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

2016
INTERIM REPORT

We Are Here

TO PROVIDE CLEAN ENERGY

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MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The first half of the year was a period full of challenges for the overall gas industry as a result of the pressure from the decrease in gate station price of urban natural gas last year and the depreciation of Renminbi. However, China Tian Lun Gas Holdings Limited (the "Company) and its subsidiaries (collectively, the "Group") managed to maintain strong growth momentum and achieved strong performance of significant increase in its operating results by turning pressure into drivers. During the six months ended 30 June 2016 (the "Reporting Period"), revenue and gross profit of the Group amounted to approximately RMB1,290,000,000 and RMB328,000,000 respectively, representing increases of approximately 30.17% and approximately 20.15% respectively, as compared with those of approximately RMB991,000,000 and approximately RMB273,000,000 respectively for the corresponding period of last year. Profit attributable to owners of the Company amounted to approximately RMB151,000,000, representing an increase of approximately 10.22% as compared with that of approximately RMB137,000,000 for the corresponding period of last year. Excluding the effect of exchange gain or loss, profit attributable to owners of the Company during the Reporting Period would have been approximately RMB171,000,000, representing an increase of approximately 28.57% as compared with the corresponding period of last year. Gas sales volume of the Group was approximately 441 million m^3, representing a year-on-year increase of approximately 77.82%, which is higher than the average growth rate of apparent gas sales volume in the PRC of 9.8%. The total number of the Group's various gas users reached approximately 1,222,846.

BUSINESS REVIEW

Gas Pipeline Connection

During the Reporting Period, new connections to residential users and industrial and commercial users of the Group were approximately 93,663 and approximately 503, respectively. As at 30 June 2016, the Group had a total of approximately 1,214,652 residential users and approximately 8,194 industrial and commercial users (including approximately 1,824 commercial users of Chengdu Ming Sheng project which has been newly consolidated into the Group), representing increases of approximately 41.57% and 81.04%, respectively, as compared with the corresponding period of last year. Average connection fee paid by each residential user was RMB2,801 and average connection fee paid by each industrial and commercial user was RMB55,129.

Transportation and Sales of Gas

During the Reporting Period, total gas sales volume of the Group was approximately 441 million m^3, representing an increase of approximately 77.82% as compared with approximately 248 million m^3 for the corresponding period of last year. Pipeline gas distribution volume amounted to approximately 347 million m^3. Gas volume sold to residential users, industrial and commercial users, transportation gas users and urban gas users accounted for approximately 15.65%, 51.06%, 12.93% and 20.36%, respectively, of total gas sales volume. The average selling prices of natural gas sold by the Group to residential users, industrial and commercial users, transportation gas users (including retail and wholesale) and urban gas users (exclusive of tax) were approximately RMB2.27/m^3, RMB2.24/m^3, RMB2.54/m^3 and RMB1.80/m^3, respectively.

Gas sales volume to residential users increased by approximately 63.47% as compared with the corresponding period of last year, mainly due to the increase of approximately 41.57% in the number of the Group's residential users, as well as large sales volume to residential users of Ming Shen project in Sichuan, the results of which have been consolidated into the Group since this year. Excluding the gas sales volume to residential users of Ming Shen project in Sichuan, gas sales volume to residential users of other gas projects increased by approximately 36.54% as compared with the corresponding period of last year.

Gas sales volume to industrial and commercial users increased substantially by approximately 95.30% as compared with the corresponding period of last year. Excluding gas sale volume to industrial and commercial users of Hui Ji project, gas sales volume to industrial and commercial users of other gas projects of the Group still recorded a significant increase of approximately 68.07% as compared with the corresponding period of last year.

The Group places great importance not only on the increase in the number of its industrial and commercial users, but also on the improvement in the quality of newly developed industrial and commercial users. The Group continued to explore the potential needs for gas consumption of its existing industrial and commercial users, in particular the continuous growth of gas consumption of existing large industrial users. For instance, the gas consumption of Dongming Zhongxin Guo'an Chemicals Co., Ltd.* (東明中信國安化工有限公司), a user newly developed by the Group last year, experienced an explosive growth of gas consumption since March 2016 with current designed daily gas consumption of 40,000 m^3 and the company is making preparations for new production projects. Upon full production of these projects, its daily gas consumption is expected to further increase. During the Reporting Period, the gas consumption volume of new users developed in the north-western region of the PRC through the coal-to-gas conversion process such as Oriental Yuhong* (東方雨虹) and members of Baiyin Non-ferrous Metals Group* (白銀有色金屬集團) also increased, each with average designed daily gas consumption of over 40,000 m^3. In addition, the Group actively developed new industrial and commercial users. As at the end of the Reporting Period, the Group developed 574 new industrial and commercial users, of which the installation of gas equipment for over 500 users was completed and gas supply has already commenced or was ready to commence at any time. Among such users, Xuchang Tianchang International Tobacco Co., Ltd.* (許昌天昌國際煙草有限公司) developed by Xuchang Subsidiary and Sanming Jinye Flue-cured Tobacco Plant* (三明金葉烤煙廠) developed by Sanming Subsidiary have daily gas consumption of 20,000 m^3 and 10,000 m^3, respectively. In addition, leveraging on the opportunities brought by national energy reform, the Group actively promoted the development of coal-to-gas conversion and further developed potential users in the areas of its operation. Hebi Subsidiary recorded strong performance and developed several large industrial users for coal-to-gas conversion including Hebi Dongjiang Construction and Industrial Technology Co., Ltd.* (鶴壁東江建築工業科技有限公司) and Hebi Coal and Electricity Co., Ltd.* (鶴壁煤電股份有限公司) during the Reporting Period, each with a designed daily gas consumption of over 20,000 m^3. Furthermore, Hebi Subsidiary successfully entered into a cooperation framework agreement with Hebi Changye Chemicals Co., Ltd.* (鶴壁昌業化工有限公司), a key local user for coal-to-gas conversion with an expected daily gas consumption of 100,000 m^3. The Group's Subsidiaries project in the north-western region of the PRC also recorded satisfactory performance by successfully developing a number of industrial users with strong demand for gas including Baiyin Sanfeng Wenchuan Environment-Friendly Power Generation Co., Ltd.* (白銀三峰文船環保發電公司) and Shaanxi Hong'en Environment Projection Technology Co., Ltd.* (陝西宏恩環保科技有限公司). In addition, Baiyin Subsidiary entered into installation agreements with two additional industrial users with great potential, being another member of Baiyin Non-ferrous Metals Group (白銀有色金屬集團) and Gansu Dongfang Titanium Industry Co., Ltd.* (甘肅東方鈦業有限公司), each a leading local enterprise in the metallurgy and chemical industry with designed daily gas consumption of 40,000 m^3 and 110,000 m^3, respectively. As gas supply to the aforementioned industrial and commercial users commences, the Group believes that gas sales volume to the Group's industrial and commercial users will record strong and continuous growth.

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Transportation gas sales volume decreased by approximately 3.46% as compared with the corresponding period of last year, mainly because the oil price in the PRC remained at a low level in the first half of the year, resulting in weaker advantage of natural gas as an alternative energy against oil, and also because the decrease in business volume of traditional taxies due to the rise of internet vehicle calling services in the PRC. These two factors led to the decrease in the gas sales volume at the Group's CNG stations and in turn the decline in the sales volume of transportation gas in general. In the future, the Group will take into full consideration of the development status of the PRC transportation market and actively develop new types of customers, in particular emerging transportation gas users such as vehicle owners registered at internet vehicle deployment platforms.

In addition, as a result of full consolidation of the results of Hui Ji project into the Group, gas sales volume to urban gas users and pipeline gas distribution volume increased by approximately 187.92% and 76.14%, respectively, as compared to the corresponding period of last year (the results of Hui Ji project for the period from April to June only was consolidated for the same period in 2015). As the first quarter is a peak season of gas consumption for heating supply, gas sales volume to urban gas users following the consolidation of Hui Ji project showed significant growth as compared with the corresponding period of last year.

Development of New Projects

During the Reporting Period, the Group fully took over the operation and management of the two target companies relating to two gas projects which were both acquired by the Group late last year, being Henan Xi Chuan and Sichuan Ming Sheng, and had consolidated their financial results since February 2016. The strong profitability of Sichuan Ming Sheng project has already contributed to the interim results of the Group.

In addition, subsequent to the Reporting Period, the Group obtained a new urban gas project in Lechang City, Guangdong Province and obtained a total of 87% equity interest in Jilin Zhongji Dadi Gas Group Limited* (吉林省中吉大地燃氣集團有限公司) ("Zhongji Dadi") through acquisition of additional equity interest. As at the end of the Reporting Period, the Group had a total of 52 urban gas projects.

Acquisition of an urban gas project in Lechang City, Guangdong Province

On 12 May 2016, Beijing Hui Ji Tai Zhan Investment Company Limited* (北京慧基泰展投資有限公司), a wholly-owned subsidiary of the Company, entered into an agreement with Beijing Hui Tai Yuan He International Trading Co., Ltd.* (北京慧泰遠和國際貿易有限公司) to acquire 85% equity interest in Lechang Anshunda Pipeline Gas Co., Ltd.* (樂昌市安順達管道天然氣有限公司) in Guangdong Province ("Lechang Project Company") at a consideration of RMB56,000,000.

Lechang Project Company owns exclusive operating rights for a term of 30 years in urban areas of Lechang, Lechang Industry Relocation Industrial Park and vehicle gas refilling stations, two LNG gasification stations and medium-pressure pipelines with a total length of 14.3 kilometres. With approximately 560,000 local residents in Lechang, its gas penetration rate is less than 10%, much lower than average gas penetration rates of 50% to 60% in developed areas, which indicates strong potential for the development of local civil gas market. In addition, Lechang has well-developed industrial economy, with total gross domestic product of RMB10.7 billion for 2015. Lechang Industry Relocation Industrial Park, a focus of local government, is a provincial industry relocation industrial park and a key platform for driving local industrialization and urbanization. With a planned site area of 13,000 mus, the industrial park focuses on the development of textile, clothing and equipment manufacturing industries and is substantially completed for operation. The Group believes that the rapid growth of the industrial park and the increase in use of natural gas by local residents in Lechang will bring a strong driving force for the gas sales and gas pipeline connection business of Lechang Project Company.

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Acquisition of additional 36% equity interest in Zhongji Dadi

On 22 May 2016, Henan Tian Lun entered into an equity transfer agreement with Henan Tian Lun Engineering Investment Limited* (河南省天倫燃氣工程投資有限公司), a company controlled by Mr. Zhang Yingcen (an executive Director and a controlling shareholder of the Company), to acquire additional 36% equity interest in Zhongji Dadi at a total consideration of RMB191,000,000. Upon completion of the acquisition, Henan Tian Lun held a total of 87% equity interest in Zhongji Dadi. For further details, please refer to the announcement of the Company dated 23 May 2016.

North-eastern China in which Zhongji Dadi is located has become one of the most important core areas for the operation of the Group, and the Group has 10 urban gas projects, 16 transportation gas projects and a LNG processing project in such area. Prior to completion of the acquisition, the Group had 51% equity interest in Zhongji Dadi. Upon completion of the acquisition, the Group's equity interest in Zhongji Dadi was further increased to 87%. The Group believes that, the further integration of Zhongji Dadi into the Group is beneficial to strengthening the overall management and control of the Group on the gas business in the north-eastern region, thus further improving the profitability of Zhongji Dadi. Meanwhile, it helps enhance the size and profitability of the Group, comprehensively promoting the overall development of the Group's gas business and generating synergies.

As at the end of the Reporting Period, the Group had a total reserve for projects of approximately RMB1,763,000,000, providing sufficient capital support for its future project acquisitions and mergers. For the future expansion of new projects, the Group will focus on the acquisition of large-size gas groups and obtain multiple projects through acquisition in order to improve acquisition efficiency. In addition, the Group will put more efforts into the expansion of markets adjacent to its existing areas of operation, expand its business coverage in such areas, and boost the synergies between its new and existing projects in terms of operation management, project construction and gas source acquisition by consolidating its newly developed markets and existing areas of operation.

Investment in Gas Refilling Stations

As at 30 June 2016, the Group added 3 new operating gas refilling stations and had a total of 44 operating gas refilling stations and 13 gas refilling stations under construction. By sticking to its principle of "Self-construction as the Focus and Cooperation as the Supplement", the Group focused on areas including Henan, North-eastern China and Chongqing to cover areas along National Highway 107 and Yangtze River channel, and increased the number of gas refilling stations in surrounding areas to build a new regional development model.

Investment in LNG Processing Plants

As a result of slow growth of domestic LNG market at the moment, the Group adjusted and made new arrangements for its investments in existing LNG projects based on market conditions.

The Group has adjusted the planned daily production capacity of CNG and LNG at its LNG gas source base project in Changling County, Jilin Province to 150,000 m^3. As at 30 June 2016, CNG equipment of this project had commenced formal operation with a daily CNG production of over 70,000 m^3. The installation and commissioning of LNG equipment also commenced. Given the location advantage of the north-eastern China in which the Group operates and the Group's end distribution capability in such area, the Group is confident that as the project's operation and production becomes more mature, the Group's existing urban gas project cost will be lowered, which will further assist the Group in its development of potential markets in north-eastern China.

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In the meanwhile, the Group will also reasonably adjust its investment plan for the LNG processing plant in the Kai County (Chongqing) Industrial Park and actively develop local markets, while striving to establish cooperation with local government and enterprises in order to optimise the project plan in view of local market conditions.

Moreover, the Group's coke oven gas-produced LNG source base project under cooperation with Luoyang Rongtuo Coking Company Limited* (洛陽榕拓焦化有限責任公司) with a designed annual capacity of 60 million m^3 of coke oven gas was terminated, and the procedures for cancellation of business registration of Luoyang Rongtuo Coking Company Limited *(洛陽榕拓焦化有限責任公司), the project company, were completed in May 2016.

Long-haul Pipelines

As at the end of the Reporting Period, the Group had a total of four long-haul pipelines, three of which have been put into operation and are located in Da'an City, Jilin Province, Pingdingshan City, Henan Province and Wujiang City, Jiangsu Province, respectively, with a total annual gas transmission capacity of 5 billion m^3. For the Lushan-Ruzhou Pipeline Branch of the West-East Pipeline II of the Group which is under construction, as the site selected was in conflict with the planned railway line of the Zhengzhou-Wanzhou High-Speed Railway, currently the Group is actively coordinating with local government on site re-selection and planning. Upon completion, the project's designed annual gas transmission capacity will reach 680,000,000 m^3. The long-haul pipelines will lower the gas procurement costs of operating urban gas projects of the Group and provide strong support for the expansion of its projects along the pipelines. The Group is also actively striving to capture the opportunities for construction of new long-haul pipelines. In the future, the Group will make full use of its gas source advantages brought by its long-haul pipelines and devote great efforts in developing fundamental business.

HUMAN RESOURCES

As at 30 June 2016, the total number of employees of the Group was 2,366. The remuneration of employees of the Group are determined based on their work performance, work experiences and prevailing market rate.

During the Reporting Period, ten major modules of the human resources management and control system of the Group including organisation management, staff information and change management, labour contract management, remuneration management, social security and benefits management came online. The information management platform has enabled the standardized and regulated human resources management of the Group and its members.

In addition, the Group attaches great importance to the development of career skills of employees. Through internal selection of trainers and appointment of external lecturers, nearly 600 hours of training courses were provided to a total of over 550 employees through the combination of internal and external trainings, so as to ensure that all the employees at key positions will receive career trainings matching their positions. For the recruitment of staff and talented persons, in addition to normal campus recruitment and social recruitment, the Group introduced the recruitment concept of "Coming Home to Work at Tian Lun" in order to attract high-end talented persons with local origin, which will bring experienced experts to the Group in preparation for its rapid growth.

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INFORMATION MANAGEMENT

In view of its own management needs, the Group has conducted comprehensive and in-depth improvement of its four major functional business modules including centralized financial management, supply chain management and control, human resources management and control and user marketing and service system, which has increased the depth of information management of the functional business modules.

During the Reporting Period, in order to realize efficient and convenient management and control of capital operation and flow across the Group, the Group has fully updated its capital management and control system and established a new capital settlement centre through which it has realized a management model of "internal bank" connected to the systems of four major state-owned banks including Bank of China, Agricultural Bank of China, Industrial Bank of China and China Construction Bank. Such information management of "direct connection between banks and enterprises" has enabled the Group to realize dynamic supervision of the bank accounts of its members, which has lowered the finance cost and financial risk of the Group and enabled the coordinated development of all members of the Group. During the Reporting Period, the Group completed the installation and upgrading of the new capital management and control system at its major subsidiaries in Xuchang and Shangjie. In addition, the Group continued to improve its SCADA remote control system which had covered major gate stations, gas refilling stations and LNG stations of all of its members at the end of the Reporting Period, which has ensured that the central dispatch and control room at the headquarters of the Group and the application control rooms at its members can monitor on-site videos and the data of all of its production facilities in a real-time manner, and enabled all-around, multiple-viewpoint, no blind-zone and non-stop monitoring and real-time data transmission at all major stations of the Group. The Group also continued to promote and improve a unified fee collection system at its gas refilling stations and completed early preparations for the fee collection management platform for its gas refilling stations using the pilot "Card Management Platform". In the future, the Group will incorporate the data on gas sales and fees collected at its gas refilling stations in major regions of operation by way of data integration to realize an efficient and unified fee collection management system for its gas refilling stations.

FINANCIAL REVIEW

Revenue from Gas Pipeline Connection

During the Reporting Period, the Group's revenue from gas pipeline connection amounted to approximately RMB290,000,000, representing an increase of approximately 6.62% as compared with the corresponding period of last year and accounting for approximately 22.48% of the total revenue of the Group.

Revenue from Gas Sales

During the Reporting Period, the Group's gas sales volume recorded significant growth. Revenue from gas sales amounted to approximately RMB983,000,000, representing an increase of approximately 39.04% as compared with approximately RMB707,000,000 for the corresponding period of last year and accounting for approximately 76.20% of the total revenue of the Group. In particular, gas sales revenue from Hui Ji project amounted to approximately RMB450,000,000, and gas sales revenue from the other gas projects amounted to approximately RMB533,000,000, representing an increase of approximately 9.45% as compared with the corresponding period of last year.

Gross Profit Margin and Net Profit Margin

During the Reporting Period, the Group realized gross profit of approximately RMB328,000,000, representing an increase of approximately 20.15% as compared with the corresponding period of last year. The Group's gross profit margin and net profit margin amounted to approximately 25.43% and 12.98% respectively, being approximately 2.13 percentage points and 2.37 percentage points lower than those for the corresponding period of last year, mainly attributable to the increase of 4.86 percentage points in the gas sales revenue of the Group as a percentage of its total revenue as compared to the corresponding period of last year. Gross profit margin for gas pipeline connection business was approximately 67.74%, representing a slight decrease of approximately 0.38 percentage points as compared with the corresponding period of last year; gross profit margin for gas sales business was approximately 12.67%, representing an increase of approximately 1.08 percentage points as compared with the corresponding period of last year. Furthermore, considering the lower gross profit margin of the long-haul pipeline business of Hui Ji project than that of the urban gas sales of the Group, excluding the impact of Hui Ji project, gross profit margins of the other urban gas projects of the Group would further increase to 15.22%, representing an increase of approximately 2.67 percentage points as compared with the corresponding period of last year.

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 2016, the Group's cash and cash equivalents amounted to approximately RMB1,437,000,000, of which approximately 15.77% was denominated in Renminbi, approximately 0.10% in Hong Kong Dollars and approximately 84.13% in US Dollars. As at 30 June 2016, the Group's gearing ratio, calculated based on the percentage of total liabilities over total assets, was approximately 66.29%.

Credit Structure

As at 30 June 2016, the Group's total borrowings were approximately RMB4,177,000,000 (31 December 2015: approximately RMB2,737,000,000), of which borrowings denominated in Renminbi were approximately RMB1,850,000,000 (31 December 2015: approximately RMB1,627,000,000) and borrowings denominated in US Dollars were approximately RMB2,327,000,000 (31 December 2015: borrowings denominated in US Dollars of approximately RMB1,110,000,000). Approximately 28.80% (31 December 2015: approximately 31.06%) of borrowings were classified as current liabilities. Loans repayable within one year were approximately RMB1,203,000,000, of which approximately RMB964,000,000 was secured by the Group's properties and gas charge rights. As at 30 June 2016, cash and cash equivalents, current financial assets and available credit facilities amounted to approximately RMB1,763,000,000 in total, and the credit facilities obtained but unutilized by the Group amounted to approximately RMB388,000,000.

Exchange Risk Management

As at 30 June 2016, the Group's overseas loans denominated in US Dollars accounted for approximately 55.71% of its total borrowings, which was significantly lower than industry peers. The Group will continue to closely monitor the changes in exchange rates and strive to lower its finance costs through diversified arrangements, and will adopt necessary measures to lower its exchange risk as and when necessary.

Contingent Liabilities

As at 30 June 2016, the Group had no material contingent liabilities (31 December 2015: none).

Subsequent Events

Taking into account of the Group's strong performance and development potential, the Board is of the view that conducting share repurchases will further improve its net assets value per share and earnings per share. As at 28 July 2016, the Company had repurchased a total of 19,999,500 shares of the Company on a total of five occasions at the highest and lowest prices of HK$6.0 and HK$5.88 respectively, with the total consideration paid for the share repurchases of not more than HK$120,000,000. All repurchased shares had been cancelled on 10 August 2016.

Extension of Trust Period under the Trust Scheme

On 21 March 2012, Henan Tian Lun, a wholly-owned subsidiary of the Company and Zhongyuan Trust Company Limited ("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, the parties entered into a supplemental agreement (the "Supplemental Agreement") to the Investment Agreement, pursuant to which the Trust Period had been extended for a period of two years until 21 March 2016. On 21 March 2016, Henan Tian Lun and Zhongyuan Trust entered into another supplemental agreement, pursuant to which the Trust Period has been further extended for a period of one year until 21 March 2017. For details, please refer to the announcement of the Company dated 21 March 2016.

Loan Agreement and Condition in Respect of Specific Obligations of the Controlling Shareholder

On 1 December 2015, the Company (as borrower), Upsky Holdings Limited, Tian Lun New Energy Limited and Mr . Zhang Yingcen (as guarantor) ("Mr. Zhang") entered into a loan agreement (the "Loan Agreement") with a number of banks (as lenders) (the "Lenders") relating to a term loan facility in the amount of US$250,000,000 (the "Loan") with a tenor of three years commencing from the date of the drawdown of the Loan (which can be extended for two years upon maturity in accordance with the terms of the Loan Agreement).

Pursuant to the Loan Agreement, if Mr. Zhang fails to (i) be the single largest beneficial shareholder of the Company together with his family members; or (ii) be the chairman of the Board; or (iii) have management control (which shall be construed as having the ability to direct the affairs or policies of the Company and/or to control the composition of the majority of the members of the Board) over the Company, this will constitute a breach of terms of the Loan Agreement and lead to an event of default under the Loan Agreement. Upon the occurrence of an event of default under the Loan Agreement, the Lenders may, among others, declare that the Loan be cancelled and/or declare that all outstanding amount including all accrued interest of the Loan be immediately due and payable. As at the date of this report, all the terms of the Loan Agreement and the condition in respect of the specific obligations above have been duly complied with. For details, please refer to the announcement of the Company dated 1 December 2015.

OUTLOOK

Benefited from a series of policies announced by the PRC government with the aim of maintaining steady economic growth, the PRC economy operated steadily within a reasonable range in the first half of the year. In addition, as the first year in the 13th Five-year Plan, the first half of the year witnessed continuous market-oriented natural gas reform, and the PRC government is determined to push forward energy structure optimisation and reform. The decrease in the natural gas price is no doubt a strong driver for the natural gas market, which will stimulate potential demand for natural gas consumption in the industry. In the first half of the year, through more efficient and mature model of management and control and more refined operation and management mechanism, the Group not only achieved its objectives of operating results, but also minimized its operating cost, ensuring continuous strong growth of the overall results of the Group.

In the second half of the year, the Group will leverage on the favourable national policies for energy structure adjustment to adjust the general development strategies of the Group as and when appropriate in view of national macro-economic situations and the market conditions in the natural gas industry. For urban gas business development, on the one hand, the Group will actively seek new markets for gas through mergers and acquisitions and selectively acquire high-quality projects to meet the strong needs for the Group's future development. On the other hand, the Group will continue to optimise the model of operation and management of its existing projects in order to capture the opportunities brought by the urbanization and energy-saving industrial reform in the PRC, actively explore the value of potential residential users and industrial and commercial users of existing projects, and increase the contribution of existing projects to the operating results of the Group. In addition, the Group will strengthen the construction of its self-owned long-haul pipelines and gas refilling stations and actively develop surrounding markets through improved planning of laying routes of long-haul pipelines and locations of gas refilling stations. In the future, the Group will continue to make full use of its tradition of "Rapid Response and High Efficiency" to respond to market changes in a flexible manner and adjust its development strategies to vigorously promote the steady growth of its operating results. It will strive to provide higher returns to its shareholders and investors for their trust and better perform its social values and responsibilities as an enterprise in the clean energy industry.

Updates on Past Transactions

Subscription Agreements with IFC and IFC Fund

On 11 February 2015, International Finance Corporation ("IFC") and IFC Global Infrastructure Fund, LP ("IFC Fund") entered into a subscription agreement with the Company, pursuant to which each of IFC and IFC Fund subscribed for 90,844,804 shares in the Company (the "Subscription"). The Subscription was completed on 15 May 2015, and the Company received aggregate proceeds from the issue of subscription shares of approximately HK$1,163,000,000.

The Group made reasonable arrangements for the use of proceeds from the Subscription in accordance with its development needs. Approximately RMB400,000,000 was utilised for payment of consideration for acquisition of certain projects for 2015 and the first half of 2016, including mainly payment for part of consideration for Hui Ji project of approximately RMB260,000,000, payment for the remaining consideration for Shantou Chenghai project of approximately RMB59,000,000, payment for part of consideration for Hunan Fenghuang project of approximately RMB32,000,000, payment for part of consideration of acquisition of Qian'an project of approximately RMB15,000,000, and payment for the remaining consideration for other gas projects and other expenses. In addition, the Group utilised approximately RMB200,000,000 out of the proceeds from the Subscription to meet the capital needs of its projects under construction, including providing fund support for the construction of gas refilling stations and Changling LNG processing plant in 2015 and the first half of 2016, and to meet the capital needs of the day-to-day management and maintenance of its existing urban gas projects. In the future, the Group will make further reasonable arrangements for the use of the remaining proceeds from the Subscription in accordance with its capital expenditure plan.

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

On 27 March 2015, Henan Tian Lun entered into an equity transfer agreement (the "Equity Transfer Agreement") with Tianjin Qian Sheng Investment Partnership Enterprise (Limited Partnership)* (天津乾盛投資合夥企業(有限合夥)) and Tianjin Tai Zhan Asset Management Centre (Limited Partnership)* (天津泰展資產管理中心(有限合夥)) (collectively, the "Vendors"), pursuant to which Henan Tian Lun had agreed to acquire the entire equity interest in Beijing Hui Ji Tai Zhan Investment Company Limited* (北京慧基泰展投資有限公司). On 6 July 2015, Henan Tian Lun and the Vendors entered into a supplemental agreement (the "Supplemental Agreement") to the Equity Transfer Agreement. Under the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement), a sum of RMB26,000,000 shall be payable by Henan Tian Lun to the Vendors within 30 days after the date of fulfilment of the following conditions:

(a) the Vendors have procured the entering into of the first gas consumption agreement before 31 December 2015 between Henan Hui Ji Energy Limited* (河南慧基能源有限公司) ("Henan Hui Ji) and the industrial users under the Lushan-Ruzhou Pipeline Branch with the amount of total gas consumption reaching 100 million m^3 per year; and

(b) Henan Tian Lun has received not less than RMB30,000,000 from the industrial users as security deposit.

In addition, Henan Tian Lun and the Vendors further agreed that a sum of RMB40,000,000 shall be payable by Henan Tian Lun to the Vendors within 30 days after the date of fulfilment of the following conditions:

(a) the Vendors have procured the entering into of the second gas consumption agreement before 30 June 2016 between Henan Hui Ji and the industrial users under the Lushan-Ruzhou Pipeline Branch with the amount of total gas consumption reaching 200 million m^3 per year; and

(b) Henan Tian Lun has received not less than RMB50,000,000 from the industrial users as security deposit.

During the Reporting Period, as the site selected for the Lushan-Ruzhou Pipeline Branch was in conflict with the planned railway line of the Zhengzhou-Wanzhou High-Speed Railway, the Group is actively coordinating with local government on site re-selection and planning. As such, the overall project progress for the Lushan-Ruzhou Pipeline Branch is slower than expected. Under the provisions of the Supplemental Agreement, as the Vendors have failed to perform their obligations within the time limit prescribed by the Supplemental Agreement, Henan Tian Lun is not required to pay the aforesaid two sums of consideration.

* 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 2016, 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 (Chapter 571 of the Laws of Hong Kong) (the "SFO"), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (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/ Interested	Number of underlying Shares Held/ Interested	Approximate percentage of the Company's total issued Shares
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

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. On 27 March 2015, (i) Mr. Zhang Yingcen, Ms. Sun Yanxi and Mr. Zhang Daoyuan, as sponsors (collectively, 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) International Finance Corporation ("IFC") and IFC Global Infrastructure Fund, LP ("IFC Fund", "IFC" and "IFC Fund" collectively, the "Investors") entered into a sponsors' agreement (the "Sponsors' Agreement"), pursuant to which the Grantors have, inter alia, granted the Put Option (as defined in the circular of the Company dated 21 April 2015) to IFC and IFC Fund.

   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 the 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 to him 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).

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.

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 2016, 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' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2016, 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/ interested	Number of underlying Shares held/ interested	Approximate percentage of the Company's total issued Shares
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 (Notes 2 and 6)	Beneficial interest	5,722,500	181,689,608	18.56
	Interest of spouse	527,025,800	726,758,432	124.18

Name	Capacity/Nature of Interest	Number of Shares held/ interested	Number of underlying Shares held/ interested	Approximate percentage of the Company's total issued Shares
Zhang Daoyuan (Notes 2 and 7)	Beneficial interest	—	181,689,608	18.00
IFC Asset Management Company, LLC (Note 8)	Investment manager	90,871,200	—	10.98
IFC Global Infrastructure 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
Munsun Assets Management Ltd (Note 9)	Beneficial interest and interest of controlled corporation	63,065,849	—	6.25
Munsun Asset Management (Asia) Ltd. (Note 10)	Beneficial owner and investment manager	62,693,349	—	6.21
Munsun China Select Fund	Beneficial owner	52,672,500	—	5.22
Koo Yuen Kim	Beneficial owner	64,954,759	—	6.43
Munsun Absolute Fund	Beneficial owner	50,578,000	—	5.01
China Precious Metal Resources Holdings Co., Ltd. (Note 11)	Interest of controlled corporation	62,693,349	—	6.21

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.

(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 Global Infrastructure Fund, LP, 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 Global Infrastructure Fund, LP for the purposes of the SFO.

(9) These 63,065,849 Shares represent the 372,500 Shares beneficially held by Munsun Assets Management Ltd and the 62,693,349 Shares held by its controlled corporation.

(10) These 62,693,349 Shares represent the 51,565,000 Shares beneficially held by Munsun Asset Management (Asia) Ltd and the 11,128,349 Shares held by its controlled corporation.

(11) These Shares represent the 62,693,349 Shares beneficially held by Munsun Asset Management (Asia) Ltd. China Precious Metal Resources Holdings Co., Ltd. owns the entire issued share capital of Munsun Asset Management (Asia) Ltd. Therefore, China Precious Metal Resources Holdings Co., Ltd. is deemed or taken to be interested in all the Shares held by Munsun Asset Management (Asia) Ltd.

Save as disclosed above, as at 30 June 2016, 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.

SHARE OPTION SCHEME

In order to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 13 October 2010. The Scheme became unconditional on 10 November 2010 and shall be valid and effective for a period of ten years commencing on 13 October 2010, subject to the early termination provisions contained in the Scheme.

The status of the share options granted under the Scheme up to 30 June 2016 is as follows:

	Number of unlisted share options									
Name and category of participant	As at 1 January 2016	Granted during the Reporting Period	Cancelled/ lapsed during the Reporting Period	Exercised during the Reporting Period	As at 30 June 2016	Date of grant of share options	Vesting period of share options	End of exercise period	Exercise price (HKD)	Share price of the Company as at the date of grant of share options (HKD per Share)
Directors										
Mr. Xian Zhenyuan	4,000,000	—	—	—	4,000,000	27 January 2014	50%: 27 January 2016 to 26 January 2017 50%: 27 January 2017 to 26 January 2018	26 January 2018	7.142	7.01
Mr. Feng Yi	600,000	—	—	—	600,000	27 January 2014	50%: 27 January 2016 to 26 January 2017 50%: 27 January 2017 to 26 January 2018	26 January 2018	7.142	7.01
Mr. Sun Heng	600,000	—	—	—	600,000	27 January 2014	50%: 27 January 2016 to 26 January 2017 50%: 27 January 2017 to 26 January 2018	26 January 2018	7.142	7.01
Ms. Li Tao	600,000	—	—	—	600,000	27 January 2014	50%: 27 January 2016 to 26 January 2017 50%: 27 January 2017 to 26 January 2018	26 January 2018	7.142	7.01
Other employees	9,820,000	—	—	—	9,820,000	27 January 2014	50%: 27 January 2016 to 26 January 2017 50%: 27 January 2017 to 26 January 2018	26 January 2018	7.142	7.01
Total	15,620,000	—	—	—	15,620,000					

INTERIM DIVIDENDS

The Board is pleased to announce the payment for interim dividends for the six months ended 30 June 2016 of HK8.3 cents per share. The interim dividends, amounting to approximately HK$82,140,000 will be distributed on or around Wednesday, 30 November 2016 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 31 October 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 25 October 2016 to Monday, 31 October 2016, both days inclusive, during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividends, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Group's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 24 October 2016.

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 (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. Yeung Yui Yuen Michael 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 unaudited results and financial statements of the Group for the Reporting Period and this report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 RMB'000 Unaudited	2015 RMB'000 Unaudited
Revenue	5	**1,289,887**	990,840
Cost of sales		**(961,741)**	(717,804)
Gross profit		**328,146**	273,036
Distribution costs		**(10,133)**	(8,867)
Administrative expenses		**(49,927)**	(47,220)
Other gains — net		**16,692**	7,928
Operating profit		**284,778**	224,877
Finance income		**28,256**	34,418
Finance expenses		**(85,045)**	(50,968)
Finance expenses — net	11	**(56,789)**	(16,550)
Share of post-tax profits/(losses) of associates		**4,241**	(63)
Profit before income tax		**232,230**	208,264
Income tax expense	10	**(64,767)**	(56,195)
Profit for the period		**167,463**	152,069
Profit attributable to:			
Owners of the Company		**151,080**	136,917
Non-controlling interests		**16,383**	15,152
		167,463	152,069
Profit for the period		**167,463**	152,069
Other Comprehensive income for the period, net of tax		**—**	—
Total comprehensive income for the period		**167,463**	152,069
Attributable to:			
Owners of the Company		**151,080**	136,917
Non-controlling interests		**16,383**	15,152
		167,463	152,069
Earnings per share for profit attributable to owners of the Company (RMB per share)			
— Basic earnings per share	12	**0.15**	0.16
— Diluted earnings per share	12	**0.15**	0.16

The notes on pages 23 to 42 form an integral part of this unaudited interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

	Note	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**2,073,679**	1,943,756
Investment properties	13	**20,682**	19,662
Lease prepayments	13	**206,144**	170,745
Intangible assets	13	**2,997,311**	2,478,723
Investments accounted for using equity method	14	**255,044**	50,803
Deferred income tax assets		**14,146**	12,041
Available-for-sale financial assets		**40,417**	40,417
Trade and other receivables	15	**88,043**	49,715
Prepayments related to other non-current assets		**41,199**	297,093
Total non-current assets		**5,736,665**	5,062,955
Current assets			
Inventories		**59,345**	60,547
Trade and other receivables	15	**568,898**	593,121
Available-for-sale financial assets		**—**	3,000
Financial assets at fair value through profit or loss	17	**325,860**	318,882
Restricted cash		**69,964**	30,519
Cash and cash equivalents		**1,437,319**	609,385
Total current assets		**2,461,386**	1,615,454
Total assets		**8,198,051**	6,678,409
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**8,512**	8,512
Share premium	16	**1,366,774**	1,366,774
Reserves		**44,010**	95,987
Retained earnings		**1,028,171**	877,091
		2,447,467	2,348,364
Non-controlling interests		**315,828**	434,014
Total equity		**2,763,295**	2,782,378
LIABILITIES			
Non-current liabilities			
Trade and other payables	20	**138,118**	136,598
Borrowings	18	**2,974,182**	1,887,102
Deferred income tax liabilities	19	**362,883**	314,887
Total non-current liabilities		**3,475,183**	2,338,587
Current liabilities			
Trade and other payables	20	**535,585**	505,717
Dividends payables		**6,143**	2,492
Advance from customers		**136,365**	127,735
Current income tax liabilities		**78,714**	71,992
Borrowings	18	**1,202,766**	849,508
Total current liabilities		**1,959,573**	1,557,444
Total liabilities		**5,434,756**	3,896,031
Total equity and liabilities		**8,198,051**	6,678,409

The notes on pages 23 to 42 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 2016

	Attributable to owners of the Company						
	Share Capital RMB'000 Note 16	Share premium RMB'000 Note 16	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2016	**8,512**	**1,366,774**	**95,987**	**877,091**	**2,348,364**	**434,014**	**2,782,378**
Comprehensive income							
Profit for the period	**—**	**—**	**—**	**151,080**	**151,080**	**16,383**	**167,463**
Total transactions with owners, recognised directly in equity							
Acquisition of subsidiaries	**—**	**—**	**—**	**—**	**—**	**5,523**	**5,523**
Dividends paid to non-controlling interests	**—**	**—**	**—**	**—**	**—**	**(3,651)**	**(3,651)**
Acquisition of additional interests of subsidiary (Note 7)	**—**	**—**	**(54,559)**	**—**	**(54,559)**	**(136,441)**	**(191,000)**
Employees share option scheme:							
— value of employee services	**—**	**—**	**2,582**	**—**	**2,582**	**—**	**2,582**
Total transactions with owners, recognised directly in equity	**—**	**—**	**(51,977)**	**—**	**(51,977)**	**(134,569)**	**(186,546)**
Balance as at 30 June 2016	**8,512**	**1,366,774**	**44,010**	**1,028,171**	**2,447,467**	**315,828**	**2,763,295**

	Attributable to owners of the Company						
	Share Capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2015 (restated)	7,077	454,188	68,366	616,336	1,145,967	331,001	1,476,968
Comprehensive income							
Profit for the period	—	—	—	136,917	136,917	15,152	152,069
Total transactions with owners, recognised directly in equity							
Issue of shares	1,435	914,978	—	—	916,413	—	916,413
Acquisition of subsidiaries (restated)	—	—	—	—	—	69,715	69,715
Employees share option scheme:							
— value of employee services	—	—	3,121	—	3,121	—	3,121
Dividends paid to non-controlling interests	—	—	—	—	—	(835)	(835)
Total transactions with owners, recognised directly in equity	1,435	914,978	3,121	—	919,534	68,880	988,414
Balance as at 30 June 2015 (restated)	8,512	1,369,166	71,487	753,253	2,202,418	415,033	2,617,451

The notes on pages 23 to 42 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 2016

	Note	Six months ended 30 June 2016 RMB'000 Unaudited	2015 RMB'000 Unaudited
Cash flows from operating activities			
Cash generated from operations		**299,324**	253,625
Interest paid		**(98,412)**	(73,995)
Income tax paid		**(58,682)**	(59,129)
Net cash generated from operating activities		**142,230**	120,501
Cash flows from investing activities			
Purchases of property, plant and equipment		**(73,601)**	(92,927)
Increase in lease prepayments		**(25,942)**	—
Purchases of intangible assets		**(455)**	(202)
Proceeds from disposal of property, plant and equipment		**22**	928
Disposal of available-for-sale financial assets		**3,005**	2,001
Disposal of financial assets at fair value through profit or loss		**—**	2,000
Investment income derived from financial assets at fair value through profit or loss		**16,133**	20,563
Investments in associates		**(200,000)**	—
Net cash outflow for the acquisition of subsidiaries	6	**(247,984)**	(979,946)
Interest received		**5,145**	4,072
Loan repayment from third party		**—**	50,000
Changes in restricted cash		**(4,125)**	(30)
Net cash used in investing activities		**(527,802)**	(993,541)
Cash flows from financing activities			
Proceeds from borrowings		**1,852,163**	1,194,415
Repayments of borrowings		**(446,967)**	(731,124)
Issue of shares		**—**	916,413
Transactions with non-controlling interests	7	**(170,000)**	—
Dividends paid to non-controlling interests		**—**	(468)
Changes in restricted cash		**(35,320)**	—
Net cash generated from financing activities		**1,199,876**	1,379,236
Net increase in cash and cash equivalents		**814,304**	506,196
Cash and cash equivalents at beginning of the period		**609,385**	263,584
Exchange gains		**13,630**	1,013
Cash and cash equivalents at end of the period		**1,437,319**	770,793

The notes on pages 23 to 42 form an integral part of this unaudited interim condensed consolidated financial information.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 gas 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.

This unaudited 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 2016.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PRESENTATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, 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 2015, 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 new and 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.

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 2015, 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 gas and gas pipeline connections.

The Group had acquired 100% equity interest of Beijing Hui Ji Tai Zhan Investment Company Limited during the year ended 31 December 2015. On 31 May 2016, Beijing Hui Ji Tai Zhan Investment Company Limited acquired 85% equity interest of Lechang Anshunda Natural Gas Pipeline Company Limited. As a result, the Group indirectly controlled its subsidiaries Beijing Hui Ji Energy Holdings Limited, Henan Tian Lun Pipeline Company Limited (previously known as: Henan Hui Ji Energy Limited), Sanming Hui Ji Energy Company Limited, Suzhou Tianlun Natural Gas Pipeline Network Company Limited (previously known as: Wujiang City Natural Gas Pipeline Network Company Limited) and Lechang Anshunda Natural Gas Pipeline Company Limited (together the "Beijing Huiji Group"). The senior executive management team reviewed the results of Beijing Huiji Group being consolidated by the Group and Beijing Huiji Group is regarded a single operating segment.

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 of the Group. 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.

5 SEGMENT INFORMATION *(continued)*

The segment information provided to the senior executive management team for the reportable segments for the period ended 30 June 2016 is as follows:

	Transportation and sales of gas RMB'000	Gas pipeline connections RMB'000	Beijing Huiji Group RMB'000	All other segments RMB'000	Inter-segment elimination RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from external customers	532,554	288,351	453,312	15,670	—	—	1,289,887
Inter-segment revenue	—	—	94	—	(94)	—	—
Total revenue	532,554	288,351	453,406	15,670	(94)	—	1,289,887
Gross profit	81,069	195,284	45,463	6,330	—	—	328,146
Distribution costs						(10,133)	(10,133)
Administrative expenses						(49,927)	(49,927)
Other gains — net						16,692	16,692
Operating profit							284,778
Finance expenses — net						(56,789)	(56,789)
Share of post-tax profits of associates						4,241	4,241
Profit before income tax							232,230
Income tax expense						(64,767)	(64,767)
Profit for the period							167,463

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	Beijing Huiji Group RMB'000	All other segments RMB'000	Inter-segment elimination RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from external customers (restated)	486,587	271,985	220,288	11,980	—	—	990,840
Gross profit (restated)	61,086	185,296	20,978	5,676	—	—	273,036
Distribution costs						(8,867)	(8,867)
Administrative expenses						(47,220)	(47,220)
Other gains — net						7,928	7,928
Operating profit							224,877
Finance expenses — net						(16,550)	(16,550)
Share of post-tax losses of associate						(63)	(63)
Profit before income tax							208,264
Income tax expense						(56,195)	(56,195)
Profit for the period							152,069

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 2016, revenue of approximately RMB167,428,000 and 13% (from respective acquisition date to 30 June 2015: RMB123,742,000 and 12%) of the Group's total revenue, is derived from a single external customer. The revenue is attributable to the Beijing Huiji Group segment.

6 BUSINESS COMBINATIONS

On 31 January 2016, the Group acquired 100% of the equity interests of Xichuan Longcheng Natural Gas Limited Company ("Xichuan Longcheng"), an independent third party company incorporated in the PRC with limited liability mainly engaged in natural gas engineering installation and construction, distribution and sales of natural gas in Xichuan, Nanyang, Henan Province, the PRC, with a total consideration of RMB85,000,000.

On 31 January 2016, the Group acquired 100% of the equity interests of Sichuan Mingsheng Natural Gas Limited Company ("Sichuan Mingsheng"), an independent third party company incorporated in the PRC with limited liability mainly engaged in natural gas pipeline investment and construction, distribution and sales of natural gas in Chengdu, Sichuan Province, the PRC, with a total consideration of RMB460,000,000.

On 31 May 2016, the Group acquired 85% of the equity interests of Lechang Anshunda Pipeline Nature Gas Limited Company ("Lechang Anshunda"), an independent third party company incorporated in the PRC with limited liability mainly engaged in natural gas pipeline investment and construction, distribution and sales of natural gas in Lechang, Guangdong Province, the PRC, with a total consideration in fair value of RMB56,000,000, by derecognising the same amount of account receivables due from the ex-shareholder of Lechang Anshunda.

As a result of the abovementioned acquisitions, the Group is expected to increase its presence in these markets. The goodwill of approximately RMB274,585,000 arise from a number of factors including expected synergy through greater production efficiency by combining highly skilled workforce and obtaining knowledge transfer; economic scale effect and unrecognised assets, such as workforce, through price reductions and greater volume rebates from suppliers by enhancing purchasing efficiency. None of the goodwill recognised is expected to be deductible for income tax purposes.

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:

	Xichuan Longcheng As at 31 January 2016	**Sichuan Mingsheng As at 31 January 2016**	**Lechang Anshunda As at 31 May 2016**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Consideration for purchase:				
— Cash	74,919	411,849	—	486,768
— Creditor's right	—	—	56,000	56,000
— Contingent consideration	10,081	48,151	—	58,232
Total consideration	85,000	460,000	56,000	601,000
Recognised amounts of identifiable assets and liabilities assumed:				
Cash and cash equivalents	172	8,134	1,519	9,825
Property, plant and equipment	25,494	32,298	20,835	78,627
Intangible assets	24,857	230,681	20,924	276,462
Lease prepayments	14,000	1,432	4,299	19,731
Deferred income tax assets	127	—	—	127
Other non-current assets	—	7,590	6,310	13,900
Inventories	1,581	2,042	561	4,184
Trade and other receivables	379	19,038	3,876	23,293
Other current assets	—	983	—	983
Current income tax liabilities	—	(586)	(23)	(609)
Trade and other payables	(1,572)	(26,211)	(15,429)	(43,212)
Advance from customers	(364)	(4,140)	(823)	(5,327)
Deferred income tax liabilities	(6,213)	(34,602)	(5,231)	(46,046)
Total identifiable net assets	58,461	236,659	36,818	331,938
Non-controlling interests	—	—	(5,523)	(5,523)
Goodwill	26,539	223,341	24,705	274,585
Consideration for acquisition	85,000	460,000	56,000	601,000

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)*

	Xichuan Longcheng RMB'000	**Sichuan Mingsheng** RMB'000	**Lechang Anshunda** RMB'000	**Prior years' acquisitions** RMB'000	**Total** RMB'000
Outflow of cash to acquire business, net of cash acquired:					
— Cash consideration	45,169	184,569	—	28,071	257,809
— Cash and cash equivalents in subsidiaries acquired	(172)	(8,134)	(1,519)	—	(9,825)
	44,997	176,435	(1,519)	28,071	247,984

(a) Acquisition-related costs of approximately RMB30,500 have been charged to administrative expenses in profit or loss for the period ended 30 June 2016.

(b) *Contingent consideration*

In accordance with the equity transfer agreement, the Group will pay consideration in cash of RMB10,081,000 if no disputes of the equity of Xichuan Longcheng and no findings of undisclosed obligation and contingent liabilities within one year after the acquisition date and satisfying the requirements of payment agreed by both parties.

In accordance with the equity transfer agreement, the Group will pay consideration in cash of RMB48,151,000 if no disputes of the equity of Sichuan Mingsheng and no findings of undisclosed obligation and contingent liabilities within one year after the acquisition date and satisfying the requirements of payment agreed by both parties.

(c) *Acquired receivables*

The provisional fair value of trade and other receivables is approximately RMB23,293,000 including trade receivables with a provisional fair value of approximately RMB11,988,000, 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 valuations on Xichuan Longcheng, Sichuan Mingsheng and Lechang Anshunda 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.

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)*

(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 acquisitions.

(f) Revenue and profit contribution

The acquired businesses contributed aggregated revenue of approximately RMB65,800,000 and net profit of approximately RMB15,941,000 from the respective acquisition dates to 30 June 2016.

If the acquisitions had occurred on 1 January 2016, the consolidated revenue and net profit of the Group for the period ended 30 June 2016 would have been approximately RMB83,128,000 and RMB19,261,000.

7. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

7.1 Acquisition of additional interests of subsidiary

On 31 May 2016, the Company acquired 36% of the additional equity interests of Jilin Zhongji Dadi Gas Group Limited from related party Henan Tian Lun Gas Engineering Investment Limited at a consideration of RMB191,000,000. The Group recognised a decrease in non-controlling interests of RMB136,441,000 and equity attributable to owners of the Company decreased by RMB54,559,000. Effect of changes in acquiring additional interests of Jilin Zhongji Dadi Gas Group Limited on equity attributable to owners of the Company for the period is summarised as follows:

	31 May 2016 RMB'000
Book value of acquired non-controlling interests	**136,441**
Consideration for non-controlling interests	**(191,000)**
— Consideration paid	**(170,000)**
Excess of consideration payment recognised in reserves	**(54,559)**

8 CANCELLATION OF SUBSIDIARIES

On 8 March 2016, the Company completed the cancellation procedures of its subsidiary Jingtai Tianlun Gas Limited and the losses incurred amounted to RMB166,000.

On 18 May 2016, the Company completed the cancellation procedures of its subsidiary Luoyang Tian Lun Rongtuo Clean Energy Limited and the losses incurred amounted to RMB1,185,000.

9 PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Raw materials and consumables used	**880,108**	597,694
Changes in finished goods and work in progress	**1,202**	8,800
Depreciation on property, plant and equipment (Note 13)	**50,261**	37,495
Depreciation on investment properties (Note 13)	**1,567**	225
Amortisation of lease prepayments (Note 13)	**2,024**	1,597
Amortisation of intangible assets (Note 13)	**32,914**	19,554
Losses on disposal of property, plant and equipment	**1,235**	272

10 INCOME TAX EXPENSES

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Current income tax:		
— PRC corporate income tax	**64,795**	57,985
Deferred income tax	**(28)**	(1,790)
	64,767	56,195

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 six months ended 30 June 2016 is 28% (the estimated tax rate for the six months ended 30 June 2015 was 27%).

11 FINANCE EXPENSE — NET

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Finance income		
Interest income on bank deposits and loan to third party	**(5,145)**	(4,849)
Investment gains on financial assets at fair value through profit or loss	**(23,111)**	(29,569)
	(28,256)	(34,418)
Finance expenses		
Interest expense on borrowings	**79,297**	58,439
Exchange losses/(gains)	**21,612**	(4,370)
Others	**417**	1,127
Interest on other financial liabilities	**—**	5,797
Less: Amounts capitalised on qualifying assets	**(16,281)**	(10,025)
	85,045	50,968
	56,789	16,550

12 EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Profit attributable to owners of the Company (RMB'000)	**151,080**	136,917
Weighted average number of shares in issue (thousands) (i)	**1,009,615**	874,357
Basic earnings per share (RMB per share)	**0.15**	0.16

(i) On 15 May 2015, the Company issued 181,689,608 common shares to International Finance Corporations (IFC) and IFC Global Infrastructure Fund, LP (IFC Fund).

12 EARNINGS PER SHARE *(continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
Profit attributable to owners of the Company (RMB'000)	**151,080**	136,917
Weighted average number of shares in issue (thousands)	**1,009,615**	874,357
Adjustments for:		
— Share options (thousands)	**—**	1,436
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,009,615**	875,793
Diluted earning per share (RMB per share)	**0.15**	0.16

During the period ended 30 June 2016, the share options were antidilutive (the period ended 30 June 2015: dilutive).

13 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 2016					
Net book value as at 1 January 2016	**1,943,756**	**19,662**	**170,745**	**2,478,723**	**4,612,886**
Additions	**105,401**	**—**	**17,692**	**455**	**123,548**
Acquisition of subsidiaries	**78,627**	**—**	**19,731**	**551,047**	**649,405**
Transfer to investment properties	**(2,587)**	**—**	**—**	**—**	**(2,587)**
Transfer from property, plant and equipment	**—**	**2,587**	**—**	**—**	**2,587**
Disposals	**(1,257)**	**—**	**—**	**—**	**(1,257)**
Depreciation charge	**(50,261)**	**(1,567)**	**(2,024)**	**(32,914)**	**(86,766)**
Net book value as at 30 June 2016	**2,073,679**	**20,682**	**206,144**	**2,997,311**	**5,297,816**
Six months ended 30 June 2015					
Net book value as at 1 January 2015 (restated)	1,082,736	8,203	118,477	1,269,134	2,478,550
Additions	111,114	—	2,161	280	113,555
Acquisition of subsidiaries (restated)	651,709	2,317	21,516	1,206,531	1,882,073
Disposals	(1,379)	—	—	—	(1,379)
Depreciation charge	(37,495)	(225)	(1,597)	(19,554)	(58,871)
Net book value as at 30 June 2015 (restated)	1,806,685	10,295	140,557	2,456,391	4,413,928

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.

14 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	Six months ended 30 June 2016 RMB'000
Beginning of the period	**50,803**
Additions (i)	**200,000**
Share of post-tax profits of associates	**4,241**
End of the period	**255,044**

(i) The Group injected capital of RMB200,000,000 into Henan Jiuding Financial Leasing Company Limited for 20% equity interest.

The Group's share of the assets and liabilities, revenue and results of associates, all of which are unlisted, are shown below:

	Six months ended 30 June 2016 RMB'000
Assets	**1,968,762**
Liabilities	**(793,752)**
Revenue	**59,081**
Share of post-tax profits	**4,241**

15 TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Trade receivables	**341,501**	328,688
Bills receivable	**1,840**	1,073
Prepayments	**63,848**	52,390
Receivables due from related parties (Note 23)	**27,737**	14,100
Other receivables	**174,890**	203,410
Value-added tax to be offset and prepaid income tax	**47,125**	43,175
	656,941	642,836
Less: Long-term prepayments	**(88,043)**	(49,715)
Current portion	**568,898**	593,121

15 TRADE AND OTHER RECEIVABLES *(continued)*

The credit period generally granted to customers in relation to sales of pipelined gases is up to 2 months. 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 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Within 30 days	**158,252**	126,441
31 days to 90 days	**45,217**	41,044
91 days to 1 year	**90,811**	117,387
Over 1 year	**47,221**	43,816
	341,501	328,688

16 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (Thousand)	Ordinary shares RMB'000 Unaudited	Share premium RMB'000 Unaudited	Total RMB'000 Unaudited
Issued and fully paid:				
At 30 June 2016 (nominal value of HK$0.01 each)	**1,009,615**	**8,512**	**1,366,774**	**1,375,286**
At 1 Jan 2016 (nominal value of HK$0.01 each)	**1,009,615**	**8,512**	**1,366,774**	**1,375,286**

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Investment in trust	**325,860**	318,882

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. There was no disposal or new purchase of the investment during the period.

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, which results in these measurements being classified as Level 3 in the fair value hierarchy.

18 BORROWINGS

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Non-current	**2,974,182**	1,887,102
Current	**1,202,766**	849,508
	4,176,948	2,736,610

Movements in borrowings are analysed as follows:

	RMB'000
Six months ended 30 June 2016	
Opening amount as at 1 January 2016	**2,736,610**
Proceeds from borrowings	**1,852,163**
Repayments of borrowings	**(446,967)**
Exchange losses	**35,142**
Closing amount as at 30 June 2016	**4,176,948**

18 BORROWINGS *(continued)*

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

Interest expense on borrowings and loans for the six months ended 30 June 2016 is approximately RMB79,297,000 (Six months ended 30 June 2015: RMB58,439,000).

19 DEFERRED INCOME TAX LIABILITIES

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited (restated)
Balance as at 1 January	**314,887**	161,816
Acquisition of subsidiaries	**46,046**	152,041
Charged/(credited) to profit or loss	**1,950**	(2,312)
Balance as at 30 June	**362,883**	311,545

20 TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Trade payables	**216,248**	149,963
Amounts due to related parties (Note 23)	**21,459**	987
Bills payables	**13,700**	4,000
Accrued payroll and welfare	**3,089**	2,751
Interests payables	**12,535**	8,762
Other taxes payables	**8,668**	6,276
Other payables	**398,004**	469,576
	673,703	642,315
Less: Long-term other payables	**(138,118)**	(136,598)
Current portion	**535,585**	505,717

The ageing analysis of the trade payables was as follows:

	30 June 2016 RMB'000 Unaudited	31 December 2015 RMB'000 Audited
Within 30 days	**68,500**	72,332
31 days to 90 days	**54,036**	26,712
91 days to 1 year	**53,409**	33,358
1 to 2 years	**27,991**	11,727
2 to 3 years	**7,008**	4,270
Over 3 years	**5,304**	1,564
	216,248	149,963

Contingent consideration payables were at fair value and included in "other payables", which were measured by the discounted cash flow model with key assumptions including expected cash flows, probability and discount rate, and were Level 3 measurement in fair value hierarchy. The changes of fair values of the contingent consideration payables resulted in a gain amounted to RMB 15,063,000, and were recorded in "other gains - net".

21 DIVIDENDS

The board of directors declared an interim dividend of HK8.3 cents per share (2015: Nil) for the six months ended 30 June 2016. The interim dividends which is to be paid around 30 November 2016 to the shareholders who are registered as at 31 October 2016, amounting to approximately HK$82,140,000, have not been recognised as a liability in this interim financial information, but will be recognised for the year ending 31 December 2016.

22 CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any material contingent liabilities.

23 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 wife ("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 2016 and 2015, and balances arising from related party transactions as at 30 June 2016 and 31 December 2015.

(a) Name and relationship with related parties

Name of related party	Relationship
International Finance Corporation ("IFC")	Shareholder of the Company
Henan Tian Lun Real Estate Limited ("Henan Tian Lun Real Estate")	Controlled by the Controlling Shareholders
Henan Guangwushan Urban and Rural Construction Limited ("Guangwushan Construction")	Controlled by the Controlling Shareholders
Henan Tian Lun Gas Engineering Investment Limited ("Henan Tian Lun investment")	Controlled by the Controlling Shareholders
Suzhou Pingzhuang Industrial Natural Gas Limited ("Suzhou Pingzhuang")	Associate

23 RELATED PARTY TRANSACTIONS *(continued)*

(b) Significant related party transactions

Significant related party transactions are as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited (restated)
Sales of gas		
Suzhou Pingzhuang	6,112	2,667
Pipeline connection services provision		
Guangwushan Construction	14,735	—
Acquisition of subsidiary's equity interests		
Henan Tian Lun investment (Note 7)	191,000	—
Interest charge		
IFC	8,600	—

(c) Balances with related parties

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	Unaudited	Audited
Trade and other receivables		
Suzhou Pingzhuang	257	—
Guangwushan Construction	14,735	—
Henan Tian Lun investment	12,745	14,100
	27,737	14,100
Trade and other payables		
Suzhou Pingzhuang	232	412
Henan Tian Lun investment	21,227	575
	21,459	987
Loans due to		
IFC	397,872	389,616

23 RELATED PARTY TRANSACTIONS *(continued)*

(d) Remuneration of key management

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	Unaudited	Unaudited
Basic salaries and allowances	**7,584**	4,490
Discretionary bonuses	**845**	687
Retirement benefit contributions	**980**	741
	9,409	5,918

24 EVENT AFTER THE BALANCE SHEET DATE

As at 28 July 2016, the Company had bought back 19,999,500 shares through five repurchases from the market, the share prices of the shares repurchased by the Company varied from HK$5.88 to HK$6, with a total consideration of approximately HK$120,000,000. All the shares repurchased by the Company were cancelled on 10 August 2016.