). 98.66% of the Group's cash and cash equivalent was denominated in Renminbi and the remaining 1.34% was denominated in Hong Kong dollars.

Borrowing Structure

As at 30 June 2011, the Group's total borrowing amounted to approximately RMB221,473,000 (31 December 2010: RMB 31,429,000), of which approximately 97.1% was accounted for as current liabilities and was subject to repayment within a year. Among them, bank borrowings of RMB35,000,000 were pledged by the Group's property assets as security. The prevailing market rate of financial instruments with similar terms and characteristics which the Group obtained is 6.941%. The Group's gearing ratio, measured as the percentage of total liabilities to total asset as of 30 June 2011 was 39.0% (31 December 2010: 18.3%). The Group's current ratio, calculated by dividing current assets by current liabilities, as of 30 June 2011 was 128.4% (31 December 2010: 409.0%). The increase in gearing ratio and a decrease in current ratio were mainly attributable to the increase in short term borrowing, which demonstrated the Group's ample cash flow, thus strongly securing the capital needed for future development of the Group.

In general, as all of the Group's businesses were situated in the PRC, and substantially all of its income and expenses were denominated in RMB, there was no significant risk relating to exchange fluctuation. The Group will closely monitor the interest rate and exchange rate of the market and make appropriate responses in due course. During the Reporting Period, the Group adopted a measure that allocated HKD100 million from the net proceed of the Global Offering into a 1-month forward settlement/RMB swap, with a view to minimizing the risk of foreign exchange. As at 30 June 2011, the Group had no longer adopted such kind or similar measures.

Employees and Remuneration Policy

As at 30 June 2011, the total number of employees of the Group was 1,135. With the continuous increase in the number of new projects, the number of employees rose correspondingly. The Group remunerates its staff according to their individual performance, work experience and prevailing market standard.

Contingent Liabilities

As at 30 June 2011, the Group had no material contingent liabilities.

Prospects

During the Reporting Period, by virtue of the opportunity associated with the successful listing and the Company's rising recognition and reputation, the Group's management had actively unfolded the development of new projects and yielded remarkable results in the three aspects of up-stream gas source base construction project, urban gas project and terminal gas station project. These initiations had also outlined the strategic deployment layout of the Group's business nationwide. As at the date of this announcement, the Group's business scale had a great leap in terms of quality.

From a global perspective, the natural gas industry, being economic, stable, safe and highly efficient, is accelerating its pace in replacing the traditional energy sources. From a local perspective, the accelerated development of the natural gas industry is irresistible in view of significant improvement in gas supply, the expedition of urbanization progress and the branch pipeline network construction and rapid expansion of the gas market for automobile and vessel use, such that the use of natural gas begins to dominate the overall solutions of clean energy for some independent new-type industrial park zones and large integrated facilities at provincial and municipal levels.

In the second half of 2011, the Group will well grasp new opportunities emerging from the natural gas industry of China to expand actively urban gas projects as well as developing with efforts up-stream gas sources base construction projects, with an aim to provide the Group with more gas source resources. In the meantime, it will expand the market coverage to wider automobile market and industrial park zones through construction of terminal network facilities such as gas stations and gas storage stations. Besides, the Group will expedite the management introduction on new projects to prompt clone of the Group's governance model for swift improvement of project profitability. It is believed that the Group will pose encouraging rapid growth in 2011.

Use of Proceeds from Global Offering

The proceeds received by the Company from the Global Offering on 10 November 2010, after deducting the relevant costs of Global Offering, together with the proceeds from the exercise of over allotment option on 29 November 2010, amounted to approximately HK$425.1 million in total. The Company has used and will use the proceeds as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 27 October 2010 (the "Prospectus"). As at 30 June 2011, the use of the proceeds is as follows:

Usage	**Proposed use of proceeds as set out in the Prospectus** *in HK$ million*	**Accumulated use of proceeds as at 30 June 2011** *in HK$ million*
Construction of gas processing stations, gas pipeline networks and other gas supply facilities in the operating cities	74.8	44.9
Acquisition or development of new urban gas projects	214.7	128.8
Investment in construction of a new gas station	25.5	5.0
Investment in LNG and biofuel business opportunities	67.6	40.1
Working capital and other general corporate purposes	42.5	25.5
Total	**425.1**	**244.3**

The balance of the net proceeds is temporarily placed as short term deposits with licensed banks in Hong Kong and the PRC.

Share Option Scheme

During the period for the six months ended 30 June 2011, the Company had not granted any share options.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period for the six months ended 30 June 2011, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil).

The 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") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period.

Corporate Governance Code

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules. The Company has complied with the Code during the period from 1 January 2011 to 30 June 2011, save and except as follows:

Under code provision A.2.1 of the Code, the roles of the chairman and the chief executive officer shall be segregated and shall not be performed by the same individual. The Company has not established any senior position of "chief executive officer", which constitutes a deviation of the code provision A.2.1 of the Code. Mr. Zhang Yingcen, the chairman of the Company, is also responsible for overseeing the overall operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the Company's management. The roles of the respective executive Directors and the senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently. The Company understands the importance to comply with the code provision A.2.1 of the Code and will continue to consider the feasibility of appointing a chief executive officer.

Audit Committee

The audit committee (the "Audit Committee") of the Company was established on 23 October 2010. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the committee), Mr. Chang Zongxian and Ms. Zhao Jun. The Audit Committee had held meetings with the management to review accounting principles and practices adopted by the Group and discuss the audit, internal control and financial reporting issues. The Audit Committee had reviewed and discussed the results and financial statements of the Group for the six months ended 30 June 2011.

Interim Report

The Company's interim report for the six months ended 30 June 2011 will be published on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.tianlungas.com), and copies of the interim report will be despatched to shareholders of the Company in due course.

By order of the Board
China Tian Lun Gas Holdings Limited
Zhang Yingcen
Chairman and Executive Director

Hong Kong, 29 August 2011

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Feng Yi and Mr. Sun Heng, the non-executive Director is Mr. Zhang Daoyuan, and the independent non-executive Directors are Mr. Chang Zongxian, Mr. Li Liuqing, Mr. Zhang Jiaming and Ms. Zhao Jun.