

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



# 華潤燃氣控股有限公司 China Resources Gas Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1193)

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

The board of directors (the “Board”) of China Resources Gas Group Limited (the “Company” or “CR Gas”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months period ended 30th June, 2009 with comparative figures for 2008 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

		<b>Six months ended 30th June,</b>	
		<b>2009</b>	2008
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited and restated)
	NOTES		
Turnover	3		
Continuing operations		<b>1,127,248</b>	966,474
Discontinued operations	5	-	616,603
		<b>1,127,248</b>	1,583,077
Cost of sales		<b>(775,762)</b>	(1,138,496)
Gross profit		<b>351,486</b>	444,581
Other income		<b>48,928</b>	43,169
Selling and distribution expenses		<b>(85,859)</b>	(85,173)
Administrative expenses		<b>(109,490)</b>	(169,974)
Other expenses		-	(64,746)
Finance costs		<b>(12,388)</b>	(21,536)
Share of results of associates		<b>2,570</b>	1,584
Profit (loss) before taxation			
Continuing operations		<b>195,247</b>	162,911
Discontinued operations	5	-	(15,006)
		<b>195,247</b>	147,905

		<b>Six months ended 30th June,</b>	
		<b>2009</b>	2008
		<b>HK\$'000</b>	<b>HK\$'000</b>
		(unaudited and restated)	
	NOTES	<b>(unaudited)</b>	
Taxation	4		
Continuing operations		(27,468)	(15,818)
Discontinued operations	5	-	(8,268)
		<u>(27,468)</u>	<u>(24,086)</u>
Profit (loss) for the period	6		
Continuing operations		167,779	147,093
Discontinued operations	5	-	(23,274)
		<u>167,779</u>	<u>123,819</u>
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(1,954)	76,153
Share of changes in reserve of associates		63	559
Other comprehensive income for the period		<u>(1,891)</u>	<u>76,712</u>
Total comprehensive income for the period		<u><b>165,888</b></u>	<u><b>200,531</b></u>
Profit (loss) for the period attributable to:			
Equity holders of the Company			
Continuing operations		141,337	128,070
Discontinued operations	5	-	(17,200)
		<u>141,337</u>	<u>110,870</u>
Minority interests		<u>26,442</u>	<u>12,949</u>
		<u><b>167,779</b></u>	<u><b>123,819</b></u>
Total comprehensive income attributable to:			
Equity holders of the Company			
Continuing operations		139,776	187,519
Discontinued operations	5	-	(17,200)
		<u>139,776</u>	<u>170,319</u>
Minority interests		<u>26,112</u>	<u>30,212</u>
		<u><b>165,888</b></u>	<u><b>200,531</b></u>

	NOTES	Six months ended 30th June,	
		2009 HK\$ (unaudited)	2008 HK\$ (unaudited and restated)
Earnings per share	8		
From continuing and discontinued operations			
- Basic		<u>0.10</u>	<u>0.39</u>
- Diluted		<u>0.10</u>	<u>0.39</u>
From continuing operations			
- Basic		<u>0.10</u>	<u>0.45</u>
- Diluted		<u>0.10</u>	<u>0.45</u>

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2009

	NOTES	At 30th	At 31st
		June, 2009 HK\$'000 (unaudited)	December, 2008 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	9	1,630,555	1,244,440
Prepaid lease payments		108,020	110,514
Investment properties		7,750	7,909
Interests in associates		12,779	10,272
Available-for-sale investments		8,290	8,299
Goodwill		290,374	18,836
Exclusive operating rights		628,130	637,030
Deposits for investment in subsidiaries		<u>18,619</u>	<u>84,940</u>
		<u>2,704,517</u>	<u>2,122,240</u>

		<b>At 30th June, 2009 HK\$'000 (unaudited)</b>	At 31st December, 2008 HK\$'000 (audited)
Current assets			
Inventories		<b>93,925</b>	45,252
Trade and other receivables	<i>10</i>	<b>324,556</b>	205,247
Amounts due from customers for contract work		<b>142,111</b>	131,997
Prepaid lease payments		<b>3,817</b>	3,760
Amounts due from fellow subsidiaries		-	11,636
Amount due from a minority shareholder of a subsidiary		<b>24,241</b>	-
Pledged bank deposits		<b>740</b>	740
Bank balances and cash		<b>1,410,091</b>	1,185,086
		<b>1,999,481</b>	1,583,718
Assets classified as held for sale		<b>10,221</b>	-
		<b>2,009,702</b>	1,583,718
Current liabilities			
Trade and other payables	<i>11</i>	<b>1,224,115</b>	873,913
Amounts due to customers for contract work		<b>423,172</b>	316,885
Amounts due to fellow subsidiaries		-	239
Bank and other borrowings		<b>152,484</b>	68,033
Taxation payable		<b>1,481</b>	7,961
		<b>1,801,252</b>	1,267,031
Net current assets		<b>208,450</b>	316,687
Total assets less current liabilities		<b>2,912,967</b>	2,438,927
Capital and reserves			
Share capital		<b>141,442</b>	141,442
Reserves		<b>1,636,595</b>	1,807,139
Equity attributable to equity holders of the Company		<b>1,778,037</b>	1,948,581
Minority interests		<b>396,820</b>	234,442
		<b>2,174,857</b>	2,183,023
Non-current liabilities			
Bank and other borrowings		<b>518,541</b>	39,494
Other long-term liabilities		<b>78,877</b>	73,309
Deferred tax liabilities		<b>140,692</b>	143,101
		<b>738,110</b>	255,904
		<b>2,912,967</b>	2,438,927

Notes:

## 1. BASIS OF PREPARATION

During the six months ended 30th June, 2008, the Company is the holding company of the companies now comprising the Group except for Redland Concrete Limited (“Redland Concrete”) and its subsidiaries (“Redland Concrete Group”) and China Resources Gas Limited (“CR Gas (BVI)”) and its subsidiaries (“CR Gas (BVI) Group”).

As part of the group reorganisation (the “Group Reorganisation”), Rich Team Resources Limited (“Rich Team”), a wholly-owned subsidiary of the Company which was incorporated on 30th October, 2007, acquired 100% equity interests in Redland Concrete from China Resources Concrete Limited for a cash consideration of approximately HK\$217,757,000 on 5th March, 2008. On 30th October, 2008, the Company acquired 100% equity interests in CR Gas (BVI) from Powerfaith Enterprises Limited (“Powerfaith”) for a cash consideration of HK\$3,814,800,000.

On 31st December, 2008, the Company disposed of 100% equity interests in Rich Team and a shareholder’s loan due to the Company to China Resources Cement Holdings Company Limited, a fellow subsidiary of the Company, for a cash consideration which was the face value of such loan plus the consolidated net asset value of Rich Team as at 31st October, 2008, and adjusted based on any profit or loss after taxation attributable to its shareholders between 1st November, 2008 and 31st December, 2008. The final consideration was approximately HK\$304,698,000. Details of the Group Reorganisation are set out in the Company’s circulars dated 16th January, 2008, 19th September, 2008 and 12th December, 2008. Upon completion of the Group Reorganisation, the Group is engaged in sales of liquefied gas and connection of gas pipelines in the People’s Republic of China (“PRC”).

The Group, Redland Concrete Group and CR Gas (BVI) Group are ultimately controlled by China Resources National Corp. before and after the Group Reorganisation, and that control is not transitory. The Group, Redland Concrete Group and CR Gas (BVI) Group are regarded as continuing entities as at the dates of business combinations and hence the acquisitions have been accounted for as combinations of entities under common control by applying the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting under Common Control Combination” (“AG5”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Accordingly, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the six months ended 30th June, 2008 include the results of operations, changes in equity and cash flows of Redland Concrete Group and CR Gas (BVI) Group as if the Company was the holding company of these two group companies throughout the six months ended 30th June, 2008, or since their respective dates of incorporation or establishment where this is a shorter period.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost convention.

A number of new or revised Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and interpretations are effective for the financial year beginning on 1st January, 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group’s financial statements for the year ended 31st December, 2008. The adoption of these new standards has resulted in the following changes. The adoption of the other new and revised standards, amendments and interpretations had no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented.

### Presentation of financial statements

In the current period, the Group has adopted HKAS 1 (Revised) “Presentation of financial statements” which has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosures. The adoption of HKAS 1 (Revised), however, has no impact on the reported results or financial position of the Group.

### Segment information

In the current period, the Group has adopted HKFRS 8 “Operating segments”. HKFRS 8 requires the presentation of operating segments in a manner consistent with the internal reports that are regularly reviewed by the Group’s chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker of the Group has been identified as the Executive Directors. HKFRS 8 replaces HKAS 14 “Segment reporting” which required an entity to identify two sets of segments (business and geographical). Following the adoption of HKFRS 8, the presentation of the segment results and segment assets has changed (see note 3 for details). However, the adoption of HKFRS 8 has not resulted in redesignation of the Group’s reportable segments.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may affect the Group’s accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1st January, 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group’s ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

HK(IFRIC) - INT 18 applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. This may affect the accounting treatment for property, plant and equipment and revenue recognition for which the transfer of cash is received on or after 1st July, 2009.

### 3. TURNOVER AND SEGMENT INFORMATION

#### Business segments

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss. Accordingly, the Group has identified four operating segments - semiconductor, concrete, sale and distribution of gas fuel and related products and gas connection, which are used by Group’s chief operating decision maker to make strategic decisions.

The activities of these divisions are as follows:

Semiconductor - design, fabrication and packaging of integrated circuits and discrete devices

Concrete - manufacture and sale of concrete

Sale and distribution of gas fuel and related products - sale of liquefied petroleum gas and natural gas for residential, commercial and industrial use

Gas connection - construction of gas pipelines

Details of the disposals of discontinued semiconductor and concrete operations are set out in note 5. Upon completion of the disposals, the Group is principally engaged in the sale and distribution of gas fuel and related products and gas connection operations.

Segments results represent the profit before taxation earned by each segment, excluding interest income, finance costs, central administration costs and directors’ salaries. This is the measure reported to the Group’s Executive Directors for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

Six months ended 30th June, 2009

	<u>Continuing operations</u>		
	Sale and distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Turnover</b>			
External sales	<u>893,649</u>	<u>233,599</u>	<u>1,127,248</u>
<b>Result</b>			
Segment results	<u>126,945</u>	<u>102,913</u>	229,858
Unallocated income			48,928
Unallocated expenses			(71,151)
Finance costs			<u>(12,388)</u>
Profit before taxation			195,247
Taxation			<u>(27,468)</u>
Profit for the period			<u>167,779</u>



Six months ended 30th June, 2008

	Continuing operations			Discontinued operations			Consolidated
	Sales and Distribution of gas fuel and related products <i>HK\$'000</i>	Gas connection <i>HK\$'000</i>	Total <i>HK\$'000</i>	Semiconductor <i>HK\$'000</i>	Concrete <i>HK\$'000</i>	Total <i>HK\$'000</i>	
<b>Turnover</b>							
External sales	<u>817,303</u>	<u>149,171</u>	<u>966,474</u>	<u>428,201</u>	<u>188,402</u>	<u>616,603</u>	<u>1,583,077</u>
<b>Result</b>							
Segment results	<u>90,960</u>	<u>70,448</u>	161,408	<u>(51,092)</u>	<u>36,086</u>	(15,006)	146,402
Unallocated income			13,585			-	13,585
Unallocated expenses			(5,337)			-	(5,337)
Finance costs			<u>(6,745)</u>			-	<u>(6,745)</u>
Profit (loss) before taxation			162,911			(15,006)	147,905
Taxation			<u>(15,818)</u>			<u>(8,268)</u>	<u>(24,086)</u>
Profit (loss) for the period			<u>147,093</u>			<u>(23,274)</u>	<u>123,819</u>

#### 4. TAXATION

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Current tax		
PRC	29,881	19,473
Hong Kong	-	8,409
	<u>29,881</u>	<u>27,882</u>
Deferred taxation	<u>(2,413)</u>	<u>(3,796)</u>
	<u>27,468</u>	<u>24,086</u>

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profits for the six months ended 30th June, 2009.

Profits tax arising in the PRC is calculated based on the applicable tax rates on assessable profits.

Certain subsidiaries operating in the PRC are exempted from income tax applicable in the PRC for two years starting from the first profit making year after utilisation of the tax losses brought forward and were granted a 50% relief for the following three years.

Certain subsidiaries operating in the PRC which are regarded as advance technology enterprises have also been granted tax concessions by the local tax bureau and are entitled to PRC Enterprise Income Tax at concessionary rate of 15%. These subsidiaries have been disposed of by the Group on 5th March, 2008.

According to a joint circular of the Ministry of Finance and State Administration of Taxation, Cai Shui 2008 No. 1, only the profits earned by foreign-investment enterprise prior to 1st January, 2008, when distributed to foreign investors, can be grandfathered and exempted from withholding tax. Whereas, dividend distributed out of the profits generated thereafter, shall be subject to the Enterprise Income Tax at 5% or 10% and withheld by the PRC entities, pursuant to Articles 3 and 27 of the New Law and Article 91 of its Detailed Implementation Rules. No deferred tax liabilities on the undistributed profits earned during the six months ended 30th June, 2009 and 2008 have been recognised as the directors of the Company consider the amount is insignificant.

## 5. DISCONTINUED OPERATIONS

On 4th December, 2007, the Company entered into a conditional agreement with its subsidiary, China Resources Microelectronics Limited (“CRM”), for the sale of the entire interests in certain of the Company’s wholly-owned subsidiaries engaging principally in the manufacture of semiconductors and the shareholders’ loans advanced to these subsidiaries to CRM, for an aggregate consideration of approximately HK\$1,488,900,000 which was satisfied by the issue of 3,106,932,317 shares in CRM to the Company. The disposal of these subsidiaries was approved at a special general meeting held on 13th February, 2008 and was completed on 5th March, 2008. As the Group disposed of the semiconductor operation during the six months ended 30th June, 2008, the semiconductor operation is presented as a discontinued operation.

Immediately after the disposal, the Company distributed all of its shares in CRM, by way of a dividend in specie on the basis of 180 shares in CRM for every 100 shares in the Company held. After the distribution of dividend in specie, the entire equity interests held in CRM by the Company were disposed of.

The results of the semiconductor operation for the six months ended 30th June, 2008, which have been included in the condensed consolidated statement of comprehensive income, were as follows:

	Six months ended 30th June, 2008 <i>HK\$'000</i>
Turnover	428,201
Cost of sales	<u>(333,832)</u>
Gross profit	94,369
Other income	8,536
Selling and distribution expenses	(13,833)
Administrative expenses	(63,176)
Other expenses	(62,401)
Finance costs	<u>(14,587)</u>
Loss before taxation	(51,092)
Taxation	<u>(617)</u>
Loss for the period	<u><u>(51,709)</u></u>
Attributable to:	
Equity holders of the Company	(45,635)
Minority interests	<u>(6,074)</u>
	<u><u>(51,709)</u></u>

On 1st December, 2008, the Group entered into an agreement with China Resources (Holdings) Company Limited (“CRH”) to dispose of the entire issued share capital of Rich Team, together with a shareholder’s loan due to the Company, to CRH or any of its subsidiary nominated by it for a consideration which was the face value of such loan plus the consolidated net asset value of Rich Team as at 31st October, 2008, and adjusted based on any profit or loss after taxation attributable to its shareholders between 1st November, 2008 and 31st December, 2008. The final consideration was approximately HK\$304,698,000. Rich Team was a holding company and its subsidiary was Redland Concrete which was engaged principally in the manufacture and sale of concrete business. The disposal was completed on 31st December, 2008.

At the time of entering into the acquisition of Redland Concrete and CR Gas (BVI) during the year ended 31st December, 2008, it was the stated intention of the directors of the Company for the Group to maintain its interest in Redland Concrete. Since then, the economic prospects in Hong Kong declined drastically and the medium term outlook for the construction industry in Hong Kong, on which Redland Concrete Group’s fortunes depend, worsened considerably. These conditions were considered by the directors of the Company to be likely to have an adverse impact on its contribution to the Group’s cash flows and profits, and hence management believed that greater resources should be directed towards the gas operation. Accordingly, the Group disposed of its entire equity interest in Rich Team, the holding company of Redland Concrete on 31st December, 2008. More details of the disposal of Rich Team are disclosed in the circular of the Company dated 12th December, 2008.

The results of the concrete operation for the six months ended 30th June, 2008, which have been included in the condensed consolidated statement of comprehensive income, were as follows:

	Six months ended 30th June, 2008 <i>HK\$'000</i>
Turnover	188,402
Cost of sales	(116,386)
Gross profit	72,016
Other income	3,328
Selling and distribution expenses	(18,410)
Administrative expenses	(18,297)
Other expenses	(2,345)
Finance costs	(204)
Share of results of an associate	(2)
Profit before taxation	36,086
Taxation	(7,651)
Profit for the period	28,435
Attributable to:	
Equity holders of the Company	28,435

The total results of the above discontinued operations for the six months ended 30th June, 2008 are summarised as follows:

	Six months ended 30th June, 2008 <i>HK\$'000</i>
Turnover	616,603
Cost of sales	<u>(450,218)</u>
Gross profit	166,385
Other income	11,864
Selling and distribution expenses	(32,243)
Administrative expenses	(81,473)
Other expenses	(64,746)
Finance costs	(14,791)
Share of results of an associate	<u>(2)</u>
Loss before taxation	(15,006)
Taxation	<u>(8,268)</u>
Loss for the period	<u><u>(23,274)</u></u>
Attributable to:	
Equity holders of the Company	(17,200)
Minority interests	<u>(6,074)</u>
	<u><u>(23,274)</u></u>

## 6. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	51,259	105,257
Amortisation of exclusive operating rights	11,596	11,271
Release from prepaid land lease payments	1,908	1,871
Write down of inventories to net realisable value (included in other expenses)	-	10,469
Impairment loss on property, plant and equipment (included in other expenses)	-	8,000
Amortisation of technical know-how	-	657
Impairment loss on available-for-sale investments (included in other expenses)	-	2,376
Impairment loss on trade receivables	-	1,729
Impairment loss on goodwill (included in other expenses)	-	3,036
(Gain) loss on disposal of property, plant and equipment	(1,517)	3,483
Interest income on bank deposits	(11,586)	(7,584)

## 7. DIVIDENDS

The directors have resolved to declare an interim dividend of HK\$0.02 per share for the six months ended 30th June, 2009 (2008: nil).

Pursuant to an ordinary resolution passed at a special general meeting held on 13th February, 2008, the Company distributed all of its holding of shares in its subsidiary, CRM, by way of a dividend in specie on the basis of 180 shares in CRM for every 100 shares in the Company held. A total of 5,091,900,165 shares in CRM with aggregate market value of approximately HK\$3,055,140,000 were distributed to the shareholders of the Company on 5th March, 2008. After the distribution of dividend in specie, the equity interests with carrying amount of HK\$2,731,463,000 held in CR Microelectronics by the Company were disposed of.

During the six months ended 30th June, 2009, a dividend of HK\$0.04 per share, totalling HK\$56,577,000, was paid by the Company to its shareholders as the final dividend for the year ended 31st December, 2008 (2007: nil).

## 8. EARNINGS PER SHARE

### From both continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>Six months ended 30th June,</b>	
	<b>2009</b>	<b>2008</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the Company)	<b>141,337</b>	<b>110,870</b>
	<b>2009</b>	<b>2008</b>
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	<b>1,414,416,710</b>	282,647,986
Effect of dilutive potential shares in respect of share options	<b>-</b>	1,333,080
Weighted average number of shares for the purpose of diluted earnings per share	<b>1,414,416,710</b>	<b>283,981,066</b>

For six months ended 30th June, 2008, the weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted retrospectively for the capital reduction and share consolidation. No retrospective adjustment has been made for rights issue since the rights issue price is higher than the market price on the date of rights issue.

The computation of diluted earnings per share for the six months ended 30th June, 2009 and 2008 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the period.

### From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following data:

	<b>Six months ended 30th June,</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to equity holders of the Company)	<b>141,337</b>	110,870
Less: Loss for the period from discontinued operations attributable to equity holders of the Company	<u>-</u>	<u>17,200</u>
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<b><u>141,337</u></b>	<b><u>128,070</u></b>

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

### From discontinued operations

Basic loss per share from discontinued operations for the six months ended 30th June, 2008 was HK\$0.06 per share, based on the loss for the period from the discontinued operations and the denominators presented above.

No diluted loss per share in relation to discontinued operations was presented for the six months ended 30th June, 2008 because the potential ordinary shares in issue during the period would result in a decrease in loss per share.

## **9. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30th June, 2009, the Group spent HK\$108,193,000 (2008: HK\$50,549,000) on machinery and equipment and HK\$114,156,000 (2008: HK\$263,749,000) on construction in progress. Property, plant and equipment of carrying value of HK\$219,668,000 and HK\$1,706,000 were acquired from the acquisition of Wuhan China Resources Tongbao Gas Co. Limited and 鄆縣新安燃氣有限責任公司 during the six months ended 30th June, 2009.



## 10. TRADE AND OTHER RECEIVABLES

The Group generally allows credit periods ranging from 30 to 90 days to its trade customers, which may be extended to 180 days for selected customers depending on their trade volume and settlement terms. The aged analysis of trade receivables, including notes receivable, net of allowance for doubtful debts, is as follows:

	<b>At 30th June, 2009 HK\$'000</b>	At 31st December, 2008 HK\$'000
0 - 90 days	<b>68,642</b>	45,777
91 - 180 days	<b>5,955</b>	4,884
Over 180 days	<b>14,414</b>	6,197
	<b>89,011</b>	56,858

## 11. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is as follows:

	<b>At 30th June, 2009 HK\$'000</b>	At 31st December, 2008 HK\$'000
0 - 90 days	<b>119,664</b>	61,196
91 - 180 days	<b>19,817</b>	7,891
Over 180 days	<b>43,278</b>	4,754
	<b>182,759</b>	73,841

The average credit period on purchases of goods ranges from 7 to 180 days.

## 12. POST BALANCE SHEET EVENTS

In May 2009, China Resources Gas (China) Investment Limited, a wholly-owned subsidiary of the Company, entered into a capital injection agreement with 瀘州市興瀘投資集團有限公司 and certain former employees to acquire 40% equity interests in 瀘州華潤興瀘燃氣有限公司 Luzhou China Resources Xinglu Gas Co. Ltd. ("Luzhou CR Gas"), a limited liability company established in the PRC, at a consideration of RMB98,567,000. The acquisition has been completed before the date of this announcement. Upon the completion of the acquisition, Luzhou CR Gas has become a jointly controlled entity of the Group.

On 8th September, 2009, the Company entered into a sale and purchase agreement with Powerfaith, a fellow subsidiary of the Company, to acquire the entire equity interests in Top Steed Limited, a wholly-owned subsidiary of Powerfaith, for a consideration of HK\$ 1,600,000,000 (the "Acquisition"). The Acquisition

is subject to the approval of the independent shareholders of the Company at a special general meeting to be held on or around 8th October, 2009.

## **REVIEW OF INTERIM RESULTS**

The interim results for the six months ended 30th June, 2009 are unaudited and have been reviewed by the Company's auditor and the Company's Audit Committee. The auditor's report on review of interim financial information is contained in the interim report to be dispatched to shareholders.

## **RESULTS**

The Group recorded a profit attributable to the Company's equity holders of HK\$141 million for the period ended 30th June, 2009, an increase of 27% over that of the previous corresponding period. The turnover and profit attributable to the Company's equity holders for the continuing operations for the period ended 30th June, 2009 amounted to HK\$1,127 million and HK\$141 million, an increase of 17% and 10% respectively over those of the previous corresponding period.

## **INTERIM DIVIDEND**

The Directors have resolved to declare the payment of an interim dividend of HK\$0.02 per share for the six months ended 30th June, 2009 (six months ended 30th June, 2008: nil), payable on 22nd October, 2009 to shareholders on the register of members of the Company on 8th October, 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 2nd October, 2009 to 8th October, 2009, both days inclusive. In order to qualify for the proposed interim dividend payment, completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 30th September, 2009.

## **BUSINESS REVIEW AND PROSPECTS**

Despite the first quarter of 2009 slowdown in the export based industry in the PRC affecting some of the Group's industrial customers as a result of the global financial turmoil, the Group's overall gas sales volume for the period to 30th June, 2009 still registered an increase of 14% over that of the previous corresponding period.

The gas consumption of export based customers has stabilized in the second quarter of 2009 and is expected to recover during the second half of 2009.

The revenue of city gas operation are derived from recurring gas sales and one-time gas connection fee which respectively accounts for 79.3% and 20.7% of the period to 30th June, 2009 revenue (2008: 84.6% and 15.4% respectively).

The turnover of the city gas distribution operation for the period ended 30th June, 2009 amounted to HK\$1,127 million, an increase of 17% over that of the previous corresponding period. The significant increase was mainly due to both acquisition and organic growth which resulted in the increase in gas sales volume by 14% from 704 million m<sup>3</sup> to 780 million m<sup>3</sup> and the increase in connection fee income by 57% from HK\$149 million to HK\$234

million. The increase in gas sales and connection fee income were in turn driven by the following factors:

- (1) 65% increase in the daily installed capacity for commercial & industrial (“C&I”) customers from 4.333 million m<sup>3</sup> to 7.166 million m<sup>3</sup>. C&I customers accounted for 63% of the total gas sales volume for the period ended 30th June, 2009.
- (2) 23% increase in the number of connected households from 1.902 million to 2.338 million.

The continued economic growth and the rapid industrialization and urbanisation of China has spiked the demand for energy in the PRC. The PRC government has been very supportive of the development of the natural gas industry and has promulgated various policies and guidelines to encourage and rationalize the usage of natural gas. The “West to East Gas Transmission” pipelines were constructed to bring natural gas from the Xinjiang Autonomous Region to the coastal regions of the PRC. Construction of the second phase of the “West to East Gas Transmission” pipelines and the “Sichuan to East” pipelines from the gas-rich Central Asia and Sichuan province to coastal regions of the PRC as well as construction of LNG terminals in coastal cities are actively in progress. All these offer significant opportunity for future growth in the natural gas industry in China. The Company will ride on these favourable industry fundamentals and its strong and experienced management team to scale new heights via organic and acquisition growth.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

### **Acquisition of 51% interest in Wuhan Gas**

On 9th January, 2009, Kileen Holdings Limited (“Kileen”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement, together with a supplemental agreement supplementing the terms thereof, with an independent third party (the “Transferor”) to acquire 51% interest in 武漢通寶燃氣發展有限公司 (translated as Wuhan Tongbao Gas Development Co. Ltd.) (presently known as 武漢華潤燃氣有限公司 (translated as Wuhan China Resources Gas Co., Ltd.) (“Wuhan Gas”), a limited liability company established in the PRC, at a consideration of RMB265,000,000 (subject to adjustment). The consideration has been determined after arm’s length negotiations with reference to the consolidated net asset value of approximately RMB43.20 million (equivalent to approximately HK\$49.01 million) of Wuhan Gas as at 30th April, 2008 and is subject to adjustment such that, should the consolidated net asset value of Wuhan Gas as at 30th April, 2008 be less than the consolidated net asset value of Wuhan Gas as at 31st January, 2009, the shortfall will be deducted from the consideration payable by Kileen and Kileen will only be required to pay the net amount of the consideration following such deduction. As at 30th June, 2009, the audited consolidated net asset value of Wuhan Gas has not yet concluded.

Under the equity transfer agreement, Kileen and the Transferor agreed that, within 6 months following the establishment of the joint venture, each of the then shareholders of Wuhan Gas shall make further capital contributions in an amount proportionate to their then shareholdings in Wuhan Gas for increasing the registered capital of Wuhan Gas from RMB51.3 million to RMB100 million.

The consideration (as may be adjusted) for the acquisition and contribution to the proposed increase in registered capital is funded by internal resources of the Company. Following completion of the acquisition whereupon Kileen hold a 51% interest and the Transferor and the two other shareholders hold the remaining 49% interest in Wuhan Gas and Wuhan Gas is principally engaged in, among other things, the manufacturing and sale of gas and provision of other gas-related goods and services in Wuhan, Hubei Province of the PRC.

As at 30th June, 2009, an amount of RMB159,000,000, representing 60% of the consideration was paid to the Transferor and the remaining amount of RMB106,000,000 representing 40% of the consideration shall be payable within 20 days following the completion or fulfillment of all the conditions precedent set out in the equity transfer agreement.

### **Formation of Kunming Gas**

On 22nd January, 2009, the Company, through Kileen, entered into a proposed sino-foreign equity joint venture arrangement with 昆明煤氣（集團）控股有限公司 (translated as Kunming Gas Group Company Limited) (the “PRC Party”) pursuant to the joint venture contract and the articles of association in relation to the proposed establishment of the joint venture company namely Kunming China Resources Gas Co., Ltd. (昆明華潤燃氣有限公司) (“Kunming Gas”), which would become a subsidiary of the Company upon establishment. It is proposed that Kunming Gas will principally engage in, among other things, the manufacturing and sale of gas and provision of other gas-related goods and services in Kunming, Yunnan Province of the PRC.

The proposed registered capital of Kunming Gas is RMB200 million of which 64% (being RMB128 million) would be contributed in cash by Kileen and 36% (being RMB72 million) would be contributed by the PRC Party by way of the transfer to Kunming Gas its ownership interests in certain operating assets such as gas pipelines and related equipment owned by the PRC Party and such amount of cash representing the monetary difference between the agreed capital contribution of the PRC Party of RMB72 million and the appraised value of the contribution assets as confirmed by the relevant state-owned asset administration department, subject to valuation by a valuer to be agreed between Kileen and the PRC Party. The cash capital contribution of Kileen is funded by internal resources of the Company and bank borrowings arranged by the Company.

The above transaction was completed in June 2009 upon obtaining all the necessary approvals from the relevant PRC authorities.

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

On 1st December, 2008, the Company adopted a restricted share award scheme (the “Share Award Scheme”) for the purpose of recognizing and motivating the contribution of certain employees and providing incentives to existing employees. Pursuant to the Share Award Scheme, existing shares of the Company may be purchased by the BOCI-Prudential Trustee Limited as trustee (the “Trustee”) from the market out of cash contributed by the Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme.

For the six months ended 30th June, 2009, a total of 70,000,000 restricted shares, representing 4.95% of the issued share capital of the Company as at 30th June, 2009, were purchased by the Trustee from the market at an aggregate cost of approximately HK\$253,743,000 (including transaction costs) and no restricted shares were granted to any selected employee.

Saved as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s shares during the period ended 30th June, 2009.

## COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

During the period, the Company has complied with the mandatory provisions of the Code on Corporate Governance Practices (the “CG Code”) set out in Appendix 14 to the Listing Rules except for the provision E1.2 of the CG Code which provides that the Chairman of the Board should attend the annual general meeting (the “AGM”) of the Company which was held on 1st June, 2009. The Chairman of the Board did not attend the AGM as he had other business engagement outside Hong Kong. The Managing Director, the chairman or members of the Audit, Remuneration and Nomination Committees and the Chief Financial Officer attended the AGM. The Company considers that their present is sufficient for (i) answering questions from and (ii) effective communication with shareholders present at the AGM.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors (the “Model Code”). Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code.

## INTERIM REPORT

The 2009 Interim Report will be dispatched to shareholders and published on the Stock Exchange’s designated website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.crgas.com.hk](http://www.crgas.com.hk)) in due course.

On behalf of the Board  
**CHINA RESOURCES GAS GROUP LIMITED**  
**MA Guoan**  
*Chairman*

Hong Kong, 8th September, 2009

*As at the date of this announcement, the directors of the Company are Mr. Ma Guoan, Mr. Wang Chuandong and Mr. Ong Thiam Kin, being Executive Directors; Mr. Li Fuzuo, Mr. Du Wenmin and Mr. Wei Bin, being Non-executive Directors; and Mr. Wong Tak Shing, Mr. Luk Chi Cheong and Dr. Yang Chonghe, Howard, being Independent Non-executive Directors.*