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**天倫燃气**  
**TIANLUN GAS**

**China Tian Lun Gas Holdings Limited**

**中國天倫燃氣控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01600)**

**Announcement of Interim Results  
for the six months ended 30 June 2017**

For the six months ended 30 June 2017, gas sales volume of the Group amounted to approximately 501,000,000 m<sup>3</sup>, representing an increase of approximately 13.61% as compared with that of approximately 441,000,000 m<sup>3</sup> for the corresponding period of last year.

For the six months ended 30 June 2017, revenue of the Group amounted to approximately RMB1,490,000,000, representing an increase of approximately 15.50% as compared with that of approximately RMB1,290,000,000 for the corresponding period of last year.

For the six months ended 30 June 2017, gross profit of the Group amounted to approximately RMB379,000,000, representing an increase of approximately 15.55% as compared with that of approximately RMB328,000,000 for the corresponding period of last year.

For the six months ended 30 June 2017, profit attributable to owners of the Company amounted to approximately RMB187,000,000, representing an increase of approximately 23.84% as compared with that of approximately RMB151,000,000 for the corresponding period of last year.

In order to repay the shareholders of the Company and investors for their support, the Board recommends the payment of an interim dividend of approximately HK9.1 cents per share for the interim period to shareholders for the Reporting Period.

The board (the “**Board**”) of directors (the “**Directors**”) of China Tian Lun Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the interim results of the Group for the six months ended 30 June 2017 (the “**Reporting Period**”).

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

|   | Note | Six months ended 30 June     |                              |
|---|------|------------------------------|------------------------------|
|   |      | 2017<br>RMB'000<br>Unaudited | 2016<br>RMB'000<br>Unaudited |
| Revenue                                 | 5    | 1,490,354                    | 1,289,887                    |
| Cost of sales                           |      | (1,111,290)                  | (961,741)                    |
| <b>Gross profit</b>                     |      | <b>379,064</b>               | <b>328,146</b>               |
| Distribution costs                      |      | (11,370)                     | (10,133)                     |
| Administrative expenses                 |      | (57,871)                     | (49,927)                     |
| Other gains — net                       |      | 2,065                        | 16,692                       |
| <b>Operating profit</b>                 |      | <b>311,888</b>               | <b>284,778</b>               |
| Finance income                          |      | 21,830                       | 28,256                       |
| Finance expenses                        |      | (80,971)                     | (85,045)                     |
| Finance expenses — net                  | 8    | (59,141)                     | (56,789)                     |
| Share of post-tax profits of associates |      | 21,937                       | 4,241                        |
| <b>Profit before income tax</b>         |      | <b>274,684</b>               | <b>232,230</b>               |
| Income tax expense                      | 7    | (77,778)                     | (64,767)                     |
| <b>Profit for the period</b>            |      | <b>196,906</b>               | <b>167,463</b>               |
| <b>Profit attributable to:</b>          |      |                              |                              |
| Owners of the Company                   |      | 186,815                      | 151,080                      |
| Non-controlling interests               |      | 10,091                       | 16,383                       |
|   |      | <b>196,906</b>               | <b>167,463</b>               |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME** *(Continued)*

*For the six months ended 30 June 2017*

|  | <i>Note</i> | <b>Six months ended 30 June</b> |                       |
|--|-------------|---------------------------------|-----------------------|
|  |             | <b>2017</b>                     | <b>2016</b>           |
|  |             | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b> |
|  |             | <b>Unaudited</b>                | Unaudited             |
| Profit for the period  |             | <b>196,906</b>                  | 167,463               |
| Other comprehensive income<br>for the period, net of tax   |             | —                               | —                     |
| <b>Total comprehensive income for the period</b>   |             | <b>196,906</b>                  | 167,463               |
| <b>Attributable to:</b>  |             |                                 |                       |
| Owners of the Company  |             | <b>186,815</b>                  | 151,080               |
| Non-controlling interests  |             | <b>10,091</b>                   | 16,383                |
|  |             | <b>196,906</b>                  | 167,463               |
| <b>Earnings per share for profit attributable<br/>to owners of the Company<br/>(RMB per share)</b> |             |                                 |                       |
| — Basic earnings per share   | <i>9</i>    | <b>0.19</b>                     | 0.15                  |
| — Diluted earnings per share   | <i>9</i>    | <b>0.19</b>                     | 0.15                  |

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

|  |    | Unaudited<br>30 June<br>2017<br>RMB'000 | Audited<br>31 December<br>2016<br>RMB'000 |
|--|----|---|---|
| <b>ASSETS</b>  |    |   |   |
| <b>Non-current assets</b>                                |    |   |   |
| Property, plant and equipment                            | 10 | 2,191,808                               | 2,124,140                                 |
| Investment properties                                    | 10 | 18,121                                  | 18,210                                    |
| Lease prepayments  | 10 | 221,623                                 | 233,842                                   |
| Intangible assets  | 10 | 2,964,589                               | 2,999,084                                 |
| Investments accounted for using<br>equity method         | 11 | 293,508                                 | 271,571                                   |
| Deferred income tax assets                               |    | 29,057                                  | 26,271                                    |
| Financial assets at fair value<br>through profit or loss | 14 | —                                       | 19,786                                    |
| Available-for-sale financial assets                      |    | 40,145                                  | 40,145                                    |
| Trade and other receivables                              | 12 | 63,812                                  | 56,315                                    |
| Prepayments related to other<br>non-current assets       |    | 67,002                                  | 30,331                                    |
| <b>Total non-current assets</b>                          |    | <b>5,889,665</b>                        | <b>5,819,695</b>                          |
| <b>Current assets</b>                                    |    |   |   |
| Inventories  |    | 52,642                                  | 41,892                                    |
| Trade and other receivables                              | 12 | 698,122                                 | 603,164                                   |
| Dividends receivable                                     |    | —                                       | 4,642                                     |
| Available-for-sale financial assets                      |    | —                                       | 2,000                                     |
| Financial assets at fair value<br>through profit or loss | 14 | 305,667                                 | 335,267                                   |
| Restricted cash  |    | 183,655                                 | 71,362                                    |
| Cash and cash equivalents                                |    | 977,420                                 | 755,390                                   |
| <b>Total current assets</b>                              |    | <b>2,217,506</b>                        | <b>1,813,717</b>                          |
| <b>Total assets</b>                                      |    | <b>8,107,171</b>                        | <b>7,633,412</b>                          |

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)***As at 30 June 2017*

|                                      |             | <b>Unaudited</b> | Audited        |
|--------------------------------------|-------------|------------------|----------------|
|                                      |             | <b>30 June</b>   | 31 December    |
|                                      |             | <b>2017</b>      | 2016           |
|                                      | <i>Note</i> | <b>RMB'000</b>   | <b>RMB'000</b> |
| <b>EQUITY</b>                        |             |                  |                |
| <b>Equity attributable to owners</b> |             |                  |                |
| <b>of the Company</b>                |             |                  |                |
| Share capital                        | <i>13</i>   | <b>8,340</b>     | 8,340          |
| Share premium                        | <i>13</i>   | <b>1,264,114</b> | 1,264,114      |
| Reserves                             |             | <b>70,857</b>    | 78,416         |
| Retained earnings                    |             | <b>1,275,903</b> | 1,080,332      |
|                                      |             | <hr/>            | <hr/>          |
|                                      |             | <b>2,619,214</b> | 2,431,202      |
|                                      |             | <hr/>            | <hr/>          |
| <b>Non-controlling interests</b>     |             | <b>330,598</b>   | 320,507        |
|                                      |             | <hr/>            | <hr/>          |
| <b>Total equity</b>                  |             | <b>2,949,812</b> | 2,751,709      |
|                                      |             | <hr/> <hr/>      | <hr/> <hr/>    |

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET** *(Continued)*

*As at 30 June 2017*

|  |             | <b>Unaudited</b>                   | Audited                     |
|--|-------------|------------------------------------|-----------------------------|
|  |             | <b>30 June</b>                     | 31 December                 |
|  |             | <b>2017</b>                        | 2016                        |
|  | <i>Note</i> | <b>RMB'000</b>                     | <b>RMB'000</b>              |
| <b>LIABILITIES</b>   |             |                                    |                             |
| <b>Non-current liabilities</b>                             |             |                                    |                             |
| Trade and other payables                                   | <i>18</i>   | <b>137,818</b>                     | 136,598                     |
| Borrowings   | <i>16</i>   | <b>2,309,283</b>                   | 2,739,953                   |
| Deferred income  |             | <b>1,424</b>                       | 1,472                       |
| Deferred income tax liabilities                            | <i>17</i>   | <b>366,622</b>                     | 370,414                     |
|  |             | <hr/> <b>2,815,147</b> <hr/>       | <hr/> 3,248,437 <hr/>       |
| <b>Current liabilities</b>                                 |             |                                    |                             |
| Trade and other payables                                   | <i>18</i>   | <b>486,989</b>                     | 530,408                     |
| Dividends payables   |             | <b>6,143</b>                       | 6,143                       |
| Advance from customers                                     |             | <b>194,627</b>                     | 150,690                     |
| Financial liabilities at fair value through profit or loss | <i>15</i>   | <b>14,105</b>                      | —                           |
| Current income tax liabilities                             |             | <b>115,213</b>                     | 97,531                      |
| Borrowings   | <i>16</i>   | <b>1,525,135</b>                   | 848,494                     |
|  |             | <hr/> <b>2,342,212</b> <hr/>       | <hr/> 1,633,266 <hr/>       |
| <b>Total liabilities</b>                                   |             | <hr/> <b>5,157,359</b> <hr/>       | <hr/> 4,881,703 <hr/>       |
| <b>Total equity and liabilities</b>                        |             | <hr/> <b>8,107,171</b> <hr/> <hr/> | <hr/> 7,633,412 <hr/> <hr/> |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2017*

|  | Attributable to owners of the Company                |  |                            |  | Total            | Non-<br>controlling<br>interests | Total equity     |
|--|--|--|----------------------------|--|------------------|----------------------------------|------------------|
|  | Share<br>Capital<br><i>RMB'000</i><br><i>Note 13</i> | Share<br>premium<br><i>RMB'000</i><br><i>Note 13</i> | Reserves<br><i>RMB'000</i> | Retained<br>earnings<br><i>RMB'000</i> |                  |                                  |                  |
| <b>Balance as at</b>   |  |  |                            |  |                  |                                  |                  |
| 1 January 2017   | 8,340  | 1,264,114  | 78,416                     | 1,080,332                              | 2,431,202        | 320,507                          | 2,751,709        |
| <b>Comprehensive income</b>  |  |  |                            |  |                  |                                  |                  |
| Profit for the period  | —  | —  | —                          | 186,815                                | 186,815          | 10,091                           | 196,906          |
| <b>Total transactions with owners,<br/>recognised directly in equity</b> |  |  |                            |  |                  |                                  |                  |
| Employees share option scheme:   |  |  |                            |  |                  |                                  |                  |
| — Value of employee services   | —  | —  | 1,197                      | —                                      | 1,197            | —                                | 1,197            |
| — Transfer to accumulated earnings<br>upon forfeiture of share options   | —  | —  | (8,756)                    | 8,756                                  | —                | —                                | —                |
| <b>Total transactions with owners,<br/>recognised directly in equity</b> | —  | —  | (7,559)                    | 8,756                                  | 1,197            | —                                | 1,197            |
| <b>Balance as at</b>   |  |  |                            |  |                  |                                  |                  |
| 30 June 2017   | <u>8,340</u>   | <u>1,264,114</u>                                     | <u>70,857</u>              | <u>1,275,903</u>                       | <u>2,619,214</u> | <u>330,598</u>                   | <u>2,949,812</u> |

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 30 June 2017

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



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2017                     | 2016           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | Unaudited                | Unaudited      |
| <b>Cash flows from operating activities</b>   |                          |                |
| Cash generated from operations  | 327,951                  | 299,324        |
| Interest paid   | (103,389)                | (98,412)       |
| Income tax paid   | (66,965)                 | (58,682)       |
|   | <hr/>                    | <hr/>          |
| Net cash generated from operating activities  | 157,597                  | 142,230        |
|   | <hr/>                    | <hr/>          |
| <b>Cash flows from investing activities</b>   |                          |                |
| Purchases of property,<br>plant and equipment   | (107,353)                | (73,601)       |
| Increase in lease prepayments   | (4,499)                  | (25,942)       |
| Purchases of intangible assets  | (8)                      | (455)          |
| Proceeds from disposal of property,<br>plant and equipment                              | 853                      | 22             |
| Proceeds from disposal of lease prepayments   | 20,817                   | —              |
| Disposal of available-for-sale financial assets   | 2,010                    | 3,005          |
| Disposal of financial assets at fair value<br>through profit or loss                    | 318,000                  | —              |
| Investment income derived from financial<br>assets at fair value through profit or loss | 8,463                    | 16,133         |
| Investment income derived from<br>available-for-sale financial assets                   | 4,642                    | —              |
| Purchases of financial assets at<br>fair value through profit or loss                   | (300,000)                | —              |
| Investments in associates   | —                        | (200,000)      |
| Net cash outflow for the acquisition of subsidiaries                                    | (20,294)                 | (247,984)      |
| Prepayments related to share purchase agreements  | (51,788)                 | —              |
| Interest income from cross currency swap contracts                                      | 4,777                    | —              |
| Interest received   | 8,361                    | 5,145          |
| Changes in restricted cash  | (120,243)                | (4,125)        |
|   | <hr/>                    | <hr/>          |
| Net cash used in investing activities   | (236,262)                | (527,802)      |
|   | <hr/>                    | <hr/>          |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS** *(Continued)**For the six months ended 30 June 2017*

|   | <b>Six months ended 30 June</b> |                  |
|---|---------------------------------|------------------|
|   | <b>2017</b>                     | <b>2016</b>      |
| <i>Note</i>   | <b>RMB'000</b>                  | <b>RMB'000</b>   |
|   | <b>Unaudited</b>                | <b>Unaudited</b> |
| <b>Cash flows from financing activities</b>               |                                 |                  |
| Proceeds from borrowings                                  | <b>611,000</b>                  | 1,852,163        |
| Repayments of borrowings                                  | <b>(310,696)</b>                | (446,967)        |
| Transactions with non-controlling interests               | —                               | (170,000)        |
| Changes in restricted cash                                | <b>7,950</b>                    | (35,320)         |
|   | <hr/>                           | <hr/>            |
| Net cash generated from financing activities              | <b>308,254</b>                  | 1,199,876        |
|   | <hr/>                           | <hr/>            |
| <b>Net increase in cash and cash equivalents</b>          | <b>229,589</b>                  | 814,304          |
| Cash and cash equivalents at<br>beginning of the period   | <b>755,390</b>                  | 609,385          |
| Exchange (losses)/gains                                   | <b>(7,559)</b>                  | 13,630           |
|   | <hr/>                           | <hr/>            |
| <b>Cash and cash equivalents at end<br/>of the period</b> | <b>977,420</b>                  | 1,437,319        |
|   | <hr/> <hr/>                     | <hr/> <hr/>      |

## **NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2017*

### **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 2017.

This condensed consolidated interim financial information is unaudited.

### **2 BASIS OF PRESENTATION**

This condensed consolidated interim financial information for the six months ended 30 June 2017 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 2016, 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 2016, 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 2016, 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 and profit primarily from transportation and sales of gas and gas pipeline connections.

In 2016, the senior executive management team reviewed Beijing Tian Lun Investment Company Limited and its indirect subsidiaries (collectively, "Beijing Tian Lun Investment Group") as a single operating segment. Such operating segment is principally engaged in the long-haul pipeline gas transmission business (the "Long-haul Pipeline Gas Business") to sell gas to urban gas distributors and large industrial users, and also records other insignificant income from other business. During the period ended 30 June 2017, the senior executive management team changed the internal organisational structure and regarded the Long-haul Pipeline Gas Business operated by Beijing Tian Lun Investment Group as a single operating segment, and its other business was consolidated into other respective operating segments. The segment reporting for the period ended 30 June 2016 was adjusted retrospectively.

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 2017 is as follows:

|  | Transportation<br>and sales of gas<br><i>RMB'000</i> | Gas pipeline<br>connections<br><i>RMB'000</i> | Long-haul<br>pipeline<br>gas business<br><i>RMB'000</i> | All other<br>segments<br><i>RMB'000</i> | Unallocated<br><i>RMB'000</i> | Total<br><i>RMB'000</i>      |
|--|--|---|---|---|-------------------------------|------------------------------|
| Revenue from<br>external customers         | 725,389  | 298,197                                       | 437,353   | 29,415                                  | —                             | 1,490,354                    |
| Gross profit                               | <u>119,036</u>                                       | <u>199,656</u>                                | <u>43,845</u>   | <u>16,527</u>                           | —                             | <u>379,064</u>               |
| Distribution costs                         |  |   |   |   | (11,370)                      | (11,370)                     |
| Administrative expenses                    |  |   |   |   | (57,871)                      | (57,871)                     |
| Other gains — net                          |  |   |   |   | <u>2,065</u>                  | <u>2,065</u>                 |
| <b>Operating profit</b>                    |  |   |   |   |                               | <b>311,888</b>               |
| Finance expenses — net                     |  |   |   |   | (59,141)                      | (59,141)                     |
| Share of post-tax profits<br>of associates |  |   |   |   | <u>21,937</u>                 | <u>21,937</u>                |
| <b>Profit before income tax</b>            |  |   |   |   |                               | <b>274,684</b>               |
| Income tax expense                         |  |   |   |   | <u>(77,778)</u>               | <u>(77,778)</u>              |
| <b>Profit for the period</b>               |  |   |   |   |                               | <b><u><u>196,906</u></u></b> |

## 5 SEGMENT INFORMATION (Continued)

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

|   | Transportation<br>and sales of gas<br><i>RMB'000</i> | Gas pipeline<br>connections<br><i>RMB'000</i> | Long-haul<br>pipeline<br>gas business<br><i>RMB'000</i> | All other<br>segments<br><i>RMB'000</i> | Unallocated<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|--|---|---|---|-------------------------------|-------------------------|
| Revenue from external<br>customers (restated) | <u>549,458</u>                                       | <u>290,080</u>                                | <u>433,976</u>  | <u>16,373</u>                           | —                             | 1,289,887               |
| Gross profit (restated)                       | <u>82,531</u>  | <u>196,488</u>                                | <u>42,670</u>   | <u>6,457</u>                            | —                             | 328,146                 |
| Distribution costs                            |  |   |   |   | (10,133)                      | (10,133)                |
| Administrative expenses                       |  |   |   |   | (49,927)                      | (49,927)                |
| Other gains — net                             |  |   |   |   | <u>16,692</u>                 | <u>16,692</u>           |
| <b>Operating profit</b>                       |  |   |   |   |                               | 284,778                 |
| Finance expenses — net                        |  |   |   |   | (56,789)                      | (56,789)                |
| Share of post-tax profit<br>of associates     |  |   |   |   | <u>4,241</u>                  | <u>4,241</u>            |
| <b>Profit before income tax</b>               |  |   |   |   |                               | 232,230                 |
| Income tax expense                            |  |   |   |   | <u>(64,767)</u>               | <u>(64,767)</u>         |
| <b>Profit for the period</b>                  |  |   |   |   |                               | <u><u>167,463</u></u>   |

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

For the six months ended 30 June 2017, revenue from sales to a single external customer amounted to RMB168,734,000, representing 11% of total revenue of the Group; for the six months ended 30 June 2016, revenue from sales to a single external customer amounted to RMB167,428,000, representing 13% of total revenue of the Group. Such revenue was from the Long-haul Pipeline Gas Business segment.

## 6 PROFIT BEFORE INCOME TAX

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

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2017                     | 2016           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | Unaudited                | Unaudited      |
| Raw materials and consumables used  | 969,373                  | 880,108        |
| Changes in finished goods and work in progress                                    | (10,750)                 | 1,202          |
| Depreciation on property, plant and equipment ( <i>Note 10</i> )                  | 51,021                   | 50,261         |
| Depreciation on investment properties ( <i>Note 10</i> )                          | 511                      | 1,567          |
| Amortisation of lease prepayments ( <i>Note 10</i> )                              | 2,230                    | 2,024          |
| Amortisation of intangible assets ( <i>Note 10</i> )                              | 34,503                   | 32,914         |
| (Gains)/losses on disposal of property, plant and equipment and lease prepayments | (277)                    | 1,235          |
|   | <u>969,373</u>           | <u>880,108</u> |

## 7 INCOME TAX EXPENSES

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

|                            | Six months ended 30 June |                |
|----------------------------|--------------------------|----------------|
|                            | 2017                     | 2016           |
|                            | <i>RMB'000</i>           | <i>RMB'000</i> |
|                            | Unaudited                | Unaudited      |
| Current income tax:        |                          |                |
| — PRC corporate income tax | 84,356                   | 64,795         |
| Deferred income tax        | (6,578)                  | (28)           |
|                            | <u>77,778</u>            | <u>64,767</u>  |

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 2017 is 28% (the estimated tax rate for the six months ended 30 June 2016 was 28%).

## 8 FINANCE EXPENSE — NET

|  | <b>Six months ended 30 June</b> |                |
|--|---------------------------------|----------------|
|  | <b>2017</b>                     | 2016           |
|  | <b><i>RMB'000</i></b>           | <i>RMB'000</i> |
|  | <b>Unaudited</b>                | Unaudited      |
| Finance income   |                                 |                |
| Interest income on bank deposits and loan to third party                   | <b>(8,361)</b>                  | (5,145)        |
| Investment income on financial assets at fair value through profit or loss | <b>(13,469)</b>                 | (23,111)       |
|  | <b>(21,830)</b>                 | (28,256)       |
| Finance expenses   |                                 |                |
| Interest expense on borrowings   | <b>94,906</b>                   | 79,297         |
| Cross currency swap contracts  | <b>45,499</b>                   | —              |
| Exchange (gains)/losses  | <b>(47,508)</b>                 | 21,612         |
| Others   | <b>666</b>                      | 417            |
| Less: Amounts capitalised on qualifying assets                             | <b>(12,592)</b>                 | (16,281)       |
|  | <b>80,971</b>                   | 85,045         |
|  | <b>59,141</b>                   | 56,789         |

## 9 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share 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.

|   | <b>Six months ended 30 June</b> |           |
|---|---------------------------------|-----------|
|   | <b>2017</b>                     | 2016      |
|   | <b>Unaudited</b>                | Unaudited |
| Profit attributable to owners of the Company<br>( <i>RMB'000</i> )          | <b>186,815</b>                  | 151,080   |
| Weighted average number of ordinary shares<br>in issue ( <i>thousands</i> ) | <b>989,615</b>                  | 1,009,615 |
| Basic earnings per share ( <i>RMB per share</i> )                           | <b>0.19</b>                     | 0.15      |



## 9 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, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

|   | <b>Six months ended 30 June</b> |           |
|---|---------------------------------|-----------|
|   | <b>2017</b>                     | 2016      |
|   | <b>Unaudited</b>                | Unaudited |
| Profit attributable to owners of the Company<br><i>(RMB'000)</i>                                | <b>186,815</b>                  | 151,080   |
| Weighted average number of ordinary shares<br>in issue <i>(thousands)</i>                       | <b>989,615</b>                  | 1,009,615 |
| Adjustments for:  |                                 |           |
| — Share options <i>(thousands)</i>  | —                               | —         |
| Weighted average number of ordinary shares<br>for diluted earnings per share <i>(thousands)</i> | <b>989,615</b>                  | 1,009,615 |
| Diluted earning per share <i>(RMB per share)</i>  | <b>0.19</b>                     | 0.15      |

During the period ended 30 June 2017, the share options were anti-dilutive (the period ended 30 June 2016: anti-dilutive).

## 10 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:

|  | <b>Property,<br/>plant and<br/>equipment</b><br><i>RMB'000</i> | <b>Investment<br/>properties</b><br><i>RMB'000</i> | <b>Lease<br/>prepayments</b><br><i>RMB'000</i> | <b>Intangible<br/>assets</b><br><i>RMB'000</i> | <b>Total</b><br><i>RMB'000</i> |
|--|--|--|--|--|--------------------------------|
| Six months ended<br>30 June 2017               |  |  |  |  |                                |
| Net book value as at<br>1 January 2017         | 2,124,140  | 18,210   | 233,842  | 2,999,084                                      | 5,375,276                      |
| Additions                                      | 125,679  | —  | 12,708   | 8  | 138,395                        |
| Transfer to investment<br>properties           | (422)  | —  | —  | —  | (422)                          |
| Transfer from property,<br>plant and equipment | —  | 422  | —  | —  | 422                            |
| Disposals                                      | (6,568)  | —  | (22,697)                                       | —  | (29,265)                       |
| Depreciation charge                            | (51,021)   | (511)  | (2,230)  | (34,503)                                       | (88,265)                       |
| Net book value as at<br>30 June 2017           | <u>2,191,808</u>   | <u>18,121</u>                                      | <u>221,623</u>                                 | <u>2,964,589</u>                               | <u>5,396,141</u>               |
| Six months ended<br>30 June 2016               |  |  |  |  |                                |
| Net book value as at<br>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<br>subsidiaries                 | 78,627   | —  | 19,731   | 551,047  | 649,405                        |
| Transfer to investment<br>properties           | (2,587)  | —  | —  | —  | (2,587)                        |
| Transfer from property,<br>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<br>30 June 2016           | <u>2,073,679</u>   | <u>20,682</u>                                      | <u>206,144</u>                                 | <u>2,997,311</u>                               | <u>5,297,816</u>               |

## 11 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2017                     | 2016           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | Unaudited                | Unaudited      |
| Beginning of the period                 | 271,571                  | 50,803         |
| Additions                               | —                        | 200,000        |
| Share of post-tax profits of associates | 21,937                   | 4,241          |
| End of the period                       | <u>293,508</u>           | <u>255,044</u> |

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 |                |
|---------------------------|--------------------------|----------------|
|                           | 2017                     | 2016           |
|                           | <i>RMB'000</i>           | <i>RMB'000</i> |
|                           | Unaudited                | Unaudited      |
| Assets                    | 11,220,878               | 1,968,762      |
| Liabilities               | (9,856,183)              | (793,752)      |
| Revenue                   | 269,305                  | 59,081         |
| Share of post-tax profits | <u>21,937</u>            | <u>4,241</u>   |

## 12 TRADE AND OTHER RECEIVABLES

|   | 30 June         | 31 December     |
|---|-----------------|-----------------|
|   | 2017            | 2016            |
|   | <i>RMB'000</i>  | <i>RMB'000</i>  |
|   | Unaudited       | Audited         |
| Trade receivables                                       | 403,750         | 348,929         |
| Bills receivable  | 25,183          | 1,090           |
| Prepayments   | 97,311          | 93,975          |
| Receivables due from related parties ( <i>Note 21</i> ) | 28,582          | 28,539          |
| Other receivables                                       | 163,026         | 147,910         |
| Value-added tax to be offset and prepaid income tax     | <u>44,082</u>   | <u>39,036</u>   |
|   | 761,934         | 659,479         |
| Less: Long-term prepayments                             | <u>(63,812)</u> | <u>(56,315)</u> |
| Current portion   | <u>698,122</u>  | <u>603,164</u>  |

## 12 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 and receivables due from related parties in trade nature based on invoice date is as follows:

|                    | <b>30 June<br/>2017<br/>RMB'000<br/>Unaudited</b> | 31 December<br>2016<br>RMB'000<br>Audited |
|--------------------|---|---|
| Within 30 days     | <b>236,300</b>                                    | 169,509                                   |
| 31 days to 90 days | <b>39,082</b>                                     | 24,481                                    |
| 91 days to 1 year  | <b>99,290</b>                                     | 116,197                                   |
| 1 year to 2 years  | <b>36,272</b>                                     | 44,716                                    |
| Over 2 years       | <b>7,721</b>                                      | 8,852                                     |
|                    | <b><u>418,665</u></b>                             | <b><u>363,755</u></b>                     |

## 13 SHARE CAPITAL AND SHARE PREMIUM

|  | <b>Number of<br/>ordinary<br/>shares<br/><i>(Thousand)</i></b> | <b>Ordinary<br/>share<br/>capital<br/>RMB'000<br/>Unaudited</b> | <b>Share<br/>premium<br/>RMB'000<br/>Unaudited</b> | <b>Total<br/>RMB'000<br/>Unaudited</b> |
|--|--|---|--|--|
| Issued and fully paid:                                   |  |   |  |  |
| At 30 June 2017<br>(nominal value of<br>HK\$0.01 each)   | <b><u>989,615</u></b>  | <b><u>8,340</u></b>   | <b><u>1,264,114</u></b>                            | <b><u>1,272,454</u></b>                |
| At 1 January 2017<br>(nominal value of<br>HK\$0.01 each) | <b><u>989,615</u></b>  | <b><u>8,340</u></b>   | <b><u>1,264,114</u></b>                            | <b><u>1,272,454</u></b>                |

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

|   | <b>30 June<br/>2017<br/>RMB'000<br/>Unaudited</b> | 31 December<br>2016<br>RMB'000<br>Audited |
|---|---|---|
| Investment in trust (i)                                       | 305,667   | 318,882                                   |
| Cross currency swap contracts                                 | —   | 36,171                                    |
|   | <u>305,667</u>                                    | <u>355,053</u>                            |
| Less: Non-current portion of cross<br>currency swap contracts | —   | (19,786)                                  |
| Current portion   | <u>305,667</u>                                    | <u>335,267</u>                            |

- (i) During the period, investment in a trust amounting to RMB318,882,000 was disposed and investment in a trust amounting to RMB300,000,000 was acquired.

Gains or losses from changes in fair value of and dividend income from financial assets at fair value through profit or loss are recorded in “Finance income” in the interim condensed consolidated financial information.

The fair value of the investment in trust is measured by the discounted cash flow model with key assumptions including expected return rate, counterparties credit risk and market interest rate, which results in these measurements being classified as Level 3 in the fair value hierarchy.

## 15 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

|                                   | <b>30 June<br/>2017<br/>RMB'000<br/>Unaudited</b> | 31 December<br>2016<br>RMB'000<br>Audited |
|-----------------------------------|---|---|
| Cross currency swap contracts (i) | <u>14,105</u>                                     | <u>—</u>                                  |

- (i) Changes in fair value of financial liabilities at fair value through profit or loss were recorded in “Finance costs” in these interim condensed consolidated financial information.

The fair values of cross currency swap contracts are determined by reference to the prices as quoted by the counterparty financial institution, which are included in Level 2 measurement of fair value hierarchy.

## 16 BORROWINGS

|             | <b>30 June<br/>2017<br/>RMB'000<br/>Unaudited</b> | 31 December<br>2016<br>RMB'000<br>Audited |
|-------------|---|---|
| Non-current | 2,309,283   | 2,739,953                                 |
| Current     | 1,525,135   | 848,494                                   |
|             | <u>3,834,418</u>                                  | <u>3,588,447</u>                          |

Movements in borrowings are analysed as follows:

|                                     | <i>RMB'000</i>   |
|-------------------------------------|------------------|
| Six months ended 30 June 2017       |                  |
| Opening amount as at 1 January 2017 | 3,588,447        |
| Proceeds from borrowings            | 651,000          |
| Repayments of borrowings            | (350,696)        |
| Exchange gains                      | (54,333)         |
|                                     | <u>3,834,418</u> |
| Closing amount as at 30 June 2017   |                  |
|                                     | <i>RMB'000</i>   |
| 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           |
|                                     | <u>4,176,948</u> |
| Closing amount as at 30 June 2016   |                  |

Interest expense on borrowings and loans for the six months ended 30 June 2017 is approximately RMB94,906,000 (Six months ended 30 June 2016: RMB79,297,000).

## 17 DEFERRED INCOME TAX LIABILITIES

|                                      | Six months ended 30 June |                |
|--------------------------------------|--------------------------|----------------|
|                                      | 2017                     | 2016           |
|                                      | <i>RMB'000</i>           | <i>RMB'000</i> |
|                                      | Unaudited                | Unaudited      |
| Balance as at 1 January              | 370,414                  | 314,887        |
| Acquisition of subsidiaries          | —                        | 46,046         |
| (Charged)/credited to profit or loss | (3,792)                  | 1,950          |
|                                      | <u>366,622</u>           | <u>362,883</u> |

## 18 TRADE AND OTHER PAYABLES

|   | 30 June        | 31 December    |
|---|----------------|----------------|
|   | 2017           | 2016           |
|   | <i>RMB'000</i> | <i>RMB'000</i> |
|   | Unaudited      | Audited        |
| Trade payables                                    | 208,348        | 175,380        |
| Amounts due to related parties ( <i>Note 21</i> ) | 32,159         | 31,595         |
| Bills payables                                    | 3,100          | 12,900         |
| Accrued payroll and welfare                       | 1,853          | 4,025          |
| Interests payables                                | 7,786          | 9,145          |
| Other taxes payables                              | 5,597          | 14,341         |
| Contingent consideration payables ( <i>i</i> )    | 200,300        | 220,594        |
| Other payables                                    | 165,664        | 199,026        |
|   | <u>624,807</u> | <u>667,006</u> |
| Less: Long-term other payables                    | (137,818)      | (136,598)      |
| Current portion                                   | <u>486,989</u> | <u>530,408</u> |

- (i) The fair values of contingent consideration payables were measured by the discounted cash flow method and included in Level 3 of the fair value hierarchy. During the period ended 30 June 2017, the Group's contingent consideration payables amounting to RMB20,294,000 were paid in cash.

## 18 TRADE AND OTHER PAYABLES *(continued)*

The ageing analysis of trade payables and payable due to related parties in trade nature based on invoice date is as follows:

|                    | <b>30 June<br/>2017<br/>RMB'000<br/>Unaudited</b> | 31 December<br>2016<br>RMB'000<br>Audited |
|--------------------|---|---|
| Within 30 days     | <b>102,708</b>                                    | 90,837                                    |
| 31 days to 90 days | <b>42,936</b>                                     | 32,274                                    |
| 91 days to 1 year  | <b>43,243</b>                                     | 31,342                                    |
| 1 to 2 years       | <b>13,635</b>                                     | 12,993                                    |
| 2 to 3 years       | <b>3,767</b>                                      | 4,764                                     |
| Over 3 years       | <b>2,259</b>                                      | 3,170                                     |
|                    | <hr/> <b>208,548</b> <hr/>                        | <hr/> 175,380 <hr/>                       |

## 19 DIVIDENDS

The board of directors declared an interim dividend of approximately HK9.1 cents per share for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately HK8.3 cents per share). The interim dividends which are to be paid around Thursday, 30 November 2017 to the shareholders whose names appear in the register of members of the Company at the close of business on Tuesday, 31 October 2017, amounting to approximately HK\$89,870,000, have not been recognised as a liability in this interim financial information, but will be recognised in shareholders' equity for the year ending 31 December 2017.

## 20 CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any material contingent liabilities.



## 21 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 2017 and 2016, and balances arising from related party transactions as at 30 June 2017 and 31 December 2016.

### (a) Name and relationship with related parties

| <b>Name of related party</b>  | <b>Relationship</b>                           |
|---|---|
| International Finance Corporation (“IFC”)   | Shareholder of the Company                    |
| Henan Guangwushan Urban and Rural<br>Construction Limited<br>(“Guangwushan Construction”) | Controlled by the Controlling<br>Shareholders |
| Henan Tian Lun Gas Engineering<br>Investment Limited<br>(“Henan Tian Lun investment”)     | Controlled by the Controlling<br>Shareholders |
| Suzhou Pingzhuang Industrial Natural Gas<br>Limited (“Suzhou Pingzhuang”)                 | Associate                                     |

21 RELATED PARTY TRANSACTIONS (continued)

(b) Significant related party transactions

Significant related party transactions are as follows:

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2017                     | 2016           |
|  | <i>RMB'000</i>           | <i>RMB'000</i> |
|  | Unaudited                | Unaudited      |
| <b>Sales of gas</b>                              |                          |                |
| Suzhou Pingzhuang                                | 13,572                   | 6,112          |
| <b>Provision of pipeline connection services</b> |                          |                |
| Guangwushan Construction                         | —                        | 14,735         |
| <b>Acquisition of non-controlling interests</b>  |                          |                |
| Henan Tian Lun investment                        | —                        | 191,000        |
| <b>Interest charge</b>                           |                          |                |
| IFC  | 9,444                    | 8,600          |

(c) Balances with related parties

|                                    | 30 June        | 31 December    |
|------------------------------------|----------------|----------------|
|                                    | 2017           | 2016           |
|                                    | <i>RMB'000</i> | <i>RMB'000</i> |
|                                    | Unaudited      | Audited        |
| <b>Trade and other receivables</b> |                |                |
| Suzhou Pingzhuang                  | 180            | 91             |
| Guangwushan Construction           | 14,735         | 14,735         |
| Henan Tian Lun investment          | 13,667         | 13,713         |
|                                    | <u>28,582</u>  | <u>28,539</u>  |
| <b>Trade and other payables</b>    |                |                |
| Suzhou Pingzhuang                  | 200            | 204            |
| Henan Tian Lun investment          | 22,754         | 22,046         |
| IFC                                | 9,205          | 9,345          |
|                                    | <u>32,159</u>  | <u>31,595</u>  |
| <b>Loans due to</b>                |                |                |
| IFC                                | 406,464        | 416,220        |

## 21 RELATED PARTY TRANSACTIONS (continued)

### (d) Remuneration of key management

|                                  | Six months ended 30 June |                |
|----------------------------------|--------------------------|----------------|
|                                  | 2017                     | 2016           |
|                                  | <i>RMB'000</i>           | <i>RMB'000</i> |
|                                  | Unaudited                | Unaudited      |
| Basic salaries and allowances    | 7,983                    | 7,584          |
| Discretionary bonuses            | 507                      | 845            |
| Retirement benefit contributions | 1,013                    | 980            |
|                                  | <u>9,503</u>             | <u>9,409</u>   |

## 22 EVENT AFTER THE BALANCE SHEET DATE

1. On 12 May 2017, Xuchang Tian Lun Gas Group Limited\* (許昌市天倫燃氣有限公司), a wholly-owned subsidiary of the Group, entered into an agreement with the then shareholders of Sichuan Jintang Gas Company\* (四川省金堂縣燃氣公司) to acquire the entire equity interest of Sichuan Jintang Gas Company at a consideration of RMB500,000,000. The acquisition was completed in July 2017, and the relevant valuation is being conducted.
2. On 18 July 2017, the Company granted a total of 15,000,000 share options to three Directors of the Company to subscribe for a total of 15,000,000 ordinary shares of HK\$0.01 each in accordance with the share option scheme adopted on 13 October 2010.

The exercise price of the share options is HK\$4.97 per share, and (i) one third of the share options are exercisable from 18 July 2018 to 17 July 2019; (ii) another one third of the share options are exercisable from 18 July 2019 to 17 July 2020; and (iii) the remaining one third of the share options are exercisable from 18 July 2020 to 17 July 2021, upon acceptance of the grant of share options and subject to the terms of the share option scheme.

3. Henan Tian Lun Gas Group Limited \* (河南天倫燃氣集團有限公司) (“Henan Tian Lun”), a wholly-owned subsidiary of the Group, together with Zhengzhou Yutong Bus Co., Ltd. (“Zhengzhou Yutong”) and Bank of Zhengzhou Co., Ltd. (“Zhengzhou Bank”), jointly invested and established a financial leasing company in Zhengzhou, Henan Province on 23 March 2016.

On 15 August 2017, Henan Tian Lun contributed additional capital of RMB200,000,000 in proportion to its shareholding in such company, and Zhengzhou Bank and Zhengzhou Yutong contributed additional RMB290,000,000 and RMB510,000,000, respectively, in proportion to their shareholdings. Upon completion of the capital increase, such company remains to be owned as to 20%, 29% and 51%, respectively by Henan Tian Lun, Zhengzhou Bank and Zhengzhou Yutong.

## **RESULTS**

In the first half of 2017, with the recovery of the Chinese economy, the promulgation of favourable policies and the steady progress of environmental protection work, natural gas consumption in the PRC showed an explosive growth. According to the National Development and Reform Commission, China's natural gas consumption in the first half of 2017 amounted to 114.6 billion m<sup>3</sup>, representing an increase of approximately 15.20%, which is the first double-digit growth since 2015. The Group took such good market opportunities to vigorously develop various gas business and maintained significant growth in the first half of the year. During the Reporting Period, the Group's revenue and gross profit were approximately RMB1,490 million and RMB379 million, respectively, representing an increase of approximately 15.50% and approximately 15.55% as compared with approximately RMB1,290 million and approximately RMB328 million, respectively, for the corresponding period of last year. Profit attributable to owners of the Company amounted to approximately RMB187,000,000, representing an increase of approximately 23.84% as compared with approximately RMB151,000,000 for the corresponding period of last year. Gas sales volume of the Group amounted to approximately 501,000,000 m<sup>3</sup>, representing an increase of approximately 13.61% as compared with the corresponding period of last year. The total number of the Group's various gas users reached to approximately 1,430,829.

## **BUSINESS REVIEW**

### **Gas Pipeline Connection**

During the Reporting Period, new connections to residential users and industrial and commercial users of the Group were approximately 95,691 and approximately 839, respectively. As at 30 June 2017, the Group had a total of approximately 1,421,073 residential users and approximately 9,756 industrial and commercial users, representing increases of approximately 16.99% and approximately 19.06%, respectively, as compared with the corresponding period of last year. Average connection fee paid by each residential user was RMB2,631 and average connection fee paid by each industrial and commercial user was RMB55,344.

## Transportation and Sales of Gas

During the Reporting Period, total gas sales volume of the Group was approximately 501,000,000 m<sup>3</sup>, representing an increase of approximately 13.61% as compared with the total gas sales volume of approximately 441,000,000 m<sup>3</sup> for the corresponding period of last year. Pipeline gas distribution volume amounted to approximately 394,000,000 m<sup>3</sup>. Gas volume sold to residential users, industrial and commercial users, transportation gas users and urban gas enterprise users accounted for approximately 16.50%, 54.12%, 15.20% and 14.18%, respectively, of the 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 enterprise users (exclusive of tax) were approximately RMB2.20/m<sup>3</sup>, RMB2.35/m<sup>3</sup>, RMB2.53/m<sup>3</sup> and RMB1.88/m<sup>3</sup>, respectively.

Following the pace of urbanization development, the Group had created new models of civil users development and strengthened its efforts on civil users development. During the Reporting Period, Xuchang subsidiary, Hebei subsidiary and Ming Sheng, being members of the Group, recorded a significant growth, and the Group's total gas sales volume to residential users increased by approximately 19.76% as compared with the corresponding period of last year.

Gas sales volume to industrial and commercial users increased by approximately 20.42% as compared with the corresponding period of last year. Excluding gas sale volume to industrial and commercial users for long-haul pipeline business, gas sales volume to industrial and commercial users of other gas projects of the Group still increased by approximately 31.93% as compared with the corresponding period of last year.

The successive launch of national environmental protection and subsidy policies further promoted the progress of coal-to-gas conversion projects of enterprises. The Group actively responded to the call of the State and energetically developed the coal-to-gas user market while maintaining the continuous growth of industrial users in the existing areas of its operation. During the Reporting Period, gas supply to Baiyin Non-ferrous Group, Dongfang Titanium (東方鈦業), Uni-President and Baiyin Sanfeng Wenchuan Environmental Protection, with which the Group entered into contracts last year in the northwest region of China, commenced, with daily gas consumptions of 20,000 m<sup>3</sup>, 100,000 m<sup>3</sup>, 30,000 m<sup>3</sup> and 10,000 m<sup>3</sup>, respectively. The average daily gas consumption of several large industrial gas users of the subsidiaries situated in Hebi which had completed coal-to-gas conversion projects last year, including Hebi Dongjiang Construction, Hebi Coal Power, Hebi Zhongtai Mining, Hebi Coal and Henan Luda Engineering Machinery, reached 50,000 m<sup>3</sup> each. In addition, members of the Group in various regions actively developed potential local

coal-to-gas users in view of local situations. In particular, the subsidiary situated in Shangjie of the southern region of Henan successfully entered into a contract with Henan Jinju Color Aluminium, which currently has a daily gas consumption of 60,000 m<sup>3</sup>. With further improvement in facilities, its daily gas consumption is expected to reach 80,000 m<sup>3</sup>. In South China Region, a contract had been successfully entered into with Guangdong Xintongda Steel Pipe Plant with a designed daily gas consumption of 40,000 m<sup>3</sup>. Cooperation agreements had also been entered into with 30 industrial users in such region. In addition, Shan County Subsidiary, Dongming Subsidiary and Hebi Subsidiary in North Henan Region successfully developed Shandong Sunshine Chemicals, Shandong Green Baozhu Fertilisers (山東綠寶珠肥業) and Hebi Hangyu Road and Bridge Construction as users, with designed daily gas consumption of 50,000 m<sup>3</sup>, 30,000 m<sup>3</sup> and 30,000 m<sup>3</sup>, respectively. It is believed that the gas consumption of these newly developed industrial users will lead to a significant increase in the gas sales volume of the Group to industrial users.

Gas sales volume to transportation gas users increased by approximately 33.50% as compared with the corresponding period of last year, mainly due to the stable CNG production of Jilin Changling project and the sound development of vehicle gas sales business. In addition, the launch of new policies for internet hailing vehicles and the increasing gasoline price resulted in the rebound of business volume of traditional taxis. In particular, the subsidiaries situated in Shangjie, Gulang, Qian County and Jiutai of the Group all recorded significant increase in vehicle gas sales volume.

Furthermore, gas sales volume to urban gas enterprise users was approximately 71,090,000 m<sup>3</sup>, and pipeline gas distribution volume was approximately 394,000,000 m<sup>3</sup>, representing a decrease of 20.87% and an increase of approximately 13.54%, respectively, as compared with the corresponding period of last year.

### **Development of New Projects**

During the Reporting Period, the Group acquired an urban gas project in Jintang County, Sichuan Province. As at the end of the Reporting Period, the Group had a total of 54 urban gas projects.

### **Acquisition of an urban gas project in Jintang County, Sichuan Province**

On 12 May 2017, Xuchang Tian Lun Gas Group Limited\* (許昌市天倫燃氣有限公司) entered into an agreement with the then shareholders of Sichuan Jintang Gas Company \* (四川省金堂縣燃氣公司) to acquire the entire equity interest of Sichuan Jintang Gas Company at a consideration of RMB500,000,000.

Jintang County, where the project operates, is in the core area of the Chengdu-Chongqing economic circle and only 42 kilometres from the central urban area of Chengdu, the PRC. It is a key development area in the Chengdu Plain economic circle and a key development zone for characteristics industries in Chengdu. Local property business in Jintang County is at a stage of rapid growth, with a large number of properties under construction and to be developed and land available for development. With its unique location advantage, the Chengdu-Jintang subway, which is under construction, will also be completed for traffic in 2020. With the improving transportation network, urban population will maintain fast growth, and local civil gas market has broad development prospects. The “Da Zhi Zao” (大智造) industrial park, which has a planned area of 330 kilometres and has commenced construction, will focus on the development into an industrial cluster area for energy-saving and environmental protection, general aviation, new energy vehicles, new materials, high-end equipment, and biological medicine industries, and it is a “trillion level industrial new town” and a “national development zone” in Chengdu. The Chengdu-Aba Industrial Park focuses on the development of energy-saving and environmental protection, resources recycling and electronics industry cluster and has participated over 100 large-scale industrial projects. It strives to develop into a first-class energy-saving and environmentally-friendly industry demonstration park in the PRC. In addition, Jintang County government vigorously promotes the development of local tourism industry and focuses on the development of a number of demonstration tourism projects including the largest children’s theme park in south-western China, China’s first big data football base and a hot spring resort of China Travel Service (Hong Kong). The improving urban systems, growing urban area and population, developing industrial park and key investment projects will all facilitate the future market expansion and development of the project.

The project has a stable and mature business operation with over 110,000 residential users, more than 2,200 commercial users and 230 industrial users. It has gas supplied by both China Petroleum and Chemical Corporation, Southwest Oil and Gas Branch and PetroChina Company Limited, Southwest Natural Gas Sales Branch, which further ensures its future steady growth. The project is only 30 kilometers away from Xindu District where the subsidiary in Sichuan Ming Sheng operates. Such acquisition will further expand the business size of the Group in south-western China, improve the operational synergies generated by the Group’s urban gas projects in Sichuan Province, Gansu Province, Shaanxi Province and Yunnan Province, and have strategic values and play an important role in the Group’s presence in Sichuan Province and further increase in its market share in south-western China.



## **Investment in Gas Refilling Stations**

As at 30 June 2017, the Group had added 6 new operating gas refilling stations and had a total of 50 operating gas refilling stations and 9 gas refilling stations were under construction. The Group will pay close attention to the relevant policy developments and actively follow up on project development. It will establish additional gas refilling stations in the principle of mostly self-development and making prudent investments.

## **Investment in LNG Processing Plants**

According to the design plan, the Group's gas source bases at Changling County, Jilin Province will have a daily production volume of 150,000 m<sup>3</sup> of CNG and LNG each. During the Reporting Period, the CNG production was stable and the daily production was close to 150,000 m<sup>3</sup>. The installation and commissioning of LNG equipment was completed, which will commence production in the third quarter of 2017. With its gas source cost advantage and geographical advantage, as well as the Group's strong distribution ability in north-eastern China, the project is expected to, following the commencement of production, further lower the Group's gas cost in such area and lay a solid foundation for its further development of the Northeast China market.

In addition, in order to lower the investment cost and future operation cost of the project, after negotiations with local government, the LNG processing plant project in Kaizhou District, Chongqing (formerly known as Kai County, Chongqing) will be relocated to Puli Industrial New Area, which is closer to the gas source. Currently the Group is undergoing the procedures for the land approval of the new site. Once relocated to Puli Industrial New Area with convenient accessibility and significant location advantage, the project can rely on the regional policy advantage and enjoy government infrastructure and favourable policies such as interest subsidy for financing.

## **Long-haul Pipelines**

The Group has a total of six 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<sup>3</sup>. As at the end of the Reporting Period, the station line work of the Lushan-Ruzhou Pipeline Branch of the West-East Pipeline II of the Group under construction was substantially completed, and its preliminary work was also completed. Its development will commence in the third quarter of 2017. Furthermore, the Yuzhou-Changge project, which targets to mainly serve Xuchang Subsidiary, a core subsidiary of the Group, and supply gas to related surrounding markets, has been included in the 13th five-year plan of Henan Province for energy development. Currently the station site selection, pipeline survey, design tender and determination of preliminary routes



has been completed, and the planning and site selection for townships along the line is underway. The project is expected to commence construction in the fourth quarter of the year. In addition, the planned Puyang-Hebi pipeline of the Group was approved and included in the 13th five-year plan of Henan Province by Henan Province Development and Reform Commission, and will, upon completion, further lower the gas supply cost of Puyang Subsidiary and Hebi Subsidiary and provide strong gas source support for future expansion into surrounding pipeline market.

The Group will continue to identify the opportunities for the construction of long-haul pipelines and strive to capture more market share through active expansion of gas supply to gas power plants, direct supply to industrial parks and distributed energy business.

## **HUMAN RESOURCES**

As at 30 June 2017, the total number of employees of the Group was 2,507. The remuneration of employees of the Group are determined based on their work performance, work experiences and prevailing market rate.

The Group pays great attention to the continuous training of staff and the improvement of their business skills. It carries out targeted training program in view of the needs of positions at various levels and through the selection of certified internal tutors and appointment of external professional lecturers. In particular, a senior management training program was launched at the Group's regions to further improve team leadership, support the strategic planning of the Company and the fulfillment of operational objectives. The continuous reserve manager training camp enables middle management to obtain comprehensive management experiences and provide strong support for their future career promotion. In addition, the Group arranges various kinds of training for low-level employees from time to time to further improve their services and professional quality, and implements a Parachute Program for college graduates, whereby mentors are assigned to them so that they can quickly integrate into their positions and department work. For talent reserve and introduction, by continuous implementation of the "Talent Program", "Coming Home to Work at Tian Lun" and "Management Trainee for President" programs as well as the combination of internal competition for positions, traditional campus recruitment and social recruitment, the Group strives to ensure adequate supply of talents to support the future business development of the Group.

Moreover, through contest activities including "Quarterly Bravery Awards", "Annual Outstanding Employees" and "Excellent Management Awards", the Group set models to create a good environment for competition. By appointing China Stone, a top enterprise consulting management company in the PRC to optimise its human resource system, the Group continued to improve its performance appraisal system, remuneration adjustment and other incentive mechanisms in order to further motivate employees and strengthen cohesion and sense of belonging to the Group.

## **INFORMATION MANAGEMENT**

Based on its actual operational needs, the Group continued to refine and promote its information system and improved the standardized and refined management.

In the first half of 2017, its marketing service system realised the diversification of customer service channels and further improved the quality and efficiency of its customer services. The Group entered into a cooperation agreement with Zhongyuan Bank to establish IC card self-service recharge terminals at the areas of its operation across Henan Province free of charge. Currently the pilot program has been launched at Xuchang Subsidiary. In addition, members of the Group opened WeChat public accounts to provide self-service payment functions through WeChat and Alipay, and provided cloud customer service function to share the handling volume of traditional telephone customer service, which has effectively supported the highly-efficient operation of its overall marketing and customer service system and provided additional marketing and service channels for the Company. Furthermore, the conventional development of the gas project management system was completed, which enabled the clear understanding of material consumption in construction, construction progress and key points such as project filing and inspection for all of its projects and effective project management. Currently the system has been put into use in South Henan and North Henan regions. The promotion, inspection and acceptance of the equipment management system and transmission error management system was completed, which had been put into operation in four major regions including South Henan, North Henan, East China and South China and provide effective support for the Group to analyze various equipment data. In addition, the video monitoring and comprehensive environment monitoring and management system was installed at major stations of the Group in the first half of the year. The relevant management system will be jointly developed by the Group's information management centre and its safety and environment department to regulate the use and operation of the video system to maximize its effectiveness.

## **FINANCIAL REVIEW**

### **Revenue from Gas Pipeline Connection**

During the Reporting Period, the Group's revenue from gas pipeline connection amounted to approximately RMB298,000,000, representing an increase of approximately 2.76% as compared with the corresponding period of last year and accounting for approximately 20.00% 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 RMB1,162,000,000, representing an increase of approximately 18.21% as compared with approximately RMB983,000,000 for the corresponding period of last year and accounting for approximately 77.99% of the total revenue of the Group. In particular, gas sales revenue from long-haul pipeline transmission project amounted to approximately RMB437,000,000, and gas sales revenue from the other gas projects amounted to approximately RMB725,000,000, representing an increase of approximately 32.06% as compared with the corresponding period of last year.

## **Gross Profit, Gross Profit Margin and Net Profit Margin**

During the Reporting Period, the Group recorded gross profit of approximately RMB379,000,000, representing an increase of approximately 15.55% as compared with the corresponding period of last year. Overall profit margin of the Group was approximately 25.44%, at a similar level to that of the corresponding period of last year; net profit margin was approximately 13.22%, representing a slight increase of 0.27 percentage point 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 2017, the Group's cash and cash equivalents amounted to approximately RMB977,000,000, of which approximately 82.76% was denominated in Renminbi, approximately 12.45% in US Dollars, approximately 4.54% in Hong Kong Dollars and approximately 0.25% in European Dollars. As at 30 June 2017, the Group's gearing ratio, calculated based on the percentage of total liabilities over total assets, was approximately 63.61%.

## **Credit Structure**

As at 30 June 2017, the Group's total borrowings were approximately RMB3,834,000,000 (As at 31 December 2016: approximately RMB3,588,000,000), of which borrowings denominated in Renminbi were approximately RMB1,638,000,000 (As at 31 December 2016: approximately RMB1,247,000,000) and borrowings denominated in US Dollars were approximately RMB2,196,000,000 (As at 31 December 2016: borrowings denominated in US Dollars of approximately RMB2,341,000,000). Approximately 39.78% (As at 31 December 2016: approximately 23.65%) of borrowings were classified as current liabilities. Loans repayable within one year were approximately RMB1,525,000,000, of which approximately RMB1,316,000,000 was secured by the Group's gas charge rights. As at 30 June 2017, cash and cash equivalents, current financial assets and available credit facilities amounted to approximately RMB1,283,000,000 in total, and the credit facilities obtained but unutilized by the Group amounted to approximately RMB774,000,000.

## **Exchange Risk Management**

As at 30 June 2017, the Group's overseas loans denominated in US Dollars accounted for approximately 57.28% of its total borrowings, which was lower than industry average. 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 2017, the Group had no material contingent liabilities (As at 31 December 2016: none).

## **OUTLOOK**

Benefiting from the support and promotion by China's policies for energy structure optimisation and environment pollution treatment, the PRC natural gas market maintained a strong growth momentum and market-oriented natural gas reform continued to accelerate. In the first half of 2017, the 13th Five-year Plan for Natural Gas Development and the Opinions on Acceleration of Use of Natural Gas were promulgated, which further confirmed that natural gas will be developed into a major energy in China's modern clean energy system to provide a driving force for the development of the natural gas market. In the first half of 2017, the Group maintained an efficient and mature management and control model, leading to the strong growth of overall results.

In the second half of 2017, the Group will closely follow the favourable opportunities brought by national policies and economic environment and adjust its overall strategic planning in order to maintain continuous rapid growth of its results. The Group will continue to refine the market rules for its urban gas operation and strengthen the control of costs and expenses in the daily operation and project construction of gas business. While continuing to selectively acquire urban gas projects and keeping a close eye on the development of areas with established gas pipeline infrastructure, the Group will focus on target companies that can generate synergy in its existing areas of operation and seize the opportunities brought by the coal-to-gas conversion to develop more large high-quality industrial users. Also, the Group will independently construct long-haul pipelines to complement urban infrastructure, develop independent distributed energy projects at large plants and industrial parks, and focus on the development of gas transmission business for new gas power plants in Jiangsu and Guangdong provinces. In addition, the Group will further strengthen its standardized and information management, enhance the acquisition of knowledge on industry technologies and innovations in business models, and improve its ability to solve technical issues. The Group firmly believes that with the national favorable policies and its excellent management and control model, all employees of the Group will unite as one and repay shareholders and investors with more outstanding results.

## **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.

## **EVENTS SUBSEQUENT TO THE REPORTING PERIOD**

### **Increased shareholding of controlling shareholder**

Tian Lun Group Co., Ltd. (天倫集團有限公司) acquired on-market a total of 7,873,500 shares of the Company during the period from 26 June 2017 to 13 July 2017. Following such acquisitions, Tian Lun Group and Mr. Zhang Yingcen were interested in 471,171,300 shares and 540,621,800 shares (excluding the underlying put shares as defined in the announcement of Comapny dated 27 March 2015), respectively, representing approximately 47.61% and approximately 54.62%, respectively, of the entire share capital of the Company. For details, please refer to the announcements of the Company dated 29 June, 30 June, 7 July and 14 July 2017.

## **Share Option Scheme**

On 18 July 2017, the Company granted a total of 15,000,000 share options to three executive Directors to subscribe for a total of 15,000,000 ordinary shares of HK\$0.01 each in accordance with the share option scheme adopted on 13 October 2010. For details, please refer to the announcement of the Company dated 18 July 2017.

## **Increase of registered capital of a joint venture company**

Henan Tian Lun Gas Group Limited (“**Henan Tian Lun**”), a wholly-owned subsidiary of the Company, together with Bank of Zhengzhou Co., Ltd. (“**Zhengzhou Bank**”) and Zhengzhou Yutong Bus Co., Ltd. (“**Zhengzhou Yutong**”), established a financial leasing company (“**JV**”) in Zhengzhou, Henan Province on 23 March 2016 with a capital contribution of RMB200,000,000.

On 15 August 2017, Henan Tian Lun further injected RMB200,000,000 to the registered capital of the JV in proportion to its shareholding in the JV, and Zhengzhou Bank and Zhengzhou Yutong also injected RMB290,000,000 and RMB510,000,000, respectively, in proportion to their respective shareholdings. Upon completion of the capital increase, the JV remained owned as to 20%, 29% and 51%, respectively by Henan Tian Lun, Zhengzhou Bank and Zhengzhou Yutong.

The financial leasing services provided by the JV will enable the potential customers of the Group to meet their capital needs for coal-to-gas conversion and assist them in future expansion of gas business of the Company. In addition, the JV has been under steady operation and recorded strong results. As such, the increase in the capital of the JV company can bring stable returns to the Company and further promote the development of gas business of the Company. For details, please refer to the announcements of the Company dated 17 February 2016, 16 August 2017 and 17 August 2017.

## **INTERIM DIVIDENDS**

The Board is pleased to announce the payment for interim dividends for the Reporting Period of approximately HK9.1 cents per share. The interim dividends, amounting to approximately HK\$89,870,000 will be distributed on or around Thursday, 30 November 2017 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 31 October 2017.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 25 October 2017 to Tuesday, 31 October 2017, 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 Company'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 Tuesday, 24 October 2017.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all the Directors, each of them confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted and been in compliance with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the Reporting Period.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") consists of three independent non-executive Directors, namely, Mr. Li Liuqing (chairman of the Audit Committee), Mr. Yeung Yui Yuen Michael and Ms. Zhao Jun. The Audit Committee has reviewed this announcement and the unaudited consolidated financial statements of the Group for the Reporting Period.

## **INTERIM REPORT**

The Company's interim report for the Reporting Period will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.tianlungas.com](http://www.tianlungas.com)), and copies of the interim report will be dispatched to the shareholders of the Company in due course.

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

Zhengzhou, the People's Republic of China, 31 August 2017

*As at the date of this announcement, the executive Directors are Mr. Zhang Yingcen (Chairman), Mr. Xian Zhenyuan, Mr. Feng Yi, Mr. Sun Heng and Ms. Li Tao; the non-executive Director is Mr. Wang Jiansheng and the independent non-executive Directors are Mr. Li Liuqing, Mr. Yeung Yui Yuen Michael, Ms. Zhao Jun and Mr. Cao Zhibin.*

*\* For identification purpose only*