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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 2014

For the six months ended 30 June 2014, revenue of the Group amounted to approximately RMB574,759,000, representing an increase of approximately 43.92% as compared with that of approximately RMB399,361,000 for the corresponding period of last year.

For the six months ended 30 June 2014, gross profit of the Group amounted to approximately RMB202,185,000, representing an increase of approximately 44.74% as compared with that of approximately RMB139,691,000 for the corresponding period of last year.

For the six months ended 30 June 2014, profit attributable to owners of the Company amounted to approximately RMB103,244,000, representing an increase of approximately 42.00% as compared with that of approximately RMB72,708,000 for the corresponding period of last year.

The board (the “Board”) of directors (the “Directors”) of China Tian Lun Gas Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the interim results of the Group for the six months ended 30 June 2014 (the “Reporting Period”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

| | | Six months ended 30 June | |
|--|------|--------------------------|----------------|
| | | 2014 | 2013 |
| | Note | RMB'000 | RMB'000 |
| | | Unaudited | Unaudited |
| Revenue | 6 | 574,759 | 399,361 |
| Cost of sales | | (372,574) | (259,670) |
| Gross profit | | 202,185 | 139,691 |
| Distribution costs | | (7,935) | (6,169) |
| Administrative expenses | | (37,230) | (26,372) |
| Other gains — net | | 1,352 | 81 |
| Operating profit | | 158,372 | 107,231 |
| Finance income | 9 | 25,809 | 17,978 |
| Finance costs | 9 | (30,198) | (19,932) |
| Finance costs — net | 9 | (4,389) | (1,954) |
| Profit before income tax | | 153,983 | 105,277 |
| Income tax expense | 8 | (38,320) | (26,667) |
| Profit for the period | | 115,663 | 78,610 |
| Other comprehensive income for the period, net of tax | | — | — |
| Total comprehensive income for the period | | 115,663 | 78,610 |
| Profit and total comprehensive income attributable to: | | | |
| Owners of the Company | | 103,244 | 72,708 |
| Non-controlling interests | | 12,419 | 5,902 |
| | | 115,663 | 78,610 |
| Earnings per share for profit attributable to owners of the Company (RMB per share) | | | |
| — Basic and diluted | | 0.12 | 0.09 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2014

| | | Unaudited 30 June 2014 RMB'000 | Audited 31 December 2013 RMB'000 |
|---|------|--------------------------------------|--|
| | Note | | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 953,522 | 726,081 |
| Investment properties | 11 | 8,448 | 9,006 |
| Lease prepayments | 11 | 128,221 | 64,833 |
| Intangible assets | 11 | 1,318,186 | 650,898 |
| Deferred income tax assets | | 3,957 | 2,599 |
| Trade and other receivables | 12 | 16,150 | 17,788 |
| Other non-current assets | | 4,205 | 3,743 |
| Total non-current assets | | 2,432,689 | 1,474,948 |
| Current assets | | | |
| Inventories | | 102,856 | 93,330 |
| Trade and other receivables | 12 | 318,614 | 251,739 |
| Financial assets at fair value through profit or loss | 14 | 330,191 | 221,824 |
| Restricted cash | | 9,145 | 9,145 |
| Cash and cash equivalents | | 324,690 | 576,402 |
| Total current assets | | 1,085,496 | 1,152,440 |
| Total assets | | 3,518,185 | 2,627,388 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 13 | 7,077 | 7,077 |
| Share premium | 13 | 454,188 | 454,188 |
| Reserves | | 39,641 | 34,109 |
| Retained earnings | | 527,838 | 424,594 |
| | | 1,028,744 | 919,968 |
| Non-controlling interests | | 258,962 | 170,428 |
| Total equity | | 1,287,706 | 1,090,396 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

As at 30 June 2014

| | | Unaudited 30 June 2014 RMB'000 | Audited 31 December 2013 RMB'000 |
|--|------|--------------------------------------|--|
| | Note | | |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Trade and other payables | 17 | 135,855 | — |
| Borrowings | 15 | 900,364 | 781,124 |
| Deferred income tax liabilities | 16 | 124,211 | 63,975 |
| Total non-current liabilities | | 1,160,430 | 845,099 |
| Current liabilities | | | |
| Trade and other payables | 17 | 490,638 | 285,556 |
| Advance from customers | | 151,135 | 152,711 |
| Current income tax liabilities | | 15,690 | 24,232 |
| Borrowings | 15 | 412,586 | 229,394 |
| Total current liabilities | | 1,070,049 | 691,893 |
| Total liabilities | | 2,230,479 | 1,536,992 |
| Total equity and liabilities | | 3,518,185 | 2,627,388 |
| Net current assets | | 15,447 | 460,547 |
| Total assets less current liabilities | | 2,448,136 | 1,935,495 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

| | Attributable to owners of the Company | | | | | Non- | Total equity |
|---|--|--|---------------------|---------------------------------|------------------|-------------------------------------|------------------|
| | Share capital RMB'000 Note 13 | Share premium RMB'000 Note 13 | Reserves RMB'000 | Retained earnings RMB'000 | Total RMB'000 | controlling interests RMB'000 | |
| Balance as at 1 January 2014 (As previously reported) | <u>7,077</u> | <u>454,188</u> | <u>34,109</u> | <u>424,594</u> | <u>919,968</u> | <u>170,428</u> | <u>1,090,396</u> |
| Comprehensive income | | | | | | | |
| Profit for the period | — | — | — | 103,244 | 103,244 | 12,419 | 115,663 |
| Transactions with owners | | | | | | | |
| Acquisition of subsidiaries | — | — | — | — | — | 73,665 | 73,665 |
| Grant of share options | — | — | 5,532 | — | 5,532 | — | 5,532 |
| Capital injection from non-controlling interests | — | — | — | — | — | 2,450 | 2,450 |
| Balance as at 30 June 2014 | <u>7,077</u> | <u>454,188</u> | <u>39,641</u> | <u>527,838</u> | <u>1,028,744</u> | <u>258,962</u> | <u>1,287,706</u> |

For the six months ended 30 June 2013

| | Attributable to owners of the Company | | | | | Non- | Total equity |
|---|--|--|---------------------|---------------------------------|------------------|-------------------------------------|----------------|
| | Share capital RMB'000 Note 13 | Share premium RMB'000 Note 13 | Reserves RMB'000 | Retained earnings RMB'000 | Total RMB'000 | controlling interests RMB'000 | |
| Balance as at 1 January 2013 (As previously reported) | <u>7,077</u> | <u>454,188</u> | <u>19,061</u> | <u>270,885</u> | <u>751,211</u> | <u>145,055</u> | <u>896,266</u> |
| Comprehensive income | | | | | | | |
| Profit for the period | — | — | — | 72,708 | 72,708 | 5,902 | 78,610 |
| Transactions with owners | | | | | | | |
| Transaction with non-controlling interests | — | — | (360) | — | (360) | (615) | (975) |
| Capital injection from non-controlling interests | — | — | — | — | — | 1,950 | 1,950 |
| Balance as at 30 June 2013 | <u>7,077</u> | <u>454,188</u> | <u>18,701</u> | <u>343,593</u> | <u>823,559</u> | <u>152,292</u> | <u>975,851</u> |

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 Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the gas pipeline connections by providing residential, commercial and industrial users with laying and installation and transportation, distribution and sales of gases including natural gas and compressed natural gas (“CNG”) and production and sales of liquefied natural gas (“LNG”) in bulk and in cylinders in certain cities of the People’s Republic of China (the “PRC”).

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

This unaudited condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved by the Board of Directors for issue on 18 August 2014.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with HKFRSs.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those applied for the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

- The Group has adopted HK(IFRIC)-Int 21 ‘Levies’. HK(IFRIC)-Int 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of HKAS 37 ‘Provisions’. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when should a liability be recognised. The Group is not currently subject to significant levies. The adoption of the interpretation has had no significant effect on the financial statements for earlier periods and on the interim financial information for the period ended 30 June 2014. The Group does not expect HK(IFRIC)-Int 21 to have a significant effect on the results for the financial year ending 31 December 2014.
- Other amendments to HKFRSs effective for the financial year ending 31 December 2014 are not expected to have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

HKFRS 9 ‘Financial instruments’ addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not required to be adopted until 1 January 2018 but is available for early adoption. When adopted, the standard will affect in particular the Group’s accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group had not recognised such losses in other comprehensive income.

There will be no impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 ‘Financial instruments: Recognition and measurement’ and have not been changed. The Group has not yet decided when to adopt HKFRS 9.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2014.

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|--|--------------------|--------------------|--------------------|------------------|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| — Investment in trust | — | — | 330,191 | 330,191 |
| Total assets | <u>—</u> | <u>—</u> | <u>330,191</u> | <u>330,191</u> |

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2013.

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|--|--------------------|--------------------|--------------------|------------------|
| Assets | | | | |
| Financial assets at fair value through profit or loss | | | | |
| — Investment in trust | — | — | 221,824 | 221,824 |
| Total assets | <u>—</u> | <u>—</u> | <u>221,824</u> | <u>221,824</u> |

There were no transfers within levels 1, 2 and 3 during the period.

There were no other changes in valuation techniques during the period.

5.2 Fair value measurements using significant unobservable inputs (Level 3)

30 June 2014

| | Financial assets at fair value through profit or loss RMB'000 | Available-for-sale financial assets RMB'000 | Total RMB'000 |
|--|--|---|------------------|
| Opening balance as at 1 January | 221,824 | — | 221,824 |
| Additions | 100,000 | 230,500 | 330,500 |
| Changes in fair value recognised in profit or loss | 8,367 | — | 8,367 |
| Disposals | — | (230,500) | (230,500) |
| Closing balance as at 30 June | <u>330,191</u> | <u>—</u> | <u>330,191</u> |
| Total gains for the period included in profit or loss for assets held at the end of the reporting period | <u>23,362</u> | <u>214</u> | <u>23,576</u> |

30 June 2013

| | Financial assets at fair value through profit or loss RMB'000 | Total RMB'000 |
|--|--|------------------|
| Opening balance as at 1 January | 375,983 | 375,983 |
| Additions | — | — |
| Changes in fair value recognised in profit or loss | (1,057) | (1,057) |
| Disposals | (50,000) | (50,000) |
| Closing balance as at 30 June | <u>324,926</u> | <u>324,926</u> |
| Total gains for the period included in profit or loss for assets held at the end of the reporting period | <u>17,238</u> | <u>17,238</u> |

For investment in trust at fair value through profit or loss approximately RMB23,362,000 and (2013: approximately RMB17,238,000) was included in 'Finance income' (2013: same) in the interim consolidated statement of comprehensive income.

6 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, has been reviewed by the senior executive management team, and its results are included in the "all other segments" column.

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.

6 SEGMENT INFORMATION (Continued)

The segment information provided to the senior executive management team for the reportable segments for the period ended 30 June 2014 is as follows:

| | Transportation and sales of gas RMB'000 | Gas pipeline connections RMB'000 | All other segments RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---------------------------------|--|---|---|--------------------------------|--------------------------|
| Total external revenue | 334,660 | 227,481 | 12,618 | — | 574,759 |
| Gross profit | 54,704 | 142,463 | 5,018 | — | 202,185 |
| Distribution costs | | | | (7,935) | (7,935) |
| Administrative expenses | | | | (37,230) | (37,230) |
| Other gains — net | | | | 1,352 | 1,352 |
| Operating profit | | | | | 158,372 |
| Finance costs — net | | | | (4,389) | (4,389) |
| Profit before income tax | | | | | 153,983 |
| Income tax expense | | | | (38,320) | (38,320) |
| Profit for the period | | | | | <u>115,663</u> |

The segment information provided to the senior executive management team for the reportable segments for the period ended 30 June 2013 is as follows:

| | Transportation and sales of gas RMB'000 | Gas pipeline connections RMB'000 | All other segments RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|---------------------------------|--|---|---|--------------------------------|--------------------------|
| Revenue from external customers | 241,116 | 148,623 | 9,622 | — | 399,361 |
| Gross profit | 39,335 | 94,941 | 5,415 | — | 139,691 |
| Distribution costs | | | | (6,169) | (6,169) |
| Administrative expenses | | | | (26,372) | (26,372) |
| Other gains — net | | | | 81 | 81 |
| Operating profit | | | | | 107,231 |
| Finance costs — net | | | | (1,954) | (1,954) |
| Profit before income tax | | | | | 105,277 |
| Income tax expense | | | | (26,667) | (26,667) |
| Profit for the period | | | | | <u>78,610</u> |

The principal subsidiaries of the Company are domiciled in the PRC. All the revenue from external customers are derived from the PRC, and all the non-current assets are located in the PRC.

For the six months ended 30 June 2014, no revenue derived from sales made to a single external customer amounted to 10% or more of the Group's total revenue (2013: nil).

7 PROFIT BEFORE INCOME TAX

The following items have been charged to the profit before income tax during the period:

| | Six months ended 30 June | |
|--|--------------------------|-----------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| | unaudited | unaudited |
| Raw materials and consumables used | 296,049 | 201,720 |
| Changes in inventories of finished goods and work in progress | (9,525) | (6,670) |
| Depreciation on property, plant and equipment (Note 11) | 20,328 | 14,753 |
| Depreciation on investment properties (Note 11) | 232 | 239 |
| Amortisation of lease prepayments (Note 11) | 2,708 | 578 |
| Amortisation of intangible assets (Note 11) | 9,708 | 4,734 |
| Gains on disposal of property, plant and equipment and investment properties | 1,138 | — |

8 INCOME TAX EXPENSE

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

| | Six months ended 30 June | |
|----------------------------|--------------------------|-----------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| | unaudited | unaudited |
| Current income tax: | | |
| — PRC corporate income tax | 39,769 | 27,846 |
| Deferred income tax | (1,449) | (1,179) |
| | 38,320 | 26,667 |

Income tax expense is recognised based on management's 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 2014 is 26% (the estimated tax rate for the six months ended 30 June 2013 was 26%).

9 FINANCE COSTS — NET

| | Six months ended 30 June | |
|--|--------------------------|-----------|
| | 2014 | 2013 |
| | RMB'000 | RMB'000 |
| | unaudited | unaudited |
| Finance income | | |
| Interest income derived from bank deposits | (2,447) | (740) |
| Investment gains derived from financial assets at fair value through profit or loss | (23,362) | (17,238) |
| | (25,809) | (17,978) |
| Finance costs | | |
| Interest expense on borrowings | 36,458 | 19,978 |
| Exchange (gains)/losses | (890) | 21 |
| Others | 839 | 666 |
| Less: amounts capitalised on qualifying assets | (6,209) | (733) |
| | 30,198 | 19,932 |
| | 4,389 | 1,954 |

10 DIVIDENDS

No dividends had been paid or declared by the Company for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

11 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, LEASE PREPAYMENTS AND INTANGIBLE ASSETS

During the period, the movement of property, plant and equipment, investment properties, lease prepayments and intangible assets are as follows:

| | Property, plant and equipment <i>RMB'000</i> | Investment properties <i>RMB'000</i> | Lease prepayments <i>RMB'000</i> | Intangible assets <i>RMB'000</i> | Total <i>RMB'000</i> |
|--------------------------------------|---|--|--|--|-------------------------|
| Six months ended 30 June 2014 | | | | | |
| Net book amount as at 1 January 2014 | 726,081 | 9,006 | 64,833 | 650,898 | 1,450,818 |
| Additions | 146,115 | — | 8,690 | 1,702 | 156,507 |
| Acquisition of subsidiaries | 103,559 | — | 57,406 | 675,294 | 836,259 |
| Disposals | (1,905) | (326) | — | — | (2,231) |
| Depreciation charge | (20,328) | (232) | (2,708) | (9,708) | (32,976) |
| Net book amount as at 30 June 2014 | <u>953,522</u> | <u>8,448</u> | <u>128,221</u> | <u>1,318,186</u> | <u>2,408,377</u> |
| Six months ended 30 June 2013 | | | | | |
| Net book amount as at 1 January 2013 | 526,520 | 9,561 | 48,141 | 441,197 | 1,025,419 |
| Additions | 42,955 | — | 828 | 110 | 43,893 |
| Disposals | (958) | — | — | — | (958) |
| Depreciation charge | (14,753) | (239) | (578) | (4,734) | (20,304) |
| Net book amount as at 30 June 2013 | <u>553,764</u> | <u>9,322</u> | <u>48,391</u> | <u>436,573</u> | <u>1,048,050</u> |

Goodwill acquired has not yet been allocated to a cash-generating unit at the end of the period as the accounting for business combination is still provisional.

12 TRADE AND OTHER RECEIVABLES

| | 30 June 2014 <i>RMB'000</i> unaudited | 31 December 2013 <i>RMB'000</i> audited |
|---|---|---|
| Trade receivables | 135,558 | 132,156 |
| Bills receivable | 3,750 | 3,450 |
| Prepayments | 75,383 | 52,946 |
| Receivables due from related parties (<i>Note 19</i>) | 1,516 | 16,029 |
| Other receivables | 105,643 | 57,151 |
| Value-added-tax to be offset | 12,914 | 7,795 |
| | <u>334,764</u> | <u>269,527</u> |
| Less: long-term prepayments | (16,150) | (17,788) |
| Current portion | <u>318,614</u> | <u>251,739</u> |

12 TRADE AND OTHER RECEIVABLES (Continued)

The credit period generally granted to customers in relation to sales of pipelined gases is from 10 to 90 days. As for the customers in relation to connection of gas pipelines, the Group generally requests advance payments, 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 ageing analysis of trade receivables is as follows:

| | 30 June 2014 <i>RMB'000</i> unaudited | 31 December 2013 <i>RMB'000</i> audited |
|--------------------|---|---|
| Less than 30 days | 111,039 | 93,297 |
| 31 days to 90 days | 6,598 | 15,044 |
| 91 days to 1 year | 7,814 | 11,154 |
| Over 1 year | 10,107 | 12,661 |
| | <u>135,558</u> | <u>132,156</u> |

13 SHARE CAPITAL AND SHARE PREMIUM

| | Number of Shares | Ordinary shares <i>RMB'000</i> Unaudited | Share premium <i>RMB'000</i> Unaudited | Total <i>RMB'000</i> Unaudited |
|--|-----------------------------|---|---|---|
| Issued and fully paid: | | | | |
| At 30 June 2014 and 1 January 2014 (nominal value of HK\$0.01 each) | <u>827,925,000</u> | <u>7,077</u> | <u>454,188</u> | <u>461,265</u> |
| At 30 June 2013 and 1 January 2013 (nominal value of HK\$0.01 each) | <u>827,925,000</u> | <u>7,077</u> | <u>454,188</u> | <u>461,265</u> |

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30 June 2014 <i>RMB'000</i> unaudited | 31 December 2013 <i>RMB'000</i> audited |
|---------------------|---|---|
| Investment in trust | <u>330,191</u> | <u>221,824</u> |

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Finance income' in the interim condensed consolidated financial information.

The fair value of the investment in trust is measured by the discounted cash flow model with key assumptions including expected return rate, counterparties' credit risk and market interest rate.

15 BORROWINGS

| | 30 June 2014 RMB'000 unaudited | 31 December 2013 RMB'000 audited |
|-------------|--------------------------------------|--|
| Non-current | 900,364 | 781,124 |
| Current | 412,586 | 229,394 |
| | <u>1,312,950</u> | <u>1,010,518</u> |

Movements in borrowings are analysed as follows:

RMB'000

Six months ended 30 June 2014

| | |
|--|------------------|
| Opening amount as at 1 January 2014 | 1,010,518 |
| Acquisition of subsidiaries | 53,000 |
| Proceeds from borrowings | 390,572 |
| Repayments of borrowings | (141,140) |
| Closing amount as at 30 June 2014 | <u>1,312,950</u> |

Six months ended 30 June 2013

| | |
|--|----------------|
| Opening amount as at 1 January 2013 | 805,725 |
| Proceeds of new borrowings | 402,221 |
| Repayment of borrowings | (572,124) |
| Closing amount as at 30 June 2013 | <u>635,822</u> |

Interest expense on borrowings and loans for the six months ended 30 June 2014 is approximately RMB36,458,000 (six months ended 30 June 2013: RMB19,978,000).

16 DEFERRED INCOME TAX LIABILITIES

| | Six months ended 30 June | |
|------------------------------|------------------------------|------------------------------|
| | 2014 RMB'000 unaudited | 2013 RMB'000 unaudited |
| Balance as at 1 January | 63,975 | 43,325 |
| Acquisition of subsidiaries | 60,327 | — |
| Credited to profit or loss | (91) | (1,305) |
| Balance as at 30 June | <u>124,211</u> | <u>42,020</u> |

17 TRADE AND OTHER PAYABLES

| | 30 June 2014 RMB'000 unaudited | 31 December 2013 RMB'000 audited |
|--------------------------------|--------------------------------------|--|
| Trade payables | 124,065 | 78,093 |
| Bills payable | 2,100 | — |
| Accrued payroll and welfare | 2,349 | 1,663 |
| Interest payables | 2,884 | 2,720 |
| Other taxes payable | 6,915 | 10,004 |
| Other payables | 488,180 | 193,076 |
| | <u>626,493</u> | <u>285,556</u> |
| Less: long-term other payables | <u>(135,855)</u> | <u>—</u> |
| Current portion | <u><u>490,638</u></u> | <u><u>285,556</u></u> |

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

| | 30 June 2014 RMB'000 unaudited | 31 December 2013 RMB'000 audited |
|--------------------|--------------------------------------|--|
| Less than 30 days | 54,429 | 23,160 |
| 31 days to 90 days | 24,519 | 26,037 |
| 91 days to 1 year | 30,662 | 9,614 |
| 1 year to 2 years | 7,117 | 15,008 |
| 2 years to 3 years | 3,451 | 4,150 |
| Over 3 years | 3,887 | 124 |
| | <u><u>124,065</u></u> | <u><u>78,093</u></u> |

The credit terms generally granted by the Group's suppliers ranged from 10 to 90 days.

18 CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any material contingent liabilities.

19 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group is controlled by Tian Lun Group Limited, a company incorporated in the British Virgin Islands (“BVI”), a direct wholly-owned subsidiary of Gold Shine Development Limited in the BVI, and it is ultimately controlled by Mr. Zhang Yingcen and his family members comprising his wife and eldest son (“Controlling Shareholders”).

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the six months ended 30 June 2014 and 2013, and balances arising from related party transactions as at 30 June 2014 and 31 December 2013.

(a) Name and relationship with related parties

| Name of related party | Relationship |
|--|---|
| Henan Tian Lun Real Estate Limited (“Henan Tian Lun Real Estate”) | Controlled by the Controlling Shareholders |
| Henan Tian Lun Engineering Investment Limited (“Henan Tian Lun Engineering Investment”) | Controlled by the Controlling Shareholders |
| Hebi Hexiang Engineering Limited (“Hexiang Engineering”) | Controlled by the Controlling Shareholders (before 21 June 2013) |

(b) Significant related party transactions

| | Six months ended 30 June | |
|--|--------------------------|-----------|
| | 2014 | 2013 |
| | RMB’000 | RMB’000 |
| | unaudited | unaudited |
| Purchase of construction and pipeline installation services | | |
| Hexiang Engineering | — | 5,781 |
| Rendering of management services to a related party | | |
| Henan Tian Lun Engineering Investment | — | 100 |

(c) Balances with related parties

| | 30 June 2014 | 31 December 2013 |
|------------------------------------|--------------|------------------|
| | RMB’000 | RMB’000 |
| | unaudited | audited |
| Trade and other receivables | | |
| Other receivables due from | | |
| Henan Tian Lun Engineering | | |
| Investment | 1,516 | 16,029 |

(d) Key management compensation

| | Six months ended 30 June | |
|----------------------------------|--------------------------|-----------|
| | 2014 | 2013 |
| | RMB’000 | RMB’000 |
| | unaudited | unaudited |
| Basic salaries and allowances | 3,249 | 1,783 |
| Discretionary bonuses | 351 | — |
| Retirement benefit contributions | 324 | 204 |
| | 3,924 | 1,987 |

RESULTS

During the Reporting Period, both the revenue and profit of the Group continued to grow. Revenue and gross profit amounted to approximately RMB574,759,000 and RMB202,185,000, respectively, representing increases of approximately 43.92% and approximately 44.74%, respectively, as compared with that of approximately RMB399,361,000 and approximately RMB139,691,000, respectively, for the corresponding period of last year. Profit attributable to owners of the Company amounted to approximately RMB103,244,000, representing an increase of approximately 42.00% as compared with that of approximately RMB72,708,000 for the corresponding period of last year.

BUSINESS REVIEW

Gas Pipeline Connection

For the six months ended 30 June 2014, revenue from the gas pipeline connection of the Group amounted to approximately RMB227,481,000, representing an increase of approximately 53.06% as compared to the corresponding period of last year and accounting for approximately 39.58% of its total revenue. During the Reporting Period, new connections to residential users and commercial and industrial users of the Group were approximately 79,552 and 412 respectively. As at 30 June 2014, the Group had a total of approximately 728,649 residential users (of which 55,765 were from newly-acquired projects) and approximately 3,702 commercial and industrial users (of which 201 were from newly-acquired projects), representing increases of approximately 42.63% and 36.66%, respectively, as compared to the corresponding period of last year. With the operation of an increasing number of the Group's new gas projects, the government's great efforts in rebuilding shanty areas in third-tier and fourth-tier cities and the strengthening of the Company's development of industrial and commercial users above designated scale, the Group was able to record rapid growth of its gas pipeline connection volume during the Reporting Period, which will also provide customer base for the continuous growth of the Group's gas sales volume and gas sales revenue in the future.

Transportation and Sales of Gas

For the six months ended 30 June 2014, revenue from transportation and sales of gas amounted to approximately RMB334,660,000, representing an increase of approximately 38.80% as compared to the corresponding period of last year. During the Reporting Period, total sales volume of gas of the Group was approximately 116,756,000 m³ (30 June 2013: approximately 88,626,000 m³), representing an increase of approximately 31.74% as compared to the corresponding period of last year.

During the Reporting Period, the gas sales volume of the Group to residential users, commercial and industrial users and vehicle users accounted for approximately 29.05%, 35.90% and 35.05%, respectively, of its total gas sales volume. Sales revenue from residential users, commercial and industrial users and vehicle users accounted for approximately 22.47%, 35.97% and 41.56%, respectively, of its total gas sales revenue.

During the Reporting Period, the Group benefited from domestic industrial transfer and strengthened its efforts in developing industrial and commercial users which consume large volume of gas and have a higher profit margin. As at 30 June 2014, gas sales revenue from industrial and commercial users accounted for approximately 35.97% of total gas sales revenue, up from approximately 28.02% for the corresponding period of last year, and revenue from gas sales to industrial and commercial users increased significantly by approximately 78.20%.

During the six months ended 30 June 2014, the Group entered into co-operation agreements with large industrial users within the regions in which it operates, including CITIC Guoan Chemical Company Limited (中信國安化工有限公司), Henan Jurui Vehicle Components Co., Ltd. (河南炬銳機動車零部件有限公司), Xuchang Tobacco Machinery Co., Ltd. (許昌煙草機械有限公司) and Henan Xinchang Non-ferrous Metals Co., Ltd. (河南鑫昌有色金屬有限公司). CITIC Guoan Chemical Company Limited has commenced gas transmission in June 2014, with a designed daily capacity of 110,000 m³. Moreover, Xuchang Tobacco Plant (許昌市捲煙廠), a large industrial user with which we entered into a contract in 2013, will complete its relocation in the third quarter of 2014, following which it will formally start using gas supplied by the Group with a designed daily capacity of 100,000 m³. The recovery of non-ferrous metals and basic chemicals market has led to the gradual rebound of gas consumption of the Group's industrial users in Baiyin City, Gansu Province such as Baiyin Nonferrous Metal Group (白銀有色集團) and Baiyin Chromate Plant (白銀鉻鹽廠). Furthermore, the Board is pleased to report that the Group's LNG gasification station in Chaozhou City, Guangdong Province with a storage capacity of 1,500,000 m³, began supplying natural gas to local industrial users in May 2014. As at the date of this announcement, the Company had 82 high-end ceramic enterprise users with a total designed daily

capacity of 170,000 m³. With over 500 high-end ceramic enterprises clustered in such area, we believe there is great market potential. With the significant growth of the Group's gas sales to industrial users and the commencement of operation of its newly constructed gas refilling stations in 2014, the Group expects to maintain rapid growth of gas sales in the future.

Gross Profit Margin and Net Profit Margin

For the six months ended 30 June 2014, the Group achieved gross profit of approximately RMB202,185,000, representing an increase of approximately 44.74% as compared to the corresponding period of last year. The overall gross profit margin and net profit margin of the Group were approximately 35.18% and approximately 20.12%, respectively, representing increases of approximately 0.2 percent and approximately 0.44 percent, respectively, as compared to the corresponding period of last year. Such significant increase in gross profit was due to the rapid growth of the Group's principal activities, demonstrated by the 38.80% increase in gas sales and 53.06% increase in revenue from gas pipeline connection as compared to the corresponding period of last year. Meanwhile, due to the Group's effective cost control, the distribution cost and administrative expenses represented 7.86% of the total revenue of the Group for the Reporting Period, representing a decrease of 0.29 percent as compared with 8.15% for the corresponding period of last year.

Development of New Projects

During the Reporting Period, the Group obtained two urban gas projects located in Chenghai District and Chaoyang District in Shantou City, Guangdong Province. As at the date of this announcement, the Group has 43 urban gas projects in the PRC. The Group will continue to keep track of natural gas investment opportunities in the PRC, and in particular build on the areas in which it operates to constantly expand its network coverage and achieve operational competitiveness in such areas. It will also focus on urban gas projects and industrial parks where a large number of companies are clustered with huge demand for gas consumption, so as to strive for the fast growth of its gas sales.

Acquisition of Two Urban Gas Projects in Chenghai District and Chaoyang District, Shantou City, Guangdong Province (the "Acquisition")

On 9 May 2014, Henan Tian Lun Gas Group Limited ("Henan Tian Lun") entered into an equity transfer agreement with the then shareholders of Shantou City Chenghai Gas Construction Company Limited ("Chenghai Gas"), pursuant to which it acquired 90% of the equity interest of Chenghai Gas and indirectly hold 90% of the equity interest of Shantou City Chaoyang District Min'an Pipeline Gas Company Limited ("Chaoyang Gas") which was 100% owned by Chenghai Gas. As a result, it obtained two urban gas projects in Chenghai District and Chaoyang District, Shantou City, Guangdong Province. For details, please refer to the Company's announcement dated 9 May 2014.

The Group has been making great efforts in developing gas projects in affluent areas such as Beijing, Tianjin, Hebei, Yangtze River Delta and Pearl River Delta. As one of the first five special economic zones for implementation of the opening-up policy in the PRC, Shantou is an important transportation hub, import and export port and goods distribution center in eastern Guangdong, southern Jiangxi and south-western Fujian, as well as an important connection link between Pearl River Delta and the Western Taiwan Straits Economic Zone.

Chenghai District and Chaoyang District in Shantou City are important components of Shantou's economy. There is dense population and great room for development of civil and commercial gas markets in these areas. In addition, due to Chenghai District's position as an important toy manufacturing base and Chaoyang District's position as a major textile and apparel, music and video and stationery and mechanical and electronic industry cluster in the PRC, there is huge potential for the industrial gas market. Through the Acquisition, the Group will obtain a project in Chenghai District and Chaoyang District of Shantou City, which is expected to provide the Group with considerable profitability. Also, these areas are adjacent to the area of the Group's gas project in Chaozhou City, which will create synergies. Building on its presence in eastern Guangdong, the Group will rapidly expand into the surrounding areas and further increase its market share in southern China.

Investment in Gas Refilling Stations

As at 30 June 2014, the Group had a total of 27 operating gas refilling stations and 23 planned gas refiling stations, which has helped to further expand its network coverage to consolidate its regional leadership. These gas refilling stations are mostly located in Henan Province, Jilin Province and Yunnan Province, for which the Group has built CNG mother stations or LNG processing plants with appropriate sizes in their adjacent areas to improve overall profitability.

Investments in LNG Processing Plants

Preparations for construction have been completed for the coke oven gas-produced LNG source base project, a co-operation project with Luoyang Rongtuo Coking Company Limited (洛陽榕拓焦化有限公司) with an annual production capacity of 60 million m³ of LNG and also the first coke oven gas-produced LNG project of the Group, which is scheduled to be put into operation in the fourth quarter of 2015. The operation of this project will not only expand the natural gas channels of the Group but will also more effectively secure the gas supply sources for the Group's gas refilling stations in Henan Province and lower the gas procurement cost of the Group to a certain extent. In addition, apart from self-consumption, the remaining portion of LNG underwritten by the Group will be sold to external customers which will increase the Group's revenue from sale of gas.

The LNG processing plant project with an annual production capacity of 400 million m³ of LNG (70% of its equity interest is held by the Group) in Kai County Industrial Park, Chongqing City has entered into the construction stage. The first phase is expected to commence production in the first quarter of 2016 with a designed production capacity of 200 million m³ of LNG. Upon completion, the project will mostly serve as the source of the Company's gas supply to Yunnan Province, Guangxi Province and Guangdong Province and help to realize the transformation of the Company's business model from external purchase to internal purchase. It will also secure sufficient gas supply for the Company to develop gas refilling stations in the areas mentioned above in the future.

Furthermore, preparations for construction have been completed for the Group's gas source base project in Changling County, Jilin Province with an annual production capacity of 100 million m³ of LNG, which is scheduled to commence production in the first half quarter of 2016. The operation of this project will secure adequate supply of gas for the Group to further expand its network coverage in Jilin Province.

Human Resources

As at 30 June 2014, the total number of employees of the Group was 1,743. The Group remunerates its staff based on their individual performance, work experience and prevailing market standard.

The Group attaches great importance to internal talents cultivation and recruitment of external talents. Since 2012, the Group has been carrying out a manager trainee program whereby it arranges experienced lecturers in the energy industry to teach lessons for a term of one year covering strategic management, project management and cross-department communication, etc. A large number of manager trainees have emerged through such program. In addition, the Group also recruits graduates from colleges and universities nationwide each year. Through providing them with outward bound trainings and trainings on enterprise culture and gas knowledge at an early stage and implementing a "Parachute Program" at a later stage pursuant to which a mentor is assigned to each graduate to help them integrate in their positions and departments, the Group's talent base has expanded. Furthermore, the introduction of experienced technical and management talents, internal promotion of employees through competition, and an improving performance assessment system, have provided strong talent support for the Group's future development.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group has been adopting prudent policies in respect of financial resources management, including maintenance of appropriate level of cash and cash equivalents as well as sufficient credit facilities, in order to cope with its daily operation needs and business development and maintain borrowing at a healthy level. As at 30 June 2014, the Group's cash and cash equivalents amounted to approximately RMB324,690,000, of which 93.86% was denominated in Renminbi, 2.64% in Hong Kong Dollars and 3.50% in US Dollars. As at 30 June 2014, the Group's gearing ratio was approximately 63.40%, which was calculated based on the percentage of total liabilities over total assets.

Credit Structure

As at 30 June 2014, the Group's total borrowing was approximately RMB1,312,950,000 (31 December 2013: approximately RMB1,010,518,000), of which loans denominated in Renminbi were approximately RMB736,355,000 (31 December 2013: approximately RMB529,236,000), and loans denominated in US Dollars were approximately RMB576,595,000 (31 December 2013: loans denominated in US Dollars were approximately RMB481,282,000). Approximately 31.42% (31 December 2013: 22.70%) of the borrowings was accounted for as current liabilities. The loans repayable within one year amounted to approximately RMB130,159,000.

In general, as all businesses of the Group were situated in the PRC, substantially all of its revenue and expenses were denominated in Renminbi except the loans denominated in US Dollars (equivalent to approximately RMB576,595,000) mentioned above, there were no significant risks relating to exchange rate fluctuation. The Group will closely monitor the interest rate and exchange rate of the market and adopt appropriate measures when necessary.

Contingent Liabilities

As at 30 June 2014, the Group had no material contingent liabilities.

AWARDS

Following its inclusion in the list of the “Enterprises with Most Potential in the PRC” published by Forbes’ Chinese edition in 2012, Tian Lun Gas was once again seen in such list in January 2014, with its ranking rising to No. 26 from the previous No. 40, which has fully demonstrated the recognition of the Company’s growth potential. Mr. Xian Zhenyuan, an executive Director, was named among the “Best CEOs of Listed Companies 2014”, which also represents a recognition of the Group’s results and management standard.

OUTLOOK

According to the Proposal on Strengthening Prevention and Control of Air Pollution in Energy Industry (能源行業加強大氣污染防治工作方案) jointly issued by the National Development and Reform Commission, the National Energy Administration and the Ministry of Environmental Protection in March 2014, the objective of natural gas (excluding coal gas) consumption as a percentage of total energy consumption is set as reaching 7% by 2015 and 9% by 2017. In terms of natural gas supply, production of conventional natural gas will be increased, and the construction of infrastructure such as trunk pipeline networks will speed up to replace coal-fired boilers for industrial and commercial uses in an orderly manner. The specific objective of national natural gas supply is to reach supply of 250 billion m³ by 2015 and 330 billion m³ by 2017.

In April 2014, the State Council forwarded the Several Opinions on Establishing a Long-term Mechanism to Guarantee the Steady Supply of Natural Gas (關於建立保障天然氣穩定供應長效機制若干意見) issued by the National Development and Reform Commission, which states the goals of reaching natural gas supply capacity of 400 billion m³, preferably 420 billion m³, by 2020 and of advancing the “coal-to-gas” project to meet a total gas consumption demand of 112 billion m³ for “coal-to gas” projects by 2020.

In May 2014, China National Petroleum Corporation and Russia’s Gazprom entered into a natural gas sale and purchase agreement for a term of 30 years. Russia will supply gas to China through the East Section of China-Russia Natural Gas Pipeline since 2018, with an annual gas supply of 38 billion m³. The Group’s projects located in Jilin Province will benefit from the execution of the agreement. Currently the Group has 9 urban gas projects, 17 gas refilling stations in operation and under construction, and one LNG processing plant under construction in Jilin Province which will directly benefit from the agreement.

The State Council promulgated the Opinions on Further Promoting Household Registration Reforms (關於進一步推進戶籍制度改革的意見) in July 2014, which involves adjusting household registration policies, removing the classification of people into agricultural households and non-agricultural households, and establishing a uniform household registration system for urban and rural population. The objective of such reform is that by 2020, around 100 million rural migrant workers and other permanent urban residents will have obtained household registration in urban areas, which will be a strong positive factor for the Group’ development of urban gas projects in third-tier and fourth-tier cities.

Rapid urbanization of the PRC, construction of infrastructure such as natural gas pipeline networks, growing concerns of the public about air and environmental pollution, and the introduction of favorable policies for natural gas, will all provide great room for the Group’s future development.

In the second half of the year, the Group will strive to seize the opportunities brought by industry growth and follow the business development opportunities brought to the Group by national policies to achieve its sustained rapid growth. In respect of urban gas, it will focus on operation of large projects with huge demand for gas consumption, pay a close attention to opportunities for establishing presence in emerging markets arising from industrial transfer, and speed up construction of and market development for the projects it has obtained but which have yet to commence operation (currently the Group has 10 urban gas projects yet to commence operation). In respect of gas refilling station business, the Group will continue to adhere to its business model of consolidating regional leadership and becoming fully vertically-integrated by way of accelerating the construction of its planned stations and further expanding the coverage of its competitive regional network while seeking opportunities to expand into new areas. In respect of LNG processing plants, it will focus on the construction of its existing three processing plants. Project construction by stage and acquisition of new projects must be carried out in a manner so that the Group's projects are adjacent to end markets and production matches sales. It will collaborate with upstream and downstream players to mitigate market risk and enhance its profitability.

The Group will continue to be committed to improving people's lives. With its mission of “developing clean energy and improving living environment” (發展清潔能源，改善人居環境) and its three core activities of “urban gas as basis, gas resource bases as support, and vigorously developing transport gas” (城市燃氣為基礎，氣源基地為後盾，大力發展交通燃氣), the Group will continue to implement its overall development strategy of “striving to become bigger, using advanced technology to achieve rapid growth” (大、新、快), by focusing on the development and utilization of natural gas to accelerate its pace of expansion, and in turn to maximize the returns to shareholders.

SHARE OPTION SCHEME

On 27 January 2014, a total of 20,000,000 share options to subscribe for a total of 20,000,000 ordinary shares of HK\$0.01 each of the Company were granted to the executive Directors and certain employees of the Company under the share option scheme adopted by the Company on 13 October 2010. Among the share options granted above, 7,300,000 share options were granted to the Directors to subscribe for a total of 7,300,000 shares of the Company. For details, please refer to the Company's announcement dated 27 January 2014.

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

During the six months ended 30 June 2014, neither the Company nor its subsidiaries had purchased, sold or redeemed any shares of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).

TRUST SCHEME

On 21 March 2012, Henan Tian Lun and Zhongyuan Trust Company Limited (中原信託有限公司) (“Zhongyuan Trust”) entered into a trust investment agreement (the “Investment Agreement”) in relation to the investment in a portfolio of trust financial products managed and maintained by Zhongyuan Trust for a term of two years commencing from 21 March 2012 (the “Trust Period”). On 21 March 2014, Henan Tian Lun and Zhongyuan Trust entered into a supplemental agreement (the “Supplemental Agreement”) to the Investment Agreement, pursuant to which the Trust Period has been extended for a period of two years until 21 March 2016. For details of the Supplemental Agreement, please refer to the announcements of the Company dated 21 and 25 March 2014.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“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 and been in compliance with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the period from 1 January 2014 to 30 June 2014.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) consists of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Mr. Zhang Jiaming and Ms. Zhao Jun. The Audit Committee had held meetings with the management to review accounting principles and practices adopted by the Group and discussed 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 2014.

INTERIM REPORT

The Company’s interim report for the six months ended 30 June 2014 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 dispatched to shareholders of the Company in due course.

By Order of the Board
China Tian Lun Gas Holdings Limited
Chairman
Zhang Yingcen

Zhengzhou, China, 18 August 2014

As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Hu Xiaoming, Mr. Feng Yi, Mr. Sun Heng and Ms. Li Tao and the independent non-executive Directors are Mr. Cao Zhibin, Mr. Li Liuqing, Mr. Zhang Jiaming and Ms. Zhao Jun.