



**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

**INTERIM REPORT 2015**



The background is a soft, light green gradient. On the left side, there are several overlapping, semi-transparent leaf shapes in various shades of green, from pale to a slightly darker green. The leaves have a natural, organic feel. Centered in the middle of the image is the text "WE ARE HERE TO PROVIDE CLEAN ENERGY" in a bold, white, sans-serif font. The text is arranged in two lines: "WE ARE HERE" on the top line and "TO PROVIDE CLEAN ENERGY" on the bottom line. The overall composition is clean and modern, emphasizing a natural and sustainable theme.

**WE ARE HERE  
TO PROVIDE CLEAN ENERGY**



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# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

During the six months ended 30 June 2015 (the “Reporting Period”), both the revenue and profit of China Tian Lun Gas Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) the Group continued to increase. The revenue and gross profit amounted to approximately RMB990,840,000 and RMB273,036,000 respectively, representing an increase of approximately 72.39% and approximately 35.04% respectively, as compared with that of approximately RMB574,759,000 and approximately RMB202,185,000 respectively for the corresponding period of last year. The profit attributable to owners of the Company amounted to approximately RMB136,917,000, representing an increase of approximately 32.61% as compared with that of approximately RMB103,244,000 for the corresponding period of last year.

## BUSINESS REVIEW

### Gas Pipeline Connection

During the Reporting Period, the revenue from the gas pipeline connection of the Group amounted to approximately RMB272,160,000, representing an increase of approximately 19.64% as compared to the corresponding period of last year and accounting for approximately 27.47% of its total revenue. During the Reporting Period, new connections to (i) residential users, and (ii) commercial and industrial users of the Group were approximately (i) 67,918 and (ii) 406, respectively. As at 30 June 2015, the Group had a total of approximately 858,015 residential users and approximately 4,526 commercial and industrial users, representing an increase of approximately 17.75% and 22.26% respectively, as compared to the corresponding period of last year.

As governments of third- and fourth-tier cities sped up the construction of comfortable housing projects and renovation of shanty areas, the urbanization progress in China advanced quickly in recent years. Under such favorable environment, the Group vigorously developed residential users and industrial and commercial users that are above designated size to foster the continuous growth of the volume of its gas pipeline connection. In the meantime, the expanding user base has also provided strong support for the increase in the Group's gas sales volume and gas sales revenue in the Group.

### Transportation and Sales of Gas

During the Reporting Period, the revenue from transportation and sales of gas amounted to approximately RMB706,700,000, representing an increase of approximately 111.17% as compared to the corresponding period of last year and accounting for approximately 71.32% of the Group's total revenue. During the Reporting Period, the total sales volume of gas of the Group was approximately 247,881,000 m<sup>3</sup> (30 June 2014: approximately 116,756,000 m<sup>3</sup>), representing an increase of approximately 112.31% as compared to the corresponding period of last year. In addition, the Company also supplies natural gas to 大唐蘇州熱電有限責任公司 (Datang Suzhou Cogen-power Co., Ltd.\*), 江蘇華電吳江熱電有限公司 (Jiangsu Huadian Wujiang Thermal Power Co., Ltd.\*), with a transmission volume of approximately 197,266,000 m<sup>3</sup>.

In response to China's policies on supporting the development of natural gas for industrial and commercial users, the Group has made substantial efforts in establishing closer business relationship with industrial and commercial users which consume large volume of gas and have a higher profit margin. As at 30 June 2015, the gas sales revenue from industrial and commercial users accounted for approximately 50.17% of the Group's total gas sales revenue, compared with approximately 35.97% for the corresponding period of last year, and the revenue from gas sales to industrial and commercial users increased significantly by approximately 194.52%.

## Management Discussion and Analysis (Continued)

During the Reporting Period, the Group maintained a continuous increase in gas consumption of its existing major industrial users. The Group also entered into natural gas supply agreements with certain large industrial users within the regions in which the Group operates, including 鄭州煤機格林材料科技有限公司 (Zhengzhou Meiji Gelin Material Technology Co., Ltd.\*), 賽德食品有限公司 (Saide Food Co., Ltd.\*) and 東明宏昌化工有限公司 (Dongming Hongchang Chemical Co., Ltd.\*), and the supply of gas to these users is scheduled to commence in the fourth quarter of this year. Furthermore, the Group acquired two long-haul pipelines in Pingdingshan City, Henan Province and Wujiang City, Jiangsu Province and thus began to supply gas to several large industrial users including 吳江南玻璃有限公司 (Wujiang CSG Glass Co., Ltd.\*), 大唐蘇州熱電有限公司 (Datang Suzhou Cogen-power Co., Ltd.\*), 江蘇華電吳江熱電有限公司 (Jiangsu Huadian Wujiang Thermal Power Co., Ltd.\*) and 舞陽鋼鐵有限責任公司 (Wuyang Iron and Steel Co., Ltd.\*), through the acquisition of the entire equity interest in 北京慧基泰展有限公司 (Beijing Hui Ji Tai Zhan Investment Company Limited\*) (as discussed below). The contracted annual gas supply amounted to approximately 150 million m<sup>3</sup> for 吳江南玻璃有限公司 (Wujiang CSG Glass Co., Ltd.\*) and approximately 135 million m<sup>3</sup> for 舞陽鋼鐵有限責任公司 (Wuyang Iron and Steel Co., Ltd.\*).

Given the continuous substantial increase in the Group's gas sales volume to industrial users and the introduction of long-haul pipeline gas sale business through the acquisitions in 2015 (to be discussed below), the Groups expects to maintain an accelerated increase of gas sales in the future.

### Gross Profit Margin and Net Profit Margin

During the Reporting Period, the Group achieved gross profit of approximately RMB273,036,000 during the Reporting Period, representing an increase of approximately 35.04% as compared to the corresponding period of last year. The overall gross profit margin and net profit margin of the Group were approximately 27.56% and approximately 15.35% respectively, representing a decrease of approximately 7.62 percent as compared to the corresponding period of last year. It was mainly due to the substantial increase in the gas sale business which has a lower gross profit margin than the gas connection business.

### Development of New Projects

During the Reporting Period, the Group acquired two urban gas projects in Qian County and Li Quan County in Xianyang, Shaanxi Province, and acquired an urban gas project in Sanming City, Fujian Province, two long-haul pipelines in Wujiang City, Jiangsu Province and Pingdingshan City, Henan Province and 19% equity interest in 平頂山燃氣有限責任公司 (Pingdingshan Gas Co., Ltd.\*), through the acquisition of the entire equity interest in 北京慧基泰展有限公司 (Beijing Hui Ji Tai Zhan Investment Company Limited\*) (as discussed below), making the number of its urban gas projects acquired reached 47. As at the date of this report, the Group has further acquired two urban gas projects in Fenghuang County, Tujia-Miao Autonomous Prefecture of Xiangxi, Hunan Province and Qian'an County, Songyuan City, Jilin Province (as discussed below).



## Management Discussion and Analysis (Continued)

### Acquisition of Two Urban Gas Projects in Qian County and Li Quan County in Xianyang, Shaanxi Province

On 9 January 2015, 河南天倫燃氣集團有限公司 (Henan Tian Lun Gas Group Limited\*) (“**Henan Tian Lun**”) entered into an equity transfer agreement with Mr. Wen Su Gang (文素剛) and Mr. Zhang Hong Zhong (張宏忠), pursuant to which Henan Tian Lun conditionally agreed to acquire the entire equity interest in 乾縣宏遠天然氣有限公司 (Qian County Hong Yuan Natural Gas Company Limited\*) and 禮泉縣宏遠天然氣有限公司 (Li Quan County Hong Yuan Natural Gas Company Limited\*) at a total consideration of RMB286,000,000, for the purpose of acquiring two urban gas projects in Qian County and Li Quan County in Xianyang, Shaanxi Province. Please refer to the announcement of the Company dated 9 January 2015 for further information.

As the natural gas for use in Qian County and Li Quan County is supplied by 陝西省天然氣公司 (Shaanxi Natural Gas Company\*), it guarantees sufficient and stable gas sources for future development of the local natural gas markets. Located in the 關中一天水經濟區 (Guanzhong-Tianshui Economic Zone\*) and the core area of 西安咸陽半小時經濟圈 (Xi’an Xianyang Half-hour Economic Cycle\*), the trend for property development project in Qian County is positive and there is great potential for development of residential gas uses. Qian County also ranks the first among the 18 artifact counties in Shaanxi Province and has a prosperous tourism market. Most local hotels there use coal-fired boilers or gas boilers to supply heat, indicating huge potential for the upgrade of those coal-fired boilers to natural gas boilers and commercial gas uses in the future. With great accessibility and geographical advantage, the Board is of the view that there is a promising future for vehicle natural gas market in Qian County. With a booming food processing industry, Li Quan County has established the Li Quan County Food Industrial District, which contains five industry sectors, being (i) fruit product processing, (ii) pastries, (iii) packaging materials, (iv) mechanical processing and (v) pharmaceuticals and chemicals. In addition, the Liqun Xizhangbao Environmental Industrial District, which is jointly developed by the government of Li Quan County and Shaanxi Provincial Environmental Protection Department, is the only major modern environmental protection project in Shaanxi Province. The plasma system conversion project, bio-potassium fertilizer project and the solid waste processing center project there have commenced operations, and the old battery recycling project, old mineral oil recycling demonstration project and the innovative heavy metals absorption material production project are under construction, indicating a great potential for industrial natural gas uses in the future.

### Acquisition of the Entire Equity Interest in 北京慧基泰展投資有限公司 (Beijing Hui Ji Tai Zhan Investment Company Limited\*)

On 27 March 2015, Henan Tian Lun entered into an equity transfer agreement with 天津乾盛投資合夥企業(有限合夥) (Tianjin Qian Sheng Investment Partnership Enterprise (Limited Partnership\*)) and 天津泰展資產管理中心(有限合夥) (Tianjin Tai Zhan Asset Management Centre\*), pursuant to which Henan Tian Lun conditionally agreed to acquire the entire equity interest in 北京慧基泰展投資有限公司 (Beijing Hui Ji Tai Zhan Investment Company Limited\*) (“**Beijing Hui Ji**”) at the total consideration of RMB860,000,000, so as to acquire, inter alia, an urban gas project in Sanming City, Fujian Province, two long-haul pipelines in Wujiang City, Jiangsu Province and Pingdingshan City, Henan Province, 19% equity interest in 平頂山燃氣有限責任公司 (Pingdingshan Gas Co., Ltd.\*) and part of the creditor’s rights. Please refer to the circular of Company dated 24 August 2015 for further information.

Beijing Hui Ji has built and currently operates certain high- and medium-pressure natural gas pipelines. It has obtained a natural gas sales quota of 980 million m<sup>3</sup> per year and designed pipeline transmission volume of nearly 4 billion m<sup>3</sup> of natural gas. In addition, it has established a business network involving the construction and operation of long-haul natural gas pipelines, urban gas and direct supply of natural gas to large industrial districts, covering Henan, Jiangsu and Fujian provinces of China. The aforesaid acquisition will strongly supplement and expand the Group’s existing business scope and customer base, and Beijing Hui Ji’s leading position in the middle-and-upper-stream of the industry and its accumulated resources and experience will provide the Group with strategic advantages and competitiveness as well as bring huge financial benefits to the Group.

## Management Discussion and Analysis (Continued)

### Investment in Gas Refilling Stations

As at 30 June 2015, the Group had a total of 38 operating gas refilling stations, while over 12 gas refilling stations were under construction. The Group made great efforts to develop natural gas for transportation by establishing alliance and cooperation with transport enterprises and newspaper groups, and has plans for the construction of gas refilling stations along the expressways in order to quickly establish its national presence.

### Investments in LNG Processing Plants

As the development of the LNG market in China did not meet the Group's expectations, the Group adjusted and made new arrangements for its investments in the existing LNG projects. The Group's gas source base project in Changling County, Jilin Province, which had been expected to produce 100 million m<sup>3</sup> of LNG per year, has adjusted its production plan to produce 150,000 m<sup>3</sup> of CNG and LNG each on a daily basis. Currently the civil engineering work has been completed for phase I of the CNG project which is scheduled to conduct commissioning and commence operations in October 2015. For the LNG project, it is expected that civil engineering work will be finished and the relevant equipment will be installed on-site by the end of 2015, and that commissioning will start at the end of the second quarter of 2016. The Group's LNG processing plant project located in the Kai County (Chongqing) Industrial District, with an annual capacity of 400 million m<sup>3</sup> of LNG, has extended its functions as a LNG processing plant to include a comprehensive production-college-research base. Its phase I has a production capacity of 200 million m<sup>3</sup> of LNG per year and is expected to conduct commissioning in the end of 2016. Further development of the Group's coke oven gas-produced LNG source base project with 洛陽榕柘焦化有限責任公司 (Luoyang Rongtuo Coking Company Limited\*) with a designed annual capacity of 60 million m<sup>3</sup> of coke oven gas has been delayed.

### Long-haul Pipelines

The Group has three operating long-haul pipelines in Da'an City, Jilin Province, Pingdingshan City, Henan Province and Wujiang City, Jiangsu Province, with a total annual gas transmission capacity of 6 billion m<sup>3</sup>. The long-haul pipelines will lower the gas procurement costs of urban gas projects of the Group and provide strong support for the expansion of its projects along the pipelines. In the future, the Company will make full use of its gas source advantages brought by its long-haul pipelines and vigorously develop three traditional business activities.

### IFC and IFC Fund Becoming the Second Largest Shareholder of the Company

The Company entered into a subscription agreement and a policy agreement on 11 February 2015 with International Finance Corporation ("IFC") and IFC Global Infrastructure Fund, LP ("IFC Fund", "IFC" and "IFC Fund" collectively, the "Investors"). The subscription was completed on 15 May 2015. Each of IFC and IFC Fund subscribed for 90,844,804 shares in the Company and became the second largest shareholder of the Company. For details, please refer to the circular of the Company dated 21 April 2015 and the announcement of the Company dated 11 February 2015, 21 April 2015 and 15 May 2013.

On 27 March 2015, the Board was informed that (i) Mr. Zhang Yingcen ("Mr. Zhang"), Ms. Sun Yanxi and Mr. Zhang Daoyuan, as sponsors (the "Sponsors"), (ii) Chequers Development Limited, Gold Shine Development Limited and Tian Lun Group Limited (formerly known as Fortune Hill Group Limited) as special purpose vehicles owned directly and/or indirectly by one or more Sponsors (those special purpose vehicles, together with the Sponsors, the "Grantors"); and (iii) IFC and IFC Fund entered into a sponsors' agreement (the "Sponsors' Agreement"), pursuant to which the Grantors has, inter alia, granted the Put Option (as defined in the Sponsors' Agreement) to the IFC and IFC Fund and agreed to certain arrangements with respect to the shares of the Company owned directly and indirectly by the Grantors from time to time. Please refer to the announcement of the Company dated 27 March 2015 for further details.

## Management Discussion and Analysis (Continued)

IFC, a member of the World Bank Group, is a global investment and advisory institution. As an outstanding investment platform under the World Bank Group, IFC enjoys a good reputation in the world and has first-class talents and firsthand experience in environment, social and corporate governance aspects. The Company will take this opportunity to further enhance the Company's capability in areas such as corporate governance by learning from IFC's international experience and combining it with the Company's own situations. The entering into of the aforesaid subscription agreement and cooperation represents a great positive factor which will benefit the Company's overall branding and reputation in the international finance market.

### Human Resources

As at 30 June 2015, the total number of employees of the Group was 2,117. The Group remunerates its staff based on their individual performance, work experience and prevailing market standard.

The Group has adopted a series of policies and regulations to ensure its operation is conducted in better and more orderly manner, and fully empowered its management at various levels in order to motivate them and improve the decision-making and execution efficiency. Resources have been allocated to various regions and subsidiaries to provide strong support for their development. Through measures such as promotion of corporate culture, knowledge contests, trainings and visits, overseas exchange and introduction of systems, the Group has consolidated its strengths and reached consensus, which has helped to promote the integration of group companies and inspire the energy and creativity of veteran and new employees. In addition, the Group strived to create an environment of benign competition among its subsidiaries and employees by promoting model enterprises and individuals within the Group and encouraging learning from good models. As for talent selection and cultivation, the Group followed best practices within and outside the industry, and formed a rational, effective and systematic human resource system to ensure the efficiency of group operation.

### Information Management

In order to further improve standardized and refined management and enhance its core competitiveness, the Group established an information management center in the first half of 2015, which is responsible for the overall planning for the development and building of its centralized group information management and control system. In the first half of the year, the Group finished the deployment of a NC centralized financial accounting system and supply chain system. The Group also completed the integration of its billing systems for urban residents and industrial and commercial users and introduced multiple third-party payment and fee collection methods such as collection through banks, AliPay and Wechat. In addition, the Group launched a human resource management and control system and put in place group-wide systematic management of human resources, remuneration and work attendance. It also started to implement video monitoring and conducted a pilot program for remote video monitoring at Liyuan gas refilling station in Xuchang and Dunhua gas refilling station in Jilin. The building of the information team will collect valuable data and information for the Group at an early stage in preparation for the subsequent big data structuring and mining, which in turn will help to explore the underlying value of the Group's users at a deeper level and set a solid foundation for the implementation of information-based management of the Group.



### FINANCIAL REVIEW

#### Liquidity and Financial Resources

The Group has been adopting prudent policies in respect of financial resources management, including maintenance of an 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 2015, the Group's cash and cash equivalents amounted to approximately RMB770,793,000, of which 97.69% was denominated in Renminbi, 0.34% in Hong Kong Dollars and 1.97% in US Dollars. As at 30 June 2015, the Group's gearing ratio was approximately 58.29%, which was calculated based on the percentage of total liabilities over total assets.

#### Credit Structure

As at 30 June 2015, the Group's total borrowings were approximately RMB2,377,903,000 (31 December 2014: approximately RMB1,383,012,000), of which loans denominated in Renminbi were approximately RMB1,557,585,000 (31 December 2014: approximately RMB711,722,000), and loans denominated in US Dollars were approximately RMB820,318,000 (31 December 2014: loans denominated in US Dollars were approximately RMB671,290,000). Approximately 55.99% (31 December 2014: 47.75%) of the borrowings was accounted for as current liabilities. The long-term loans repayable within one year amounted to approximately RMB510,872,000.

In general, as all businesses of the Group are situated in the PRC, substantially all of its revenue and expenses are denominated in Renminbi except the loans denominated in US Dollars (equivalent to approximately RMB820,318,000) 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 2015, the Group had no material contingent liabilities (31 December 2014: Nil).

### AWARDS

Following the award of the title of the "Enterprises with Most Potential in the PRC" for 2012 and 2014 in Forbes' Chinese edition, the Company is the only listed natural gas company named in such list for the third time in April 2015, which has demonstrated the recognition of the Company's growth potential.

### OUTLOOK

In the first half of the year, China's economy maintained steady growth in general, while the downward pressure on real economy remained and there was an apparent trend of deepening reforms. In order to maintain the stability of macro economy, China has introduced a variety of policies and measures to stimulate economic growth, which has brought to the gas industry favorable factors such as deepening reforms, pricing adjustments and stabilizing property industry. In the first half of the year, the Group's overall performance continued to improve, with further expansion of its business presence and group-wide management and control becoming more efficient and established. In addition, the Group acquired two operating long-haul pipelines through project acquisitions, which signifies the formal expansion of the Group into the upper-stream long-haul pipeline business. Furthermore, the Company finished an equity financing transaction with IFC and IFC Fund, and collectively IFC and IFC Fund have become the second largest shareholder of the Company.

## Management Discussion and Analysis (Continued)

In the second half of the year, the Group will strive to capture the opportunities arising from favorable factors including China's natural gas policies and economic environment by adhering to its development strategy of “urban gas as basis, gas resource bases as support, vigorously developing transport gas, and developing long-haul pipeline business as opportunities arise” (城市燃氣為基礎，氣源基地為後盾，大力發展交通燃氣，擇機發展長輸管線). It will focus its investments in the second half of the year on its self-owned investment projects including transport gas, long-haul pipelines and township gas use promotion and continue to improve its management and the quality of its customer services in order to maximize the returns to its shareholders.

## SUBSEQUENT EVENTS

### Acquisition of an Urban Gas Project in Fenghuang County, Tujia-Miao Autonomous Prefecture of Xiangxi, Hunan Province

On 7 July 2015, Henan Tian Lun entered into an equity transfer agreement with Mr. Xiang Zhi Jun (向致軍) and 湖南中油致遠燃氣有限公司 (Hunan Zhongyou Zhiyuan Gas Co., Ltd.\*), pursuant to which Henan Tian Lun conditionally agreed to acquire 100% equity interest in 鳳凰縣中油致遠燃氣有限公司 (Fenghuang Zhongyou Zhiyuan Gas Co., Ltd.\*), so as to acquire the pipeline gas operating right and the exclusive vehicle gas operating right in Fenghuang County, Hunan Province.

Currently there is no supply of natural gas in Fenghuang County, implying promising prospects for the development of local natural gas market. In addition, Fenghuang County is a national class 4A scenic spot and was included in the World Heritage Tentative List for China in 2006. There are prosperous food and beverage and hotel industries in local area, which indicates there is strong potential for the development of commercial gas users. The acquisition of the project in Fenghuang County, Hunan Province will further strengthen the synergies created by the Group's existing urban gas projects in Hunan Province and in the surrounding areas and further enable the Group to expand its size of operation and bring great economic benefits.

### Acquisition of an Urban Gas Project in Qian'an County, Songyuan City, Jilin Province

On 28 July 2015, Henan Tian Lun entered into an equity transfer agreement with 內蒙古聖泰能源投資集團有限公司 (Inner Mongolia Shengtai Energy Investment Co., Ltd.\*), pursuant to which Henan Tian Lun conditionally agreed to acquire 90% equity interest in 乾安縣日新燃氣有限公司 (Qian'an Rixin Gas Co., Ltd.\*), so as to acquire an urban gas project in Qian'an County, Songyuan City, Jilin Province.

Located in northwest of Jilin Province, Qian'an County has formed synergies with the Group's projects in Qianguo County, Changling County, Tongyu County and Da'an City. In addition, with the passing through of Changchun-Baicheng Railway and the Tongliao-Ranghulu Railway, the criss-crossing of Daqing-Guangzhou Expressway and the Wuchang-Youyizhongqi Expressway, and first- and second-class roads extending in all directions, a complete passenger transport network has been formed with huge accessibility advantage. Gas source of pipeline gas in Qian'an County is supplied by Qianxin intermediate station of Jilin Oilfield, which has provided a stable gas source for its future development of local users. The acquisition of the urban gas project in Qian'an County will lower the gas procurement costs of operating urban gas projects of the Group in northeastern China, drive the development of projects in the surrounding areas, and connect its existing projects with those new projects to form a regional monopoly.

\* For identification purpose only

## OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2015, the interests and short positions of the Directors and chief executives of the Company in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

#### 1. Long Positions in the Shares and underlying Shares:

Name	Capacity/ Nature of Interest	Number of Shares Held	Number of underlying Shares Held	Approximate percentage of the Company's total issued share capital
Mr. Zhang Yingcen	Beneficial owner (Note 1)	—	181,689,608	18.00%
	Interest of controlled corporation (Notes 2 and 3)	527,025,800	545,068,824	106.19%
	Interest of spouse (Note 4)	5,722,500	181,689,608	18.56%
Mr. Xian Zhenyuan	Beneficial owner (Note 5)	—	4,000,000	0.40%
	Interest of controlled corporation (Note 6)	12,829,500	—	1.27%
Mr. Feng Yi	Beneficial owner (Note 7)	—	600,000	0.06%
Ms. Li Tao	Beneficial owner (Note 8)	—	600,000	0.06%
Mr. Sun Heng	Beneficial owner (Note 9)	—	600,000	0.06%

## Other Information (Continued)

### 2. Long Positions in the Ordinary Shares of the Associated Corporation:

Name of Director	Name of the associated corporation	Capacity/ Nature of interest	Number of Shares held	Percentage of interests in the associated corporation
Mr. Zhang	Tian Lun Group Limited	Interest of controlled corporation	10	100

Notes:

1. The Grantors assume joint and several obligations to purchase the Put Shares (as defined in the circular of the Company dated 21 April 2015). Accordingly, assuming the Investors elect to exercise the Put Option (as defined in the circular of the Company dated 21 April 2015) in full against Mr. Zhang only, Mr. Zhang is obliged to purchase the Put Shares, being 181,689,608 Shares.

2. Gold Shine Development Limited is interested in 463,297,800 Shares through its wholly-owned subsidiary, namely Tian Lun Group Limited. The entire issued share capital of Gold Shine Development Limited is owned as to 60% by Mr. Zhang. Therefore, Mr. Zhang is deemed or taken to be interested in all the Shares and underlying Shares held by Tian Lun Group Limited for the purposes of the SFO.

Chequers Development Limited is wholly-owned by Mr. Zhang, which is interested in 63,728,000 Shares. Therefore, Mr. Zhang is also deemed or taken to be interested in all the Shares and underlying Shares held by Chequers Development Limited for the purposes of the SFO.

Mr. Zhang is the director of Gold Shine Development Limited, Tian Lun Group Limited and Chequers Development Limited.

3. The Grantors assume joint and several obligations to purchase the Put Shares under the Sponsors' Agreement. Accordingly, assuming the Investors elect to exercise the Put Option in full against the Sponsors' SPVs (as defined in the circular of the Company dated 21 April 2015) only, the Sponsors' SPVs, as a group, is obliged to purchase the Put Shares, being 181,689,608 Shares. Such underlying 545,068,824 Shares represent the aggregation of the maximum number of the Put Shares that may be put by the Investors to each of the Sponsors' SPVs in such circumstances.

4. Ms. Sun, the spouse of Mr. Zhang holds 5,722,500 Shares through her individual security account. Therefore, Mr. Zhang is deemed or taken to be interested in all Shares held by Ms. Sun for the purpose of the SFO.

The Grantors assume joint and several obligations to purchase the Put Shares under the Sponsors' Agreement. Accordingly, assuming the Investors elect to exercise the Put Option in full against Ms. Sun only, Ms. Sun is obliged to purchase the Put Shares, being 181,689,608 Shares.

5. These 4,000,000 underlying Shares represent the 4,000,000 Shares which may be allotted and issued to Mr. Xian Zhenyuan upon full exercise of the share options granted under the share option scheme adopted by the Company on 13 October 2010 (each share option granted under the share option scheme is referred to as "Share Option" and each Share Option shall entitle the holder thereof to subscribe for one Share) to him.

6. Mr. Xian Zhenyuan beneficially owns 80.0% of the issued share capital of Pleasant New Limited, which in turn owns 12,829,500 Shares. Therefore, Mr. Xian is deemed or taken to be interested in all the Shares held by Pleasant New Limited for the purposes of the SFO. Mr. Xian is the sole director of Pleasant New Limited.

## Other Information (Continued)

7. These 600,000 underlying Shares represent the 600,000 Shares which may be allotted and issued to Mr. Feng Yi upon full exercise of the Share Options granted to him.
8. These 600,000 underlying Shares represent the 600,000 Shares which may be allotted and issued to Ms. Li Tao upon full exercise of the Share Options granted to her.
9. These 600,000 underlying Shares represent the 600,000 Shares which may be allotted and issued to Mr. Sun Heng upon full exercise of the Share Options granted to him.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, the underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2015, as recorded in the register required to be kept by the Company under Section 336 of the SFO, the following persons (except the Directors and chief executives of the Company) had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

### Long positions in the Shares and the underlying Shares

Name	Capacity/Nature of Interest	Number of Shares held	Number of underlying Shares held	Approximate percentage of issued share capital of the Company
Tian Lun Group Limited (Notes 1, 2 and 3)	Beneficial owner	463,297,800	181,689,608	63.88
Gold Shine Development Limited (Notes 1, 2 and 4)	Beneficial owner	—	181,689,608	18.00
	Interest of controlled corporation	463,297,800	181,689,608	63.88
Chequers Development Limited (Notes 2 and 5)	Beneficial owner	63,728,000	181,689,608	24.31
Ms. Sun Yanxi (Note 6)	Beneficial interest	5,722,500	181,689,608	18.56
	Interest of spouse	527,025,800	726,758,432	124.18
Zhang Daoyuan (Note 7)	Beneficial interest	—	181,689,608	18.00



## Other Information (Continued)

Name	Capacity/Nature of Interest	Number of Shares held	Number of underlying Shares held	Approximate percentage of issued share capital of the Company
IFC Asset Management Company, LLC (Note 8)	Investment manager	90,844,804	—	9.00
IFC Fund, LP (Note 8)	Beneficial owner	90,844,804	—	9.00
IFC (Note 8)	Beneficial owner	90,844,804	—	9.00
	Interest of controlled corporation	90,844,804	—	9.00
China Precious Metal Resources Holdings Co., Ltd. (Note 9)	Interest of controlled corporation	81,975,500	—	8.12
Munsun Assets Management Ltd (Note 9)	Beneficial interest and interest of controlled corporation	81,975,500	—	8.12
Munsun Asset Management (Asia) Ltd (Note 9)	Investment manager	80,642,000	—	7.99
Munsun China Select Fund	Beneficial owner	52,672,500	—	5.22

### Notes:

- (1) The entire issued share capital of Tian Lun Group Limited is held by Gold Shine Development Limited. Tian Lun Group Limited owns 463,297,800 Shares. Therefore, Gold Shine Development Limited is deemed or taken to be interested in all the Shares and underlying Shares held by Tian Lun Group Limited for the purposes of the SFO.
- (2) The Grantors assume joint and several obligations to purchase the Put Shares under the Sponsors' Agreement.
- (3) Such 181,689,608 underlying Shares represent the maximum number of the Put Shares that may be put by the Investors to Tian Lun Group Limited under the Sponsors' Agreement.
- (4) Such 181,689,608 underlying Shares represent the maximum number of the Put Shares that may be put by the Investors to Gold Shine Development Limited under the Sponsors' Agreement.
- (5) Such 181,689,608 underlying Shares represent the maximum number of the Put Shares that may be put by the Investors to Chequers Development Limited under the Sponsors' Agreement.

## Other Information (Continued)

- (6) Gold Shine Development Limited is owned as to 60% by Mr. Zhang. Together with Notes (1), (3) and (4) above, Mr. Zhang is deemed or taken to be interested in all the Shares and the underlying Shares held by Tian Lun Group Limited for the purposes of the SFO.

Chequers Development Limited is wholly-owned by Mr. Zhang, which in turn owns 63,728,000 Shares. Together with Note (5) above, Mr. Zhang is also deemed or taken to be interested in all the Shares and underlying Shares held by Chequers Development Limited for the purposes of the SFO.

Mr. Zhang may be obliged to purchase the 181,689,608 underlying Shares, representing the maximum number of the Put Shares that may be put by the Investors to Mr. Zhang under the Sponsors' Agreement.

Ms. Sun is the spouse of Mr. Zhang, and therefore Ms. Sun is deemed or taken to be interested in all the Shares and the underlying Shares in which Mr. Zhang is interested and may be obliged to purchase respectively for the purpose of the SFO.

Ms. Sun holds 5,722,500 Shares through her individual security account and may be obliged to purchase the 181,689,608 underlying Shares, representing the maximum number of the Put Shares that may be put by the Investors to Ms. Sun under the Sponsors' Agreement.

- (7) Such 181,689,608 underlying Shares represent the maximum number of the Put Shares that may be put by the Investors to Mr. Zhang Daoyuan under the Sponsors' Agreement.
- (8) These 90,844,804 Shares are held by IFC Fund, which is owned as to 100% by IFC. IFC also owns the entire issued share capital of IFC Asset Management Company, LLC. IFC is deemed or taken to be interested in all the Shares held by IFC Fund for the purposes of the SFO.
- (9) Munsun Assets Management Ltd beneficially owns 1,333,500 Shares.

Munsun Assets Management Ltd owns the entire issued share capital of Munsun Asset Management (Asia) Ltd, which owns 80,642,000 Shares. Munsun Assets Management Ltd is deemed or taken to be interested in all the Shares held by Munsun Asset Management (Asia) Ltd for the purpose of the SFO.

China Precious Metal Resources Holdings Co., Ltd. owns the entire issued share capital of Munsun Assets Management Ltd. China Precious Metal Resources Holdings Co., Ltd. is deemed or taken to be interested in all the Shares held by Munsun Assets Management Ltd..

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any interests or short positions in the Shares and the underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO, except those held by the Directors or chief executives of the Company.

## Other Information (Continued)

### INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the Reporting Period (30 June 2014: Nil).

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

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any shares of the Company.

### 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 (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all the 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 Reporting Period.

### AUDIT COMMITTEE

During the Reporting Period, the audit committee of the Company (the "Audit Committee") consisted of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Mr. Zhang Jiaming (resigned on 1 September 2015) 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 Reporting Period.

Mr. Yeung Yui Yuen Michael has been appointed as an independent non-executive Director, a member of the audit committee, remuneration committee and nomination committee of the Company with effect from 1 September 2015. For details, please refer to the announcement of the Company dated 1 September 2015.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 RMB'000 Unaudited	2014 RMB'000 Unaudited
Revenue	5	990,840	574,759
Cost of sales		(717,804)	(372,574)
<b>Gross profit</b>		<b>273,036</b>	202,185
Distribution costs		(8,867)	(7,935)
Administrative expenses		(47,220)	(37,230)
Other gains — net		7,928	1,352
<b>Operating profit</b>		<b>224,877</b>	158,372
Finance income		34,418	25,809
Finance costs		(50,968)	(30,198)
Finance costs — net	9	(16,550)	(4,389)
Share of post-tax losses of associate		(63)	—
<b>Profit before income tax</b>		<b>208,264</b>	153,983
Income tax expense	8	(56,195)	(38,320)
<b>Profit for the period</b>		<b>152,069</b>	115,663
Other comprehensive income for the period, net of tax		—	—
<b>Total comprehensive income for the period</b>		<b>152,069</b>	115,663
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		136,917	103,244
Non-controlling interests		15,152	12,419
		<b>152,069</b>	115,663
<b>Earnings per share for profit attributable to owners of the Company (RMB per share)</b>			
— Basic earnings per share		0.16	0.12
— Diluted earnings per share		0.16	0.12

The notes on pages 20 to 38 form an integral part of this unaudited interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,806,221	1,059,722
Investment properties	11	7,978	8,203
Lease prepayments	11	142,011	118,477
Intangible assets	11	2,443,183	1,282,233
Investments accounted for using equity method		50,358	49,894
Deferred income tax assets		4,523	3,676
Available-for-sale financial assets		42,170	—
Trade and other receivables	12	15,872	11,917
Other non-current assets		18,673	10,612
<b>Total non-current assets</b>		<b>4,530,989</b>	<b>2,544,734</b>
<b>Current assets</b>			
Inventories		73,019	76,709
Trade and other receivables	12	536,958	480,140
Available-for-sale financial assets		—	2,000
Financial assets at fair value through profit or loss	14	338,660	331,474
Restricted cash		22,151	22,121
Cash and cash equivalents		770,793	263,584
<b>Total current assets</b>		<b>1,741,581</b>	<b>1,176,028</b>
<b>Total assets</b>		<b>6,272,570</b>	<b>3,720,762</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	13	8,509	7,077
Share premium	13	1,369,169	454,188
Reserves		71,487	68,366
Retained earnings		753,253	616,336
		<b>2,202,418</b>	<b>1,145,967</b>
<b>Non-controlling interests</b>		<b>414,000</b>	<b>329,867</b>
<b>Total equity</b>		<b>2,616,418</b>	<b>1,475,834</b>



## Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2015

		Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000 (Restated)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	17	130,717	158,749
Borrowings	15	1,046,408	722,609
Deferred income tax liabilities	16	300,737	158,036
<b>Total non-current liabilities</b>		<b>1,477,862</b>	<b>1,039,394</b>
<b>Current liabilities</b>			
Trade and other payables	17	614,469	349,561
Advance from customers		181,263	144,458
Current income tax liabilities		51,063	51,112
Borrowings	15	1,331,495	660,403
<b>Total current liabilities</b>		<b>2,178,290</b>	<b>1,205,534</b>
<b>Total liabilities</b>		<b>3,656,152</b>	<b>2,244,928</b>
<b>Total equity and liabilities</b>		<b>6,272,570</b>	<b>3,720,762</b>
<b>Net current assets</b>		<b>(436,709)</b>	<b>(29,506)</b>
<b>Total assets less current liabilities</b>		<b>4,094,280</b>	<b>2,515,228</b>

The notes on pages 20 to 38 form an integral part of this unaudited interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share Capital RMB'000 Note 13	Share premium RMB'000 Note 13	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance as at 1 January 2015</b> (as previously reported)	7,077	454,188	68,366	616,336	1,145,967	329,867	1,475,834
<b>Comprehensive income</b>							
Profit for the period	—	—	—	136,917	136,917	15,152	152,069
Issuance of shares	1,432	914,981	—	—	916,413	—	916,413
<b>Transaction with owners</b>							
Acquisition of subsidiaries	—	—	—	—	—	69,816	69,816
Grant of share options	—	—	3,121	—	3,121	—	3,121
Dividends paid to non-controlling interests	—	—	—	—	—	(835)	(835)
<b>Balance as at 30 June 2015</b>	<b>8,509</b>	<b>1,369,169</b>	<b>71,487</b>	<b>753,253</b>	<b>2,202,418</b>	<b>414,000</b>	<b>2,616,418</b>

	Attributable to owners of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share Capital RMB'000 Note 13	Share premium RMB'000 Note 13	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
<b>Balance as at 1 January 2014</b> (as previously reported)	7,077	454,188	34,109	424,594	919,968	170,428	1,090,396
<b>Comprehensive income</b>							
Profit for the period	—	—	—	103,244	103,244	12,419	115,663
<b>Transaction with owners</b>							
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
<b>Balance as at 30 June 2014</b>	<b>7,077</b>	<b>454,188</b>	<b>39,641</b>	<b>527,838</b>	<b>1,028,744</b>	<b>258,962</b>	<b>1,287,706</b>

The notes on pages 20 to 38 form an integral part of this unaudited interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited
<b>Cash flows from operating activities</b>		
Cash generated from operations	253,625	151,199
Interest paid	(73,995)	(34,657)
Income tax paid	(59,129)	(48,983)
Net cash generated from operating activities	120,501	67,559
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(92,927)	(107,934)
Increase in lease prepayments	—	(8,690)
Purchases of intangible assets	(202)	(1,702)
Purchases of available-for-sale financial assets	—	(230,500)
Disposal of available-for-sale financial assets	2,001	230,714
Purchases of financial assets at fair value through profit or loss	—	(100,000)
Disposal of financial assets at fair value through profit or loss	2,000	—
Net cash outflow for the acquisition of subsidiaries	(979,946)	(378,256)
Proceeds from disposal of property, plant and equipment and investment properties	928	3,369
Investment income derived from financial assets at fair value through profit or loss	20,563	18,509
Interest received	4,072	2,447
Changes in restricted cash	(30)	—
Loan repayment from third party	50,000	—
Net cash used in investing activities	(993,541)	(572,043)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	1,194,415	390,572
Repayments of borrowings	(731,124)	(141,140)
Issuance of shares	916,413	—
Dividends paid to non-controlling interests	(468)	—
Capital injection from non-controlling interests	—	2,450
Net cash generated from financing activities	1,379,236	251,882
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>506,196</b>	<b>(252,602)</b>
Cash and cash equivalents at beginning of the period	263,584	576,402
Exchange gains	1,013	890
<b>Cash and cash equivalents at end of the period</b>	<b>770,793</b>	<b>324,690</b>

The notes on pages 20 to 38 form an integral part of this unaudited interim condensed consolidated financial information.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 (the “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.

The Group is controlled by Mr. Zhang Yingcen and his wife (the “Controlling Shareholders”).

This unaudit condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This unaudited condensed interim financial information was approved by the Board of Directors for issue on 31 August 2015.

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 2015 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 2014, which have been prepared in accordance with HKFRSs.

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

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 this 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 2014, with the exception of changes in estimates that are required in determining the provision for income taxes.

### 5 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.



## Notes to Interim Condensed Consolidated Financial Statements (Continued)

### 5 SEGMENT INFORMATION *(continued)*

The segment information provided to the senior executive management team for the reportable segments for the period ended 30 June 2015 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	706,700	272,160	11,980	—	990,840
Gross profit	81,896	185,408	5,732	—	273,036
Distribution expenses				(8,867)	(8,867)
Administrative expenses				(47,220)	(47,220)
Other gains — net				7,928	7,928
<b>Operating profit</b>					<b>224,877</b>
Finance expenses — net				(16,550)	(16,550)
Share of post-tax losses of associate				(63)	(63)
<b>Profit before income tax</b>					<b>208,264</b>
Income tax expense				(56,195)	(56,195)
<b>Profit for the period</b>					<b>152,069</b>

## 5 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 expenses				(7,935)	(7,935)
Administrative expenses				(37,230)	(37,230)
Other gains — net				1,352	1,352
<b>Operating profit</b>					158,372
Finance expenses — net				(4,389)	(4,389)
<b>Profit before income tax</b>					153,983
Income tax expense				(38,320)	(38,320)
<b>Profit for the period</b>					115,663

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 2015, the revenue from single client Wujiang nanbo glass company is RMB123,742,000, approximately 12% of the Group's total revenue (For the six months ended 30 June 2014: Nil).

## 6 BUSINESS COMBINATIONS

On 31 January 2015, the Group acquired 100% of the equity interests of Li Quan County Hong Yuan Natural Gas Co. Limited (“Li Quan Hong Yuan”) and Qian County Hong Yuan Natural Gas Co. Limited (“Qian County Hong Yuan”), both of them are independent third party companies incorporated in the PRC with limited liability, and engage in construction of natural gas pipelines, and the distribution and sales of natural gas in Xianyang city, Shanxi Province, the PRC with a total consideration of RMB286,000,000.

On 31 March 2015, the Group acquired 100% of the equity interests of Beijing Hui Ji Tai Zhan Investment Company Limited (“Beijing Huiji”), and as a result the Group acquired 100% equity interest of Beijing Huiji Energe Holding Company Limited (“Beijing Energe”), 90% equity interest of Henan Huiji Energe Company Limited (“Henan Huiji”), 85% equity interest of Wujiang Gas Pipeline Company Limited (“Wujiang Gas”), and 100% equity interest of Sanming Huiji Company Limited (“Sanming Huiji”). Beijing Huiji and its subsidiaries are independent third party company incorporated in the PRC with limited liability, and engage in the investment and construction of long-distance gas pipeline and urban gas pipeline, and transportation and distribution of natural gas in Pingdingshan city of Henan Province, Wujiang district of Jiangsu Province and Sanming city of Fujian Province in the PRC. The maximum consideration was RMB860,000,000.

The goodwill of approximately RMB630,599,000 arise from number of factors including expected synergies through combining a highly skilled workforce and obtaining greater production efficiencies through knowledge transfer; obtaining economies of scale by cost reductions from purchasing efficiencies, price reductions and greater volume rebates from suppliers; and unrecognised assets such as the workforce.

### 6.1 The consideration paid for the acquisitions, the provisional fair value of assets acquired, liabilities assumed and the non-controlling interests at the respective acquisition dates:

	<b>Li Quan Hong Yuan &amp; Qian County Hong yuan RMB'000</b>	<b>Beijing Huiji RMB'000</b>	<b>Total RMB'000</b>
Consideration for purchase:			
— Cash	257,400	790,000	1,047,400
— Contingent Consideration	28,600	54,946	83,546
<b>Total consideration</b>	<b>286,000</b>	<b>844,946</b>	<b>1,130,946</b>
<b>Consideration for acquisition</b>	<b>286,000</b>	<b>844,946</b>	<b>1,130,946</b>

## 6 BUSINESS COMBINATIONS *(continued)*

### 6.1 The consideration paid for the acquisitions, the provisional fair value of assets acquired, liabilities assumed and the non-controlling interests at the respective acquisition dates: *(continued)*

	Li Quan Hong Yuan & Qian County		
	Hong yuan	Beijing Huiji	Total
	RMB'000	RMB'000	RMB'000
<b>Recognised amounts of identifiable assets acquired and liabilities assumed:</b>			
Cash and cash equivalents	3,932	26,533	30,465
Property, plant and equipment	60,112	614,147	674,259
Intangible assets	112,919	436,706	549,625
Lease prepayments	2,812	20,158	22,970
Investments accounted for using the equity method	—	527	527
Inventories	1,707	558	2,265
Trade and other receivables	5,816	152,941	158,757
Available-for-sale financial assets	—	42,170	42,170
Deferred tax assets	—	1,369	1,369
Other non-current assets	3	2,318	2,321
Other current assets	—	21,125	21,125
Borrowing	(10,000)	(525,000)	(535,000)
Current income tax liabilities	—	(1,095)	(1,095)
Trade and other payables	(17,794)	(162,836)	(180,630)
Advance from customers	(11,518)	(62,434)	(73,952)
Deferred tax liabilities	(28,230)	(116,783)	(145,013)
Total identifiable net assets	119,759	450,404	570,163
Non controlling interest	—	(69,816)	(69,816)
Goodwill	166,241	464,358	630,599
Consideration for acquisition	286,000	844,946	1,130,946

## Notes to Interim Condensed Consolidated Financial Statements (Continued)

### 6 BUSINESS COMBINATIONS *(continued)*

#### 6.1 The consideration paid for the acquisitions, the provisional fair value of assets acquired, liabilities assumed and the non-controlling interests at the respective acquisition dates: *(continued)*

	Li Quan Hong Yuan & Qian County Hong yuan RMB'000	Beijing Huiji RMB'000	Prior acquisitions RMB'000	Total RMB'000
Outflow of cash to acquire business, net of cash acquired:				
— Cash consideration (i)	257,400	690,000	63,011	1,010,411
— Cash and cash equivalents in subsidiary acquired	(3,932)	(26,533)	—	(30,465)
	253,468	663,467	63,011	979,946

- (i) As at 30 June 2015, the Group did not fully pay all the cash consideration in relation the acquisition of equity of Beijing Huiji.

## 6 BUSINESS COMBINATIONS *(continued)*

### 6.2 Business combination through purchase of subsidiaries in 2014 (restated):

As at 30 June 2015, the Group had completed the valuation of Shantou Cheughai and the finalisation of equity transferal consideration based on the relevant provisions in the equity transferal agreement. The following adjustments have been made to retrospectively adjust the provisional amounts recognised at the date of acquisition.

	<b>Shantou Cheughai Amounts recognised (provisional basis) as at 30 April 2014 RMB'000</b>	<b>Shantou Cheughai Fair values adjustments RMB'000 (Restated)</b>	<b>Shantou Cheughai Amounts recognised (fair value) as at 30 April 2014 RMB'000 (Restated)</b>
Consideration:			
— Cash	186,876	—	186,876
— Contingent Consideration	20,124	44,395	64,519
Total consideration	207,000	44,395	251,395
Cash and cash equivalents	15,636	—	15,636
Property, plant and equipment	36,885	—	36,885
Intangibles:			
— Operating rights	111,350	—	111,350
— Network	85,103	—	85,103
Lease prepayments	15,135	—	15,135
Inventories	9,498	—	9,498
Trade and other receivables	55,886	—	55,886
Borrowing	(53,600)	—	(53,600)
Current income tax liabilities	(3,772)	—	(3,772)
Trade and other payables	(22,212)	—	(22,212)
Advance from customers	(5,332)	—	(5,332)
Deferred tax liabilities	(44,297)	—	(44,297)
Total identifiable net assets	200,280	—	200,280
Non controlling interest	(20,028)	—	(20,028)
Goodwill	26,748	44,395	71,143
Consideration for acquisition	207,000	44,395	251,395



### 6 BUSINESS COMBINATIONS *(continued)*

- (a) Acquisition-related costs of approximately RMB53,200 have been charged to administrative expenses in profit or loss for the period ended 30 June 2015.

**(b) Contingent consideration**

In accordance with the equity transferal agreement, the Group will pay consideration in cash of RMB28,600,000 if no disputes of the equity of Li Quan Hong Yuan and Qian County Hong Yuan and no findings of undisclosed obligation and contingent liabilities, and satisfying the requirements of payment agreed by both parties.

Based on the provisional contingent consideration arrangement, the Group will pay consideration with fair values of RMB54,950,000 if no disputes of the equity of Beijing Huiji and no findings of undisclosed obligation and contingent liabilities, and satisfying the requirements of payment agreed by both parties.

**(c) Acquired receivables**

The provisional fair value of trade and other receivables is approximately RMB158,757,000 and includes trade receivables with a provisional fair value of approximately RMB16,936,000, which is the gross contractual amount of the trade receivables.

**(d) Provisional fair value of acquired identifiable assets and liabilities**

The Group has engaged an independent valuer to identify the fair value of identifiable assets and liabilities acquired. The relevant valuations have not yet been completed and the provisional fair value represents management's current best estimates of the fair values at acquisition, which are subject to change.

**(e) Non-controlling interests**

The Group has chosen to recognise the non-controlling interests on a non-controlling interests proportion of the fair value for the acquisition.

**(f) Revenue and profit contribution**

The acquired businesses contributed aggregated revenues of approximately RMB265,756,000 and net profit of approximately RMB25,025,000 from the respective acquisition dates to 30 June 2015.

If the acquisitions had occurred on 1 January 2015, the consolidated revenue and net profit of the Group for the year ended 30 June 2015 would have been approximately RMB572,207,000 and RMB30,068,000.

## Notes to Interim Condensed Consolidated Financial Statements (Continued)

### 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	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
Raw materials and consumables used	597,694	296,049
Changes in inventories of finished goods and work in progress	8,800	(9,525)
Depreciation on property, plant and equipment (Note 11)	37,495	20,328
Depreciation on investment properties (Note 11)	225	232
Amortisation of lease prepayments (Note 11)	1,597	2,708
Amortisation of intangible assets (Note 11)	19,554	9,708
Gains/(losses) on disposal of property, plant and equipment and investment properties	(272)	1,138

### 8 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
Current income tax:		
— PRC corporate income tax	57,985	39,769
Deferred income tax	(1,790)	(1,449)
	56,195	38,320

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 30 June 2015 is 27% (the estimated tax rate for the six months ended 30 June 2014 was 26%).

## Notes to Interim Condensed Consolidated Financial Statements (Continued)

### 9 FINANCE COSTS — NET

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
Finance income		
Interest income on bank deposits and loan to third party	(4,849)	(2,447)
Investment gains on financial assets at fair value through profit or loss	(29,569)	(23,362)
	<b>(34,418)</b>	(25,809)
Finance expenses		
— Interest expense on borrowings	58,439	36,458
— Exchange gains	(4,370)	(890)
— Others	1,127	839
— Interest on other financial liabilities	5,797	—
Less: amounts capitalised on qualifying assets	(10,025)	(6,209)
	<b>50,968</b>	30,198
	<b>16,550</b>	4,389

### 10 DIVIDENDS

No dividends had been paid or declared by the Company for the six months ended 30 June 2015 (six months ended 30 June 2014: 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 RMB'000	Investment properties RMB'000	Lease prepayments RMB'000	Intangible assets RMB'000	Total RMB'000
Six months ended 30 June 2015					
Net book amount as at 1 January 2015 (Restated)	1,059,722	8,203	118,477	1,282,233	2,468,635
Additions	111,114	—	2,161	280	113,555
Acquisition of subsidiaries	674,259	—	22,970	1,180,224	1,877,453
Disposals	(1,379)	—	—	—	(1,379)
Depreciation charge	(37,495)	(225)	(1,597)	(19,554)	(58,871)
Net book amount as at 30 June 2015	1,806,221	7,978	142,011	2,443,183	4,399,393
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	953,522	8,448	128,221	1,318,186	2,408,377

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.

## Notes to Interim Condensed Consolidated Financial Statements (Continued)

### 12 TRADE AND OTHER RECEIVABLE

	<b>30 June 2015 RMB'000 Unaudited</b>	31 December 2014 RMB'000 Audited
Trade receivables	<b>232,215</b>	228,872
Bills receivable	<b>900</b>	1,080
Prepayments	<b>80,368</b>	45,119
Receivables due from related parties (Note 19)	<b>13,763</b>	14,317
Interests receivable	<b>11,049</b>	—
Dividends receivable	<b>9,247</b>	—
Other receivables	<b>160,561</b>	138,903
Loan to third party	<b>—</b>	50,000
Value-added-tax to be offset	<b>44,727</b>	13,766
	<b>552,830</b>	492,057
Less: long-term prepayments	<b>(15,872)</b>	(11,917)
Current portion	<b>536,958</b>	480,140

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:

	<b>30 June 2015 RMB'000 Unaudited</b>	31 December 2014 RMB'000 Audited
Less than 30 days	<b>163,728</b>	104,519
31 days to 90 days	<b>20,053</b>	27,475
91 days to 1 year	<b>26,262</b>	78,667
Over 1 year	<b>22,172</b>	18,211
	<b>232,215</b>	228,872

**13 SHARE CAPITAL AND SHARE PREMIUM**

	Number of shares	Ordinary shares RMB'000 Unaudited	Share premium RMB'000 Unaudited	Total RMB'000 Unaudited
Issued and fully paid:				
At 30 June 2015 (nominal value of HK\$0.01 each)	1,009,614,608	8,509	1,369,169	1,377,678
At 1 January 2015, 30 June 2014 and 1 January 2014 (nominal value of HK\$0.01 each)	827,925,000	7,077	454,188	461,265

**14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
Investment in trust	338,660	331,474

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.



## Notes to Interim Condensed Consolidated Financial Statements (Continued)

### 15 BORROWING

	<b>30 June 2015 RMB'000 Unaudited</b>	31 December 2014 RMB'000 Audited
Non-current	<b>1,046,408</b>	722,609
Current	<b>1,331,495</b>	660,403
	<b>2,377,903</b>	1,383,012

Movements in borrowings are analysed as follows:

	<b>RMB'000</b>
Six months ended 30 June 2015	
Opening amount as at 1 January 2015	<b>1,383,012</b>
Acquisition of subsidiaries (Note 6)	<b>535,000</b>
Proceeds from borrowings	<b>1,194,415</b>
Repayments of borrowings	<b>(731,124)</b>
Exchange gains	<b>(3,400)</b>
Closing amount as at 30 June	<b>2,377,903</b>

	<b>RMB'000</b>
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	1,312,950

Interest expense on borrowings and loans for the six months ended 30 June 2015 is approximately RMB58,439,000 (six months ended 30 June 2014: RMB36,458,000).

## 16 DEFERRED INCOME TAX LIABILITIES

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	Unaudited	Unaudited
Balance as at 1 January	158,036	63,975
Acquisition of subsidiaries	145,013	60,327
Credited to profit or loss	(2,312)	(91)
Balance as at 30 June	300,737	124,211

## 17 TRADE AND OTHER PAYABLES

	30 June	31 December
	2015	2014
	RMB'000	RMB'000
	Unaudited	Audited (restated)
Trade payables	205,527	115,581
Payables due to related parties (Note 19)	227	185
Bills payable	17,000	—
Accrued payroll and welfare	3,699	1,561
Interest payables	6,785	5,453
Dividends payable	2,859	—
Other taxes payable	18,362	7,143
Other payables	490,727	378,387
	745,186	508,310
Less: long-term other payables	(130,717)	(158,749)
Current portion	614,469	349,561

## Notes to Interim Condensed Consolidated Financial Statements (Continued)

### 17 TRADE AND OTHER PAYABLES (continued)

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

	<b>30 June</b> <b>2015</b> <b>RMB'000</b> <b>Unaudited</b>	31 December 2014 RMB'000 Audited
Less than 30 days	<b>32,322</b>	26,562
31 days to 90 days	<b>81,727</b>	36,688
91 days to 1 year	<b>61,832</b>	42,169
1 year to 2 years	<b>21,571</b>	6,203
2 years to 3 years	<b>6,854</b>	1,914
Over 3 years	<b>1,221</b>	2,045
	<b>205,527</b>	115,581

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

### 18 CONTINGENT LIABILITIES

As at 30 June 2015, 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 2015 and 2014, and balances arising from related party transactions as at 30 June 2015 and 31 December 2014.

## 19 RELATED PARTY TRANSACTIONS *(continued)*

### (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 Gas Engineering Investment Limited ("Henan Tianlun investment")	Controlled by the Controlling Shareholders

### (b) Significant related party transactions

There is no material related party transaction in this period.

### (c) Balances with related parties

	30 June 2015 RMB'000 Unaudited	31 December 2014 RMB'000 Audited
<b>Trade and other receivables</b>		
Other receivables due from Henan Tianlun investment	13,763	14,317
<b>Trade and other payables</b>		
Other payables due to Henan Tianlun investment	227	185

### (d) Key management compensation

	Six months ended 30 June	
	2015 RMB'000 Unaudited	2014 RMB'000 Unaudited
Basic salaries and allowances	4,490	3,249
Discretionary bonuses	687	351
Retirement benefit contributions	741	324
	<b>5,918</b>	<b>3,924</b>

## 20 EVENT AFTER THE BALANCE SHEET DATE

- (i) As at 7 July 2015, Henan Tianlun Gas Group Co. Ltd. (“Henan Tianlun”) signed the equity transfer agreement with Mr. Xiang Zhijun and Hunan Zhongyou Zhiyuan Gas Co. Ltd.. In accordance with the equity transfer agreement, Henan Tianlun agreed to purchase the 100% of equity interest of Fengxian County Zhongyou Zhiyuan Gas Co. Ltd. under specified conditions, and therefore obtained the exclusive operating rights of the pipelined gas and vehicle gas.
  
- (ii) As at 28 July 2015, Henan Tianlun signed the equity transfer agreement with Inner Mongolia Gushengtai Energy Investment Co. Ltd.. In accordance with the equity transfer agreement, Henan Tianlun agreed to purchase the 90% of the equity interest of Qianan County Rixin Gas Co. Ltd. under specified conditions, and therefore obtained the urgan gas project of Qianan County, Songyuan City, Jiling Province.