2013

Interim Report

Towngas

The Hong Kong and China Gas Company Limited

(stock code: 3)

THE HONG KONG AND CHINA GAS COMPANY LIMITED
2013 INTERIM REPORT

To Shareholders

Dear Sir or Madam,

HALF-YEARLY RESULTS

The Directors are pleased to report that the unaudited profit after taxation attributable to shareholders of the Group for the six months ended 30th June 2013 amounted to HK$3,620 million, a decrease of HK$500.3 million compared with the same period last year. Earnings per share for the first half of 2013 amounted to HK37.9 cents, a decrease of 12.1 per cent compared with the same period last year. The decrease in profit was mainly due to a decrease in both one-off net gain and the Group's share of the revaluation surplus of International Finance Centre ("IFC") compared with the same period last year. During the period under review, the Group's mainland utility businesses recorded good growth. Exclusive of the one-off net gain and profits from property-related businesses, the Group's profit after taxation for the six months ended 30th June 2013 amounted to HK$3,290 million, an increase of approximately 2 per cent compared with the same period last year.

Highlights of the unaudited results of the Group for the six months ended 30th June 2013, as compared to the same period in 2012, are shown in the following table:

	Unaudited Six months ended 30th June	
	2013	2012
Revenue before Fuel Cost Adjustment, HK million dollars	**12,163.2**	11,562.2
Revenue after Fuel Cost Adjustment, HK million dollars	**13,147.1**	12,534.5
Profit Attributable to Shareholders, HK million dollars	**3,620.0**	4,120.3
Earnings per Share, HK cents	**37.9**	43.1*
Interim Dividend per Share, HK cents	**12.0**	12.0
Town Gas Sold in Hong Kong, million MJ	**15,144**	15,579
Gas Sold in mainland China City-gas Business, ten thousand cubic metres; natural gas equivalent#	**655,633**	596,107
Number of Customers in Hong Kong as at 30th June	**1,782,564**	1,763,392
Number of City-gas Customers in mainland China as at 30th June#	**15,664,617**	13,783,560

* *Adjusted for the bonus issue in 2013*
\# *Inclusive of all mainland city-gas projects of the Group*

The unaudited condensed consolidated interim accounts are provided on pages 7 to 32 of this Interim Report. The unaudited interim accounts have been reviewed by the Company's audit committee and external auditor, PricewaterhouseCoopers.

GAS BUSINESS IN HONG KONG

The local economy continued to grow moderately during the first half of 2013. Tourism, restaurant and hotel sectors, all still benefiting from an increase in the number of inbound tourists, continued to prosper. However, as the average temperature for the first half of 2013 in Hong Kong was slightly higher than the same period last year, overall gas sales were adversely affected and, as a result, total volume of gas sales in Hong Kong decreased by 2.8 per cent compared with the same period last year. In comparison, appliance sales for the first half of 2013 increased by approximately 7.7 per cent compared with the same period last year.

As at 30th June 2013, the number of customers was 1,782,564, an increase of 6,204 since the end of December 2012.

BUSINESS DEVELOPMENT IN MAINLAND CHINA

The Group's mainland businesses progressed steadily during the first half of 2013 in respect of the number of projects and profits.

The mainland economy, driven by domestic demand, continued to develop steadily during the first half of 2013 though the pace of growth was slower compared with the same period last year owing to continuing weaknesses in the global economy. The Group's city-gas and natural gas businesses, benefiting from both an increase in upstream natural gas supply and on-going economic advancement in some regions on the mainland, recorded continuous growth during the first half of 2013. The Group's development of emerging environmentally-friendly energy projects and related research and development of new technologies, through its wholly-owned subsidiary ECO Environmental Investments Limited and the latter's subsidiaries (together known as "ECO"), are progressing well with a number of projects now at various stages of investment, construction and gradual commissioning; this has laid a new foundation for the long-term development of the Group's businesses.

The mainland government is proactively advocating urbanisation which is favourable to the development of utility businesses. With regard to environmental protection, it has formulated a natural gas utilisation policy to encourage speeding up of natural gas resources' exploration and utilisation in order to improve air quality. Therefore it is projected that there will be increasing demand for clean energy in the long run. These factors, coupled with increasing upstream natural gas supplies, are creating good prospects and investment value for the Group's city-gas and emerging environmentally-friendly energy businesses on the mainland. Furthermore, following the development and expansion of its telecommunications businesses in Hong Kong and the mainland over the last few years, the Group has established several data centre and telecommunications conduit system project companies, which are now contributing to ever-more diversification of the Group's businesses.

Overall, inclusive of projects of the Group's subsidiary, Towngas China Company Limited ("Towngas China"; stock code: 1083.HK), the Group currently has 166 projects on the mainland, 16 more than at the end of 2012, spread across 22 provinces, autonomous regions and municipalities. These projects encompass upstream, midstream and downstream natural gas sectors, water sectors, environmentally-friendly energy applications, energy resources and logistics, as well as telecommunications.

Diversification and an increase in the number of projects are gradually transforming the Group from a locally-based company centred on city-gas businesses into a sizable, nation-wide, multi-business corporation with a focus on environmentally-friendly energy ventures and utility sectors.

UTILITY BUSINESSES IN MAINLAND CHINA

The Group's city-gas businesses are progressing well. Inclusive of Towngas China, the Group currently has a total of 115 city-gas projects in mainland cities spread across 20 provinces, autonomous regions and municipalities, of which 11 are new projects established this year. The total volume of gas sales for these projects for the first half of 2013 was 6,560 million cubic metres, an increase of 10 per cent over the same period last year. As at the end of June 2013, the Group's mainland gas customers exceeded 15.66 million, an increase of 13.6 per cent over the same period last year. The Group continues to be a large-scale city-gas enterprise with outstanding performance on the mainland.

With gradual commissioning of large-scale natural gas projects, including transmission pipelines from Sichuan province to eastern and southern China and phase two of the West-to-East pipeline, and an increase in the quantity of imported and domestic liquefied natural gas, the shortfall in the mainland's natural gas supply in the past few years is now gradually being mitigated. Thus, with sufficient sources of gas supply, expanding pipeline networks and the public's aspiration for greater environmental protection, the Group anticipates its mainland city-gas businesses will continue to thrive in the future.

As natural gas price reform is anticipated shortly, the price of natural gas is expected to increase accordingly which may negatively impact market demand in the short term. However, in the medium to long term, natural gas is still projected to be the most practical and widely used clean energy on the mainland.

The Group's midstream natural gas projects are making good progress. These include natural gas pipeline projects in Anhui province, in Hebei province and in Hangzhou city, Zhejiang province; natural gas extension projects in Jilin and Henan provinces; the Guangdong Liquefied Natural Gas Receiving Terminal project; a natural gas valve station project in Suzhou Industrial Park, Suzhou city, Jiangsu province; and Towngas China's midstream pipeline project located in Wafangdian, Dalian city, Liaoning province. These kinds of high-pressure, natural gas pipeline projects generate good returns and help the Group develop its downstream city-gas markets.

The Group has so far invested in and operates five water projects, including water supply joint venture projects in Wujiang district, Suzhou city, Jiangsu province and in Wuhu city, Anhui province; a wholly-owned water supply project in Zhengpugang Xin Qu, Maanshan city, Anhui province; and an integrated water supply and wastewater joint venture project, together with an integrated wastewater treatment project for a special industry, both in Suzhou Industrial Park, Suzhou city, Jiangsu province. With increasing demand for clean water resources across the country, the Group's water projects are progressing well, with steady growth in volume of water sales.

Operation and management of businesses encompassing city-gas, city-water and midstream natural gas projects create positive synergy and mutual advantages. Furthermore, these businesses generate stable income and provide good environmental benefits, with room for expansion. The Group will therefore keep on looking for opportunities to invest in high-quality utility projects on the mainland.

EMERGING ENVIRONMENTALLY-FRIENDLY ENERGY BUSINESSES

ECO's major businesses in Hong Kong – an aviation fuel facility servicing Hong Kong International Airport, dedicated liquefied petroleum gas ("LPG") vehicular refilling stations and North East New Territories landfill gas utilisation – are operating well. Total turnover for the aviation fuel facility for the first half of this year was 2.67 million tonnes of aviation fuel, providing a safe and reliable fuel supply for Hong Kong International Airport and contributing to ECO's steady profit growth. Profit margins for the refilling station business were significantly higher than the same period last year benefiting from more stable LPG prices compared to 2012.

As the mainland is increasing its utilisation of natural gas in order to improve air quality, ECO is currently strengthening its strategies in the development and utilisation of unconventional gas resources including coalbed gas, shale gas and coke oven gas. ECO's coalbed methane liquefaction facility, located in Jincheng city, Shanxi province, is operating smoothly and its products' selling prices have risen significantly, benefiting from a recent upward adjustment of the gate price of natural gas; the outlook for this business is optimistic and bright. ECO plans to seek more coalbed methane supply sources thus enabling it to expand its liquefaction capacity and continue to develop similar projects. ECO is also planning to invest in methanation of coke oven gas with its first project expected to be located in Xuzhou city, Jiangsu province. In addition, ECO is also stepping up development of upstream coalbed gas and shale gas resources. ECO will continue to both expand its capacity of coalbed gas in Guizhou province via innovative gas extraction techniques for coal mines of low permeability, with a view to scaling up commercially as soon as possible, and also continue to exploit Shanxi coalbed gas blocks in cooperation with those parties who own the gas resources' rights. ECO is also actively looking for opportunities to participate in shale gas exploration, as encouraged by national policies.

The mainland government has recently advocated the use of compressed or liquefied natural gas to replace diesel as a vehicular fuel in order to conserve energy, reduce emissions and improve air quality. When ECO extended its business into the mainland in 2008, its first project was the construction of a compressed natural gas refilling station for heavy-duty trucks in Shaanxi province. After several years of development, a network of ECO refilling stations has gradually taken shape in Shaanxi, Shandong, Shanxi, Henan and Liaoning provinces. ECO is also now planning to provide liquefied natural gas refilling facilities for incoming and outgoing heavy-duty trucks and river transport vessels at the logistics port in Jining city, Shandong province – a port which links an upstream railway with the nearby downstream Beijing-Hangzhou canal. All in all, ECO currently has 20 refilling stations either in operation or under construction, and further expansion of this business into other provinces is in progress. With the number of refilling stations increasing, the ECO brand name will gradually become more well-known in the market.

ECO's methanol production plant in Erdos city, Inner Mongolia is now running smoothly and is at the trial production stage; this has laid a solid foundation for methanol upgrading. Methanol, an ideal chemical feedstock, can be further processed into high-value energy products such as gasoline, olefin and ethylene glycol. ECO is seeking an effective way to convert methanol into clean fuels to replace gasoline to enhance economic benefits of this project, an important step forward in developing its methanol upgrading business.

ECO is also working proactively on technologies to convert other resources. It is making progress in converting more raw materials of low value into high value-added energy, so as to give ECO a competitive development edge in this new energy sector in the future.

With regard to ECO's upstream resources business, the operation of an oilfield project in Thailand is relatively stable, mainly focusing on strengthening exploration activities so as to further expand oil reserves. In contrast, coal mining businesses in Inner Mongolia have suffered recently from the mainland's economic slowdown and decrease in demand for coal, a situation which is, however, expected to last for only a short period of time.

TOWNGAS CHINA COMPANY LIMITED (STOCK CODE: 1083.HK)

Towngas China, a subsidiary of the Group, continued to record good growth in profit after taxation attributable to its shareholders, amounting to HK$533 million for the first half of 2013, an increase of approximately 49 per cent over the same period last year. As at the end of June 2013, the Group had an approximately 62.31 per cent interest in Towngas China.

Towngas China is also progressing well in project development. It acquired 11 new piped-gas projects during the first half of 2013 located in Zhengpugang Xin Qu, Maanshan city, in Fanchang county, Wuhu city and in Bozhou-Wuhu Modern Industrial Zone, Bozhou city all in Anhui province; in Cang county, in Mengcun Hui Autonomous County and in Yanshan county, all in Cangzhou city, Hebei province; in the Economic Development Zone, Boxing county, Binzhou city and in Shiheng town, Feicheng city both in Shandong province; in Mianzhu city, Sichuan province; in Dafeng city, Jiangsu province; and in Fengxi district, Chaozhou city, Guangdong province. Towngas China is focused on developing city-gas businesses in cities with a high proportion of industrial gas consumption. To capture investment opportunities resulting from the country's commitment to promote the utilisation of natural gas during the period of the Twelfth Five-Year Plan (2011–2015), Towngas China will continue to strive for rapid expansion through mergers and acquisitions.

PROPERTY DEVELOPMENTS

Leasing of the commercial area of the Grand Waterfront property development project located at Ma Tau Kok is good. The Group also has an approximately 15.8 per cent interest in the IFC complex. Rental demand for the shopping mall and office towers of IFC continues to be robust. The occupancy rate of the project's hotel complex, comprising the Four Seasons Hotel and rental serviced apartments, remains high.

FINANCING PROGRAMMES

In line with the Group's long-term business investments, the Group had issued, as at 30th June 2013, medium term notes of an aggregate amount equivalent to HK$10.2 billion with tenors ranging from 5 to 40 years under the medium term note programme established through HKCG (Finance) Limited, a wholly-owned subsidiary of the Group.

HONG KONG EMPLOYEES AND PRODUCTIVITY

As at 30th June 2013, the number of employees engaged in the town gas business in Hong Kong was 1,945 (30th June 2012: 1,941), the number of customers was 1,782,564, and each employee served the equivalent of 916 customers, an increase compared to each employee serving 908 customers as at the end of June 2012. Inclusive of employees engaged in local businesses such as telecommunications, LPG vehicular refilling stations and engineering contractual works, the total number of the Group's employees engaged in businesses in Hong Kong was 2,281 as at the end of June 2013 compared with 2,271 as at the end of June 2012. Related manpower costs amounted to HK$423 million for the first half of 2013, an increase of HK$28 million compared with the corresponding period in 2012. The Group will continue to offer employees rewarding careers based on their capabilities and performance and arrange a variety of training programmes in order to constantly enhance the quality of the Group's customer services.

DIVIDEND

Your Directors have declared an interim dividend of HK12 cents per share payable to shareholders whose names are on the register of shareholders of the Company as at 19th September 2013. To enable our Share Registrar to complete the necessary work associated with this payment, the register of shareholders will be closed on Wednesday, 18th September 2013 and Thursday, 19th September 2013, during which period no share transfers will be effected. Dividend warrants will be posted to shareholders on Wednesday, 2nd October 2013.

BUSINESS OUTLOOK FOR 2013

The Company predicts steady growth and an increase of about 25,000 new customers in Hong Kong during 2013. Restaurant, hotel and retail sectors in Hong Kong are all benefiting from a prospering tourism industry. Nevertheless, local economic growth for the whole year is expected to be affected by the continuing uncertain global economic outlook. In Hong Kong, operating costs for all business sectors are increasing. However, an increase in the standard gas tariff with effect from 1st April 2013 will offset some of the Company's own rising operating costs. The Company will continue to enhance its operational efficiency so as to maintain stable revenue from its gas business in the territory.

In line with the gradual implementation of the Twelfth Five-Year Plan, the mainland government advocates increasing urbanisation, optimising the energy mix, energy conservation, emission reduction and utilisation of clean energy. Combined with the state's advocate of expanding domestic consumption of goods and services to boost economic growth, it is anticipated that there will be a continuing rise in demand for utility services and energy. The Group's city-gas and natural gas businesses on the mainland are therefore expected to continue to achieve good growth. Furthermore, following the mainland government's move towards policies of energy diversification, environmental protection and building a circular economy, the Group predicts good prospects for its emerging environmentally-friendly energy businesses and related development of new application technologies, which will ignite a new light illuminating the way for the Group's long-term development and business growth.

With the Group's solid foundation in Hong Kong and its diverse business sectors spread across extensive areas on the mainland, together with its successful corporate brand names and sales channels built there over the last 20 years, and an anticipated rising demand for clean energy, the Group predicts good prospects and an even better future for all its businesses in the years to come.

LEE Shau Kee
Chairman

Hong Kong, 21st August 2013

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
For the six months ended 30th June

	Note	**2013 HK$M**	2012 HK$M
Revenue	3	**13,147.1**	12,534.5
Total operating expenses	4	**(9,789.6)**	(9,177.6)
		3,357.5	3,356.9
Other gains, net	5	**404.0**	708.5
Interest expense		**(439.0)**	(411.9)
Share of results of associates		**799.1**	878.4
Share of results of joint ventures		**667.5**	692.6
Profit before taxation	6	**4,789.1**	5,224.5
Taxation	7	**(770.9)**	(790.1)
Profit for the period		**4,018.2**	4,434.4
Attributable to:			
Shareholders of the Company		**3,620.0**	4,120.3
Non-controlling interests		**398.2**	314.1
		4,018.2	4,434.4
Dividends	8	**1,147.2**	1,042.9
Earnings per share – basic and diluted, HK cents	9	**37.9**	43.1*

* *Adjusted for the bonus issue in 2013*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six months ended 30th June

	2013 **HK$M**	2012 HK$M
Profit for the period	**4,018.2**	4,434.4
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Recognition of exchange reserve upon disposal of a subsidiary	**–**	(17.8)
Remeasurements of retirement benefit	**88.3**	–
Items that may be reclassified subsequently to profit or loss:		
Revaluation (deficit)/surplus of available-for-sale financial assets transferred to equity	**(322.8)**	7.8
Impairment loss on available-for-sale financial assets transferred to income statement	**34.8**	–
Change in fair value of cash flow hedges	**84.5**	(33.5)
Exchange differences	**628.9**	(118.7)
Other comprehensive income/(loss) for the period, net of tax	**513.7**	(162.2)
Total comprehensive income for the period	**4,531.9**	4,272.2
Total comprehensive income attributable to:		
Shareholders of the Company	**4,021.1**	3,977.6
Non-controlling interests	**510.8**	294.6
	4,531.9	4,272.2

CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 30th June 2013

	Note	**At 30th June 2013 HK$M**	Restated At 31st December 2012 HK$M
Assets			
Non-current assets			
Property, plant and equipment	10	**43,007.8**	40,550.0
Investment property		**540.0**	540.0
Leasehold land		**1,391.8**	1,364.1
Intangible assets		**4,989.2**	3,845.4
Associates		**16,084.6**	16,307.1
Joint ventures		**9,524.1**	9,103.6
Available-for-sale financial assets		**2,852.3**	3,078.6
Derivative financial instruments		**337.7**	381.0
Retirement benefit assets		**58.1**	–
Other non-current assets		**2,348.7**	2,329.6
		81,134.3	77,499.4
Current assets			
Inventories		**2,009.4**	1,831.8
Trade and other receivables	11	**5,897.6**	5,722.2
Loan and other receivables from associates		**300.4**	73.0
Loan and other receivables from joint ventures		**1,030.6**	861.3
Loan and other receivables from non-controlling shareholders		**162.2**	154.7
Financial assets at fair value through profit or loss		**164.9**	347.1
Time deposits over three months		**594.3**	261.3
Time deposits up to three months, cash and bank balances		**11,587.8**	12,186.4
		21,747.2	21,437.8
Current liabilities			
Trade and other payables	12	**(9,851.1)**	(9,329.4)
Amounts due to joint ventures		**(467.5)**	(392.4)
Loan and other payables to non-controlling shareholders		**(534.6)**	(211.5)
Provision for taxation		**(973.2)**	(828.8)
Borrowings		**(6,135.8)**	(6,490.8)
		(17,962.2)	(17,252.9)
Net current assets		**3,785.0**	4,184.9
Total assets less current liabilities		**84,919.3**	81,684.3

	Note	At 30th June 2013 HK$M	Restated At 31st December 2012 HK$M
Non-current liabilities			
Customers' deposits		**(1,208.1)**	(1,205.1)
Deferred taxation		**(4,584.5)**	(4,446.2)
Borrowings		**(25,058.1)**	(25,230.2)
Loan payables to non-controlling shareholders		**(40.0)**	(39.3)
Asset retirement obligations		**(78.3)**	(78.0)
Derivative financial instruments		**(325.6)**	(305.1)
Retirement benefit liabilities		**–**	(30.2)
		(31,294.6)	(31,334.1)
Net assets		**53,624.7**	50,350.2
Capital and reserves			
Share capital	13	**2,389.9**	2,172.6
Share premium	14	**2,861.0**	3,078.3
Reserves	15	**41,135.0**	37,952.1
Proposed dividend	15	**1,147.2**	1,998.8
Shareholders' funds		**47,533.1**	45,201.8
Non-controlling interests		**6,091.6**	5,148.4
Total equity		**53,624.7**	50,350.2

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30th June

	2013 HK$M	2012 HK$M
Net cash from operating activities	**3,448.4**	3,123.3
Net cash used in investing activities	**(1,846.4)**	(3,708.5)
Net cash used in financing activities	**(2,261.6)**	(469.3)
Decrease in cash and cash equivalents	**(659.6)**	(1,054.5)
Cash and cash equivalents at 1st January	**12,186.4**	11,242.2
Effect of foreign exchange rate changes	**61.0**	(17.7)
Cash and cash equivalents at 30th June	**11,587.8**	10,170.0
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**5,345.0**	6,665.4
Time deposits up to three months	**6,242.8**	3,504.6
	11,587.8	10,170.0

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th June

	Attributable to shareholders of the Company				
	Share capital HK$M	Share premium HK$M	Reserves HK$M	Non-controlling interests HK$M	Total HK$M
Total equity as at 1st January 2013, as previously reported	**2,172.6**	**3,078.3**	**40,067.6**	**5,148.4**	**50,466.9**
Effect of adoption of HKAS 19 (amendment 2011)	**–**	**–**	**(116.7)**	**–**	**(116.7)**
Total equity as at 1st January 2013, as restated	**2,172.6**	**3,078.3**	**39,950.9**	**5,148.4**	**50,350.2**
Profit for the period	**–**	**–**	**3,620.0**	**398.2**	**4,018.2**
Other comprehensive income:					
Remeasurements of retirement benefit	**–**	**–**	**88.3**	**–**	**88.3**
Revaluation deficit of available-for-sale financial assets transferred to equity	**–**	**–**	**(322.8)**	**–**	**(322.8)**
Impairment loss on available-for-sale financial assets transferred to income statement	**–**	**–**	**34.8**	**–**	**34.8**
Change in fair value of cash flow hedges	**–**	**–**	**81.5**	**3.0**	**84.5**
Exchange differences	**–**	**–**	**519.3**	**109.6**	**628.9**
Total comprehensive income for the period	**–**	**–**	**4,021.1**	**510.8**	**4,531.9**
Capital injection	**–**	**–**	**–**	**45.2**	**45.2**
Dividends paid to shareholders of the Company	**–**	**–**	**(1,998.8)**	**–**	**(1,998.8)**
Dividends paid to non-controlling shareholders	**–**	**–**	**–**	**(160.0)**	**(160.0)**
Bonus issue	**217.3**	**(217.3)**	**–**	**–**	**–**
Further acquisition of a subsidiary	**–**	**–**	**(2.1)**	**(14.0)**	**(16.1)**
Acquisition of businesses	**–**	**–**	**–**	**52.7**	**52.7**
Disposal of a subsidiary	**–**	**–**	**–**	**(107.0)**	**(107.0)**
Partial disposal of a subsidiary	**–**	**–**	**(13.6)**	**13.6**	**–**
Issue of shares of a subsidiary	**–**	**–**	**327.0**	**603.3**	**930.3**
Issue of shares of a subsidiary under share option schemes	**–**	**–**	**(2.3)**	**(1.4)**	**(3.7)**
Total equity as at 30th June 2013	**2,389.9**	**2,861.0**	**42,282.2**	**6,091.6**	**53,624.7**

	Attributable to shareholders of the Company				
	Share capital HK$M	Share premium HK$M	Reserves HK$M	Non-controlling interests HK$M	Total HK$M
Total equity as at 1st January 2012, as previously reported	1,975.1	3,275.8	36,333.2	4,748.1	46,332.2
Effect of adoption of HKAS 19 (amendment 2011)	–	–	(58.1)	–	(58.1)
Total equity as at 1st January 2012, as restated	1,975.1	3,275.8	36,275.1	4,748.1	46,274.1
Profit for the period	–	–	4,120.3	314.1	4,434.4
Other comprehensive income:					
Revaluation surplus of available-for-sale financial assets transferred to equity	–	–	7.8	–	7.8
Change in fair value of cash flow hedges	–	–	(31.5)	(2.0)	(33.5)
Recognition of exchange reserve upon disposal of a subsidiary	–	–	(17.8)	–	(17.8)
Exchange differences	–	–	(101.2)	(17.5)	(118.7)
Total comprehensive income for the period	–	–	3,977.6	294.6	4,272.2
Capital injection	–	–	–	10.0	10.0
Dividends paid to shareholders of the Company	–	–	(3,199.7)	–	(3,199.7)
Dividends paid to non-controlling shareholders	–	–	–	(143.7)	(143.7)
Bonus issue	197.5	(197.5)	–	–	–
Disposal of a subsidiary	–	–	–	(80.9)	(80.9)
Total equity as at 30th June 2012	2,172.6	3,078.3	37,053.0	4,828.1	47,132.0

NOTES TO THE CONDENSED INTERIM ACCOUNTS (UNAUDITED)

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim accounts, which do not constitute statutory accounts, have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Except as described below, the accounting policies used in the preparation of these unaudited condensed consolidated interim accounts are consistent with those set out in the annual report for the year ended 31st December 2012.

The Group has adopted the following new or revised standards, interpretations and amendments to standards which are effective for the Group's financial year beginning 1st January 2013 and relevant to the Group.

HKAS 1 (amendment)	"Presentation of Financial Statements – Presentation of Items on Other Comprehensive Income"
HKFRS 7 (amendment)	"Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"
HKFRS 10	"Consolidated Financial Statements"
HKFRS 11	"Joint Arrangements"
HKFRS 12	"Disclosure of Interests in Other Entities"
HKFRS 13	"Fair Value Measurement"
HKAS 19 (amendment 2011)	"Employee Benefits"
HKAS 27 (revised 2011)	"Separate Financial Statements"
HKAS 28 (revised 2011)	"Investments in Associates and Joint Ventures"
HK (IFRIC) – Int 20	"Stripping Costs in the Production Phase of a Surface Mine"

The adoption of the new or revised standards, interpretations and amendments to standards has no significant impact on the Group's results and financial position nor any substantial changes in Group's accounting policies, except for those disclosed as follow:

(i) HKAS 1 (amendment) – "Presentation of Financial Statements – Presentation of Items on Other Comprehensive Income" requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

1. Basis of preparation and accounting policies *(continued)*

(ii) HKAS 19 (amendment 2011) – "Employee Benefits" eliminates the corridor approach with all actuarial gains or losses be recorded in other comprehensive income. It also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate. All past service costs is recognised immediately in the income statement instead of recognising on a straight-line basis over the average period until the benefits become vested in prior years.

Retirement benefit assets/liabilities as previously reported have been restated at the reporting dates to reflect the effect of the above. Amounts have been restated to retirement benefit liabilities as at 31st December 2012 as HK$30.2 million (previously as retirement benefit assets of HK$86.5 million).

The Group has selected the approach of recognising the transitional adjustments through the retained earnings and the amounts have been restated to HK$33,744.4 million as at 31st December 2012 (previously HK$33,861.1 million) and HK$29,140.3 million as at 1st January 2012 (previously HK$29,198.4 million).

The impact to income statement is insignificant for the adoption of HKAS 19 (amendment 2011).

(iii) HKFRS 13 – "Fair Value Measurement" measurement and disclosure requirements are applicable for the year ending 31st December 2013. Relevant disclosures for financial assets included in Note 2 below.

Except for the above, the HKICPA has issued a number of new or revised standards, interpretations and amendments to standards which are not effective for accounting period beginning 1st January 2013 and the Group has not early adopted the rules.

2. Financial risk management and fair value estimation of financial instruments

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

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

2. **Financial risk management and fair value estimation of financial instruments** *(continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 30th June 2013 and 31st December 2012.

	Level 1		Level 2		Total	
	At 30th June 2013 HK$M	At 31st December 2012 HK$M	**At 30th June 2013 HK$M**	At 31st December 2012 HK$M	**At 30th June 2013 HK$M**	At 31st December 2012 HK$M
Assets						
Financial assets at fair value through profit or loss						
– Debt securities	**74.7**	74.1	**–**	208.6	**74.7**	282.7
– Equity securities	**90.2**	64.4	**–**	–	**90.2**	64.4
Derivative financial instruments	**–**	–	**337.7**	381.0	**337.7**	381.0
Available-for-sale financial assets						
– Debt securities	**756.4**	782.8	**19.6**	19.2	**776.0**	802.0
– Equity investments	**1,566.3**	1,774.4	**–**	–	**1,566.3**	1,774.4
Total	**2,487.6**	2,695.7	**357.3**	608.8	**2,844.9**	3,304.5
Liabilities						
Derivative financial instruments	**–**	–	**325.6**	305.1	**325.6**	305.1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts, interest rate swaps and cross currency swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using interest rates extracted from observable yield curves. Cross currency swaps are fair valued using forward exchange rates quoted in active market and interest rates extracted from observable yield curves.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 30th June 2013, the Group did not have financial instruments under this category.

2. Financial risk management and fair value estimation of financial instruments *(continued)*

Specific valuation techniques used to value financial instruments includes:

– Quoted market prices or dealer quotes for similar instruments.

– The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

– The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

3. Segment information

The Group's principal activities are the production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses ("New Energy") in Hong Kong and mainland China. The revenue comprises the following:

	Six months ended 30th June	
	2013	2012
	HK$M	HK$M
Gas sales before fuel cost adjustment	**9,246.2**	8,668.7
Fuel cost adjustment	**983.9**	972.3
Gas sales after fuel cost adjustment	**10,230.1**	9,641.0
Equipment sales	**628.0**	581.8
Maintenance and services	**169.4**	164.3
Water sales	**271.4**	233.9
Coal and oil sales	**239.9**	599.5
Rental income	**21.2**	18.2
Other sales	**1,587.1**	1,295.8
	13,147.1	12,534.5

The chief operating decision-maker has been identified as the executive committee members (the "ECM") of the Company. The ECM reviews the Group's internal reporting in order to assess performance and allocate resources. The ECM considers the business from both a product and geographical perspective. From a product perspective, management assesses the performance of (a) gas, water and related businesses; (b) New Energy and (c) property business. Gas, water and related businesses are further evaluated on a geographic basis (Hong Kong and Mainland China).

3. Segment information *(continued)*

The ECM assesses the performance of the operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation (the "adjusted EBITDA"). Other information provided, except as noted below, to the ECM is measured in a manner consistent with that in the accounts.

Segment assets exclude available-for-sale financial assets, financial assets at fair value through profit or loss, time deposits, cash and bank balances other than those included under segment assets for operation purposes, derivative financial instruments, retirement benefit assets, other non-current assets other than those included under segment assets and loan and other receivables from non-controlling shareholders.

The segment information for the six months ended 30th June 2013 and 2012 provided to the ECM for the reportable segments is as follows:

	Gas, water and related businesses		New Energy	Property	Other segments	Total
	Hong Kong	Mainland China				
2013	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**	**HK$M**
Revenue	**5,061.5**	**6,997.9**	**979.8**	**21.2**	**86.7**	**13,147.1**
Adjusted EBITDA	**2,386.4**	**1,737.0**	**290.6**	**12.5**	**39.7**	**4,466.2**
Depreciation and amortisation	**(316.9)**	**(346.9)**	**(89.5)**	**–**	**(17.0)**	**(770.3)**
Unallocated expenses						**(338.4)**
						3,357.5
Other gains, net						**404.0**
Interest expense						**(439.0)**
Share of results of associates	**–**	**445.1**	**(0.7)**	**355.2**	**(0.5)**	**799.1**
Share of results of joint ventures	**–**	**664.0**	**0.8**	**2.7**	**–**	**667.5**
Profit before taxation						**4,789.1**
Taxation						**(770.9)**
Profit for the period						**4,018.2**

Share of results of associates includes HK$126.6 million (2012: HK$300.0 million) being the Group's share of change in valuation of investment properties at the International Finance Centre (the "IFC") complex for the period.

3. Segment information *(continued)*

2012	Gas, water and related businesses Hong Kong HK$M	Mainland China HK$M	New Energy HK$M	Property HK$M	Other segments HK$M	Total HK$M
Revenue	4,984.5	6,165.2	1,323.2	18.2	43.4	12,534.5
Adjusted EBITDA	2,395.3	1,425.4	562.0	10.2	6.4	4,399.3
Depreciation and amortisation	(305.3)	(306.7)	(84.0)	(0.1)	(11.5)	(707.6)
Unallocated expenses						(334.8)
						3,356.9
Other gains, net						708.5
Interest expense						(411.9)
Share of results of associates	–	368.4	0.5	509.6	(0.1)	878.4
Share of results of joint ventures	–	690.0	(0.3)	2.9	–	692.6
Profit before taxation						5,224.5
Taxation						(790.1)
Profit for the period						4,434.4

The segment assets at 30th June 2013 and 31st December 2012 are as follows:

2013	**Gas, water and related businesses Hong Kong HK$M**	**Mainland China HK$M**	**New Energy HK$M**	**Property HK$M**	**Other segments HK$M**	**Total HK$M**
Segment assets	**16,372.4**	**47,808.1**	**19,178.2**	**10,451.5**	**1,155.4**	**94,965.6**
Unallocated assets:						
Available-for-sale financial assets						**2,852.3**
Financial assets at fair value through profit or loss						**164.9**
Time deposits, cash and bank balances excluded from segment assets						**4,102.0**
Others						**796.7**
Total assets	**16,372.4**	**47,808.1**	**19,178.2**	**10,451.5**	**1,155.4**	**102,881.5**

3. Segment information *(continued)*

2012	Gas, water and related businesses Hong Kong HK$M	Gas, water and related businesses Mainland China HK$M	New Energy HK$M	Property HK$M	Other segments HK$M	Restated Total HK$M
Segment assets	16,784.1	43,913.9	18,850.9	10,967.3	1,103.5	91,619.7
Unallocated assets:						
Available-for-sale financial assets						3,078.6
Financial assets at fair value through profit or loss						347.1
Time deposits, cash and bank balances excluded from segment assets						3,085.9
Others						805.9
Total assets	16,784.1	43,913.9	18,850.9	10,967.3	1,103.5	98,937.2

The Company is domiciled in Hong Kong. The Group's revenue from external customers in Hong Kong for the six months ended 30th June 2013 is HK$5,575.8 million (2012: HK$5,473.0 million), and the revenue from external customers in other geographical locations is HK$7,571.3 million (2012: HK$7,061.5 million).

At 30th June 2013, the total of non-current assets other than financial instruments located in Hong Kong and other geographical locations are HK$20,976.5 million and HK$54,561.0 million (Restated 31st December 2012: HK$21,172.7 million and HK$50,537.5 million) respectively.

4. Total operating expenses

	Six months ended 30th June **2013** HK$M	2012 HK$M
Stores and materials used	**6,706.5**	6,411.8
Manpower costs	**1,012.4**	903.2
Depreciation and amortisation	**775.5**	712.8
Other operating items	**1,295.2**	1,149.8
	9,789.6	9,177.6

5. Other gains, net

	Six months ended 30th June 2013 HK$M	2012 HK$M
Net investment gains	**461.5**	276.0
Net gain on acquisition of subsidiaries	**–**	600.7
(Loss)/gain on disposal of a subsidiary (Note 19)	**(34.7)**	66.3
Provision for investment in a joint venture	**–**	(20.0)
Project research and development costs	**(17.4)**	(117.2)
Provision for other receivables	**–**	(102.1)
Others	**(5.4)**	4.8
	404.0	708.5

6. Profit before taxation

Profit before taxation is stated after charging cost of inventories sold of HK$7,278.5 million (2012: HK$6,931.8 million).

7. Taxation

	Six months ended 30th June 2013 HK$M	2012 HK$M
Current taxation	**634.3**	646.8
Deferred taxation relating to the origination and reversal of temporary differences	**136.6**	143.3
	770.9	790.1

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the period. Other countries profits tax has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

8. Dividends

	Six months ended 30th June 2013 HK$M	2012 HK$M
2012 Final, paid, of HK23 cents per ordinary share (2011 Final: HK23 cents per ordinary share)	**1,998.8**	1,817.1
2013 Interim, proposed, of HK12 cents per ordinary share (2012 Interim: HK12 cents per ordinary share)	**1,147.2**	1,042.9
Special, paid of HK17.5 cents per ordinary share for 2011	**–**	1,382.6
	3,146.0	4,242.6

9. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK$3,620.0 million (2012: HK$4,120.3 million) and the weighted average of 9,559,670,503 shares (2012: 9,559,670,503 shares*) in issue during the period.

As the impact of diluted potential ordinary shares of a subsidiary is insignificant during the reporting periods of 2013 and 2012, the diluted earnings per share for the period ended 30th June 2013 and 2012 are approximately the same as the basic earnings per share.

* *Adjusted for the bonus issue in 2013.*

10. Property, plant and equipment

	Buildings, plant, mains, mining and oil properties and other equipment HK$M
Cost	
At 1st January 2013	52,311.3
Additions	2,652.6
Acquisition of businesses (Note 20)	259.1
Disposal of a subsidiary (Note 19)	(232.3)
Disposals/write off	(115.2)
Exchange differences	610.7
At 30th June 2013	55,486.2
Accumulated depreciation	
At 1st January 2013	11,761.3
Charge for the period	776.0
Disposal of a subsidiary (Note 19)	(48.8)
Disposals/write off	(85.4)
Exchange differences	75.3
At 30th June 2013	12,478.4
Net book value	
At 30th June 2013	43,007.8
At 31st December 2012	40,550.0

10. Property, plant and equipment *(continued)*

	Buildings, plant, mains, mining and oil properties and other equipment
	HK$M
Cost	
At 1st January 2012	42,736.1
Additions	2,386.5
Acquisition of subsidiaries	3,751.9
Disposal of a subsidiary	(609.3)
Disposals/write off	(101.7)
Exchange differences	(122.9)
At 30th June 2012	48,040.6
Accumulated depreciation	
At 1st January 2012	10,481.0
Charge for the period	708.1
Disposal of a subsidiary	(71.5)
Disposals/write off	(73.4)
Exchange differences	(15.5)
At 30th June 2012	11,028.7
Net book value	
At 30th June 2012	37,011.9
At 31st December 2011	32,255.1

11. Trade and other receivables

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
Trade receivables (Note)	**3,052.2**	3,065.1
Payments in advance	**1,619.7**	1,496.9
Other receivables	**1,225.7**	1,160.2
	5,897.6	5,722.2

The Group recognised a loss of HK$6.7 million (2012: HK$3.8 million) for the impairment of its trade and other receivables during the period. The impairment has been included in other operating items (Note 4).

11. **Trade and other receivables** *(continued)*

Note

The Group has established credit policies for different types of customers. The credit period offered for trade receivables, which subject to periodic review by management, ranges from 30 to 60 days except for gas receivables of the Company which are due by 8 working days after billing date. As at 30th June 2013, the aging analysis of the trade receivables, net of impairment provision, is as follows:

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
0 – 30 days	**2,403.1**	2,616.4
31 – 60 days	**163.2**	106.7
61 – 90 days	**56.9**	75.7
Over 90 days	**429.0**	266.3
	3,052.2	3,065.1

12. **Trade and other payables**

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
Trade payables (Note a)	**2,259.3**	2,345.2
Other payables and accruals (Note b)	**7,591.8**	6,984.2
	9,851.1	9,329.4

Notes

(a) As at 30th June 2013, the aging analysis of the trade payables is as follows:

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
0 – 30 days	**849.9**	1,144.4
31 – 60 days	**232.6**	222.4
61 – 90 days	**276.5**	81.3
Over 90 days	**900.3**	897.1
	2,259.3	2,345.2

12. Trade and other payables *(continued)*

(b) The balance includes an amount of approximately HK$45.7 million (At 31st December 2012: HK$45.7 million) payable to Henderson Land Development Company Limited in relation to its entitlement to 27 per cent of the net sales proceeds generated from the sales of residential units of Grand Waterfront.

13. Share capital

	Number of Shares		**Nominal Value**	
	At 30th June 2013	At 31st December 2012	**At 30th June 2013 HK$M**	At 31st December 2012 HK$M
Authorised:				
Ordinary shares of HK$0.25 each	**10,000,000,000**	10,000,000,000	**2,500.0**	2,500.0
Issued and fully paid:				
At beginning of period/year	**8,690,609,549**	7,900,554,136	**2,172.6**	1,975.1
Bonus issue (Note 14)	**869,060,954**	790,055,413	**217.3**	197.5
At end of period/year	**9,559,670,503**	8,690,609,549	**2,389.9**	2,172.6

14. Share premium

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
At beginning of period/year	**3,078.3**	3,275.8
Less: Bonus issue (Note 13)	**(217.3)**	(197.5)
At end of period/year	**2,861.0**	3,078.3

15. Reserves

	Investment revaluation reserve HK$M	Capital redemption reserve HK$M	Hedging reserve HK$M	Capital reserve HK$M	Other reserve HK$M	Exchange reserve HK$M	Restated Unappro-priated profits HK$M	Total HK$M
At 1st January 2013, as previously reported	479.4	223.8	228.4	155.5	(12.1)	3,132.7	33,861.1	38,068.8
Effect of adoption of HKAS 19 (amendment 2011)	–	–	–	–	–	–	(116.7)	(116.7)
At 1st January 2013, as restated	479.4	223.8	228.4	155.5	(12.1)	3,132.7	33,744.4	37,952.1
Profit attributable to shareholders	–	–	–	–	–	–	3,620.0	3,620.0
Other comprehensive income:								
Remeasurements of retirement benefit	–	–	–	–	–	–	88.3	88.3
Revaluation deficit of available-for-sale financial assets transferred to equity	(322.8)	–	–	–	–	–	–	(322.8)
Impairment loss on available-for-sale financial assets transferred to income statement	34.8	–	–	–	–	–	–	34.8
Change in fair value of cash flow hedges	–	–	81.5	–	–	–	–	81.5
Exchange differences	–	–	–	–	–	519.3	–	519.3
Total comprehensive income for the period	(288.0)	–	81.5	–	–	519.3	3,708.3	4,021.1
2012 final dividend proposed	–	–	–	–	–	–	1,998.8	1,998.8
2012 final dividend paid	–	–	–	–	–	–	(1,998.8)	(1,998.8)
Further acquisition of a subsidiary	–	–	–	–	–	–	(2.1)	(2.1)
Partial disposal of a subsidiary	–	–	–	–	–	–	(13.6)	(13.6)
Issue of shares of a subsidiary	–	–	–	–	–	–	327.0	327.0
Issue of shares of a subsidiary under share option schemes	–	–	–	–	(2.3)	–	–	(2.3)
At 30th June 2013	191.4	223.8	309.9	155.5	(14.4)	3,652.0	37,764.0	42,282.2
Balance after 2013 interim dividend proposed	191.4	223.8	309.9	155.5	(14.4)	3,652.0	36,616.8	41,135.0
2013 interim dividend proposed	–	–	–	–	–	–	1,147.2	1,147.2
	191.4	223.8	309.9	155.5	(14.4)	3,652.0	37,764.0	42,282.2

15. Reserves *(continued)*

	Investment revaluation reserve HK$M	Capital redemption reserve HK$M	Hedging reserve HK$M	Capital reserve HK$M	Other reserve HK$M	Exchange reserve HK$M	Restated Unappro-priated profits HK$M	Total HK$M
At 1st January 2012, as previously reported	181.3	223.8	378.9	155.5	(12.1)	3,007.7	29,198.4	33,133.5
Effect of adoption of HKAS 19 (amendment 2011)	–	–	–	–	–	–	(58.1)	(58.1)
At 1st January 2012, as restated	181.3	223.8	378.9	155.5	(12.1)	3,007.7	29,140.3	33,075.4
Profit attributable to shareholders	–	–	–	–	–	–	4,120.3	4,120.3
Other comprehensive income:								
Revaluation surplus of available-for-sale financial assets transferred to equity	7.8	–	–	–	–	–	–	7.8
Change in fair value of cash flow hedges	–	–	(31.5)	–	–	–	–	(31.5)
Recognition of exchange reserve upon disposal of a subsidiary	–	–	–	–	–	(17.8)	–	(17.8)
Exchange differences	–	–	–	–	–	(101.2)	–	(101.2)
Total comprehensive income for the period	7.8	–	(31.5)	–	–	(119.0)	4,120.3	3,977.6
2011 final dividend proposed	–	–	–	–	–	–	3,199.7	3,199.7
2011 final dividend paid	–	–	–	–	–	–	(3,199.7)	(3,199.7)
At 30th June 2012	189.1	223.8	347.4	155.5	(12.1)	2,888.7	33,260.6	37,053.0
Balance after 2012 interim dividend proposed	189.1	223.8	347.4	155.5	(12.1)	2,888.7	32,217.7	36,010.1
2012 interim dividend proposed	–	–	–	–	–	–	1,042.9	1,042.9
	189.1	223.8	347.4	155.5	(12.1)	2,888.7	33,260.6	37,053.0

16. Contingent liabilities

The Group did not have any significant contingent liabilities as at 30th June 2013 (At 31st December 2012: nil).

17. Commitments

(a) Capital expenditures for property, plant and equipment

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
Authorised but not brought into the accounts	**2,832.1**	3,143.0
Of which, contracts had been entered into	**2,691.1**	3,063.4

(b) Share of capital expenditures for property, plant and equipment of joint ventures

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
Authorised but not brought into the accounts	**2,893.3**	2,696.5
Of which, contracts had been entered into	**2,077.6**	2,097.7

(c) The Group has committed to provide sufficient funds in the forms of capital and loan contributions to certain joint ventures under various joint venture contracts to finance relevant gas and New Energy projects in mainland China. The directors of the Company estimate that as at 30th June 2013, the Group's commitments to these projects were approximately HK$1,284.3 million (At 31st December 2012: HK$1,275.4 million).

(d) Lease Commitments

Lessee

At 30th June 2013, future aggregate minimum lease payments of land, buildings and equipment under non-cancellable operating leases are as follows:

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
Not later than 1 year	**99.1**	95.3
Later than 1 year and not later than 5 years	**153.5**	152.0
Later than 5 years	**201.6**	195.4
	454.2	442.7

17. **Commitments** *(continued)*

(d) Lease Commitments *(continued)*

Lessor

The Group leases out the building facilities of the commercial complex and car parks of Grand Waterfront and rental of server and equipment under operating leases. Except for certain car parks are rented out on an hourly or a monthly basis, these leases typically run for an initial period of 2 to 3 years. Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 30th June 2013 HK$M	At 31st December 2012 HK$M
Not later than 1 year	**31.1**	31.8
Later than 1 year and not later than 5 years	**25.4**	21.6
Later than 5 years	**7.3**	–
	63.8	53.4

18. **Related party transactions**

Save as disclosed elsewhere in the accounts, no significant related party transactions were undertaken by the Group at any time during the period.

19. Disposal of a subsidiary under Towngas China

In May 2013, Towngas China disposed its 51 per cent equity interest in Jinan Jihua Gas Co., Ltd. ("Jinan") to an associate of the Group for cash consideration of HK$76.6 million. Since the Group lost control on Jinan, relevant assets and liabilities are derecognised from the Group's consolidated financial statements.

Net assets disposed of are as follows:

	HK$M
Property, plant and equipment (Note 10)	183.5
Inventories	6.1
Trade and other receivables	28.2
Cash and bank balances	74.8
Trade and other payables	(44.1)
Taxation	(24.2)
Deferred Taxation	(6.0)
Net assets	218.3
Non-controlling interests	(107.0)
	111.3
Cash consideration	76.6
Loss on disposal (Note 5)	(34.7)

	HK$M
Analysis of net cash inflow of cash and cash equivalents arising on disposal:	
Cash consideration	76.6
Cash and cash equivalents disposed	(74.8)
	1.8

20. Business combinations under Towngas China

In the period ended 30th June 2013, Towngas China acquired the following businesses:

	Percentage of registered capital acquired	Purchase consideration HK$M
Business combinations in:		
Feicheng Hong Kong and China Gas Company Limited	–	59.4
Shenyang business	–	162.1
Pingyin business	–	136.6
Boxing Chongming Gasutilization Co., Ltd.	51%	120.8
Quanxin Gas Co., Ltd.	80%	169.0
Anxian County Lanyan Gas Co., Ltd.	80%	10.4
Mianzhu Xinxin Natural Gas Co., Ltd.	80%	5.2
Chaozhou Fengxi Hong Kong and China Gas Co., Ltd.	60%	193.7
Yanshan Hong Kong & China Gas Co., Ltd.	90%	68.0
Mengcun Hong Kong & China Gas Co., Ltd.	90%	34.0
Cangxian Hong Kong & China Gas Co., Ltd.	90%	68.0
Dafeng Hong Kong and China Gas Company Limited	51%	367.1

The inclusion of the acquired businesses does not have a significant impact of the Group's turnover and profit for the period.

20. Business combinations under Towngas China *(continued)*

The details of provisional fair value of net identifiable assets acquired and provisional goodwill are as follows:

	Acquirees' provisional fair value at acquisition date
	HK$M
Property, plant and equipment (Note 10)	259.1
Leasehold land	23.8
Inventories	13.4
Trade and other receivables	129.6
Cash and bank balances	50.7
Trade and other payables	(122.1)
Taxation	(3.4)
Borrowing	(25.7)
Deferred taxation	(7.1)
Net assets	318.3
Non-controlling interests	(52.7)
Net identifiable assets acquired	265.6
Provisional goodwill	1,128.7
Purchase consideration	1,394.3

The goodwill is attributable to the future profitability of the acquired businesses and the synergies expected to arise after the Group's acquisitions.

Net cash outflow arising on acquisitions:

	HK$M
Purchase consideration	1,394.3
Less: equity instrument issued	(43.5)
Cash consideration for acquisition of businesses, settled in cash	1,350.8
Cash and cash equivalents in businesses acquired	(50.7)
Cash outflow on acquisition of businesses	1,300.1

As at 30th June 2013, purchase consideration of HK$121.1 million, HK$86.3 million and HK$414.6 million remained unpaid and included in trade and other payables, amounts due to joint ventures and loan and other payables to non-controlling shareholders respectively.

FINANCIAL RESOURCES REVIEW

Liquidity and capital resources

As at 30th June 2013, the Group had a net current deposits position of HK$6,046 million (31st December 2012: HK$5,957 million) and long-term borrowings of HK$25,058 million (31st December 2012: HK$25,230 million). In addition, banking facilities available for use amounted to HK$9,536 million (31st December 2012: HK$7,139 million).

The operating and capital expenditures of the Group are funded by cash flow from operations, internal liquidity, banking facilities and debt financing. The Group has adequate and stable sources of funds and unutilised banking facilities to meet its future capital expenditures and working capital requirements.

Borrowing structure

In May 2009, the Group established a US$1 billion Medium Term Note Programme (the "Programme") which gives the Group the flexibility to issue notes at favorable terms and timing under the Programme. In May 2012, the Programme was updated with the size increased to US$2 billion. Up to 30th June 2013, the Group issued notes in the total amount of HK$10,210 million (31st December 2012: HK$10,210 million) with maturity terms of 5 years, 10 years, 12 years, 15 years, 30 years and 40 years in Renminbi, Australian dollar, Japanese yen and Hong Kong dollar under the Programme (the "MTNs"). The carrying value of the issued MTNs as at 30th June 2013 was HK$9,839 million (31st December 2012: HK$10,046 million).

As at 30th June 2013, the outstanding principal amount of the 10-year US dollar Guaranteed Notes (the "Guaranteed Notes") issued in August 2008 at a fixed coupon rate of 6.25 per cent per annum was US$995 million (31st December 2012: US$995 million) and the carrying value was HK$7,662 million (31st December 2012: HK$7,651 million).

As at 30th June 2013, the Group's borrowings amounted to HK$31,194 million (31st December 2012: HK$31,721 million). While the Notes mentioned on above together with the bank and other loans of HK$1,362 million had fixed interest rate and were unsecured, the remaining bank and other loans were unsecured and had a floating interest rate, of which HK$6,223 million (31st December 2012: HK$6,469 million) were long-term bank loans and HK$6,108 million (31st December 2012: HK$6,219 million) had maturities within one year on revolving credit or term loan facilities. As at 30th June 2013, the maturity profile of the Group's borrowings was 20 per cent within 1 year, 3 per cent within 1 to 2 years, 25 per cent within 2 to 5 years and 52 per cent over 5 years (31st December 2012: 20 per cent within 1 year, 4 per cent within 1 to 2 years, 24 per cent within 2 to 5 years and 52 per cent over 5 years).

The US dollar Guaranteed Notes, the RMB Note, AUD Note and JPY Note issued, and a bank loan of RMB500 million raised in Hong Kong are hedged to Hong Kong dollars by currency swaps and the Group's borrowings are primarily denominated in Hong Kong dollars and Renminbi; thus, the Group has no significant exposure to foreign exchange risk. The gearing ratio [net borrowing/(shareholders' funds + net borrowing)] for the Group as at 30th June 2013 remained healthy at 29 per cent (31st December 2012: 30 per cent).

Contingent liabilities

As at 30th June 2013, the Group did not provide any guarantee in respect of bank borrowing facilities made available to any associates, joint ventures or third parties (31st December 2012: Nil).

Currency profile

The Group's operations and activities are predominantly based in Hong Kong and mainland China. As such, its cash, cash equivalents or borrowings are mainly denominated in Hong Kong dollars, Renminbi or United States dollars, whereas borrowings for the Group's subsidiaries, associates and joint ventures in mainland China are predominantly denominated in the local currency, Renminbi, in order to provide natural hedging for the investment there.

Group's investments in securities

Under the guidance of the Group's Treasury Committee, investments have been made in equity and debt securities. As at 30th June 2013, the investments in securities amounted to HK$3,017 million (31st December 2012: HK$3,426 million). The performance of the Group's investments in securities was satisfactory.

OTHER INFORMATION

Corporate governance

During the six months ended 30th June 2013, the Company had complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Model code for dealing in securities by Directors

The Company has adopted the model code as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the "Model Code"). Following specific enquiries by the Company, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30th June 2013.

Audit committee

An audit committee was formed in May 1996 to review and supervise the financial reporting process and internal controls of the Group. An audit committee meeting was held in August 2013 to review the unaudited interim accounts for the six months ended 30th June 2013. PricewaterhouseCoopers, the Group's external auditor, carried out a review of the unaudited interim accounts for the six months ended 30th June 2013 in accordance with the Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. An unmodified review report was issued subsequent to the review.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2013.

Disclosure of interests

A. *Directors*

As at 30th June 2013, the interests and short positions of each Director of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Shares and underlying shares (Long positions)

		Interest in shares				Interest in underlying shares		
Name of company	Director	Personal interests	Family interests	Corporate interests	Other	pursuant to share options	Aggregate interest	%*
The Hong Kong and China Gas Company Limited	Dr. the Hon. Lee Shau Kee	5,715,362		3,961,572,661 *(Note 5)*			3,967,288,023	41.50
	Dr. the Hon. David Li Kwok Po	26,646,620					26,646,620	0.28
	Mr. Lee Ka Kit				3,961,572,661 *(Note 4)*		3,961,572,661	41.44
	Mr. Alfred Chan Wing Kin	182,156 *(Note 7)*					182,156	0.00
	Mr. Lee Ka Shing				3,961,572,661 *(Note 4)*		3,961,572,661	41.44
	Professor Poon Chung Kwong	124,460 *(Note 6)*					124,460	0.00
Lane Success Development Limited	Dr. the Hon. Lee Shau Kee			9,500 *(Note 8)*			9,500	95
	Mr. Lee Ka Kit				9,500 *(Note 8)*		9,500	95
	Mr. Lee Ka Shing				9,500 *(Note 8)*		9,500	95
Yieldway International Limited	Dr. the Hon. Lee Shau Kee			2 *(Note 9)*			2	100
	Mr. Lee Ka Kit				2 *(Note 9)*		2	100
	Mr. Lee Ka Shing				2 *(Note 9)*		2	100
Towngas China Company Limited ("Towngas China")	Dr. the Hon. Lee Shau Kee			1,628,172,901 *(Note 10)*			1,628,172,901	62.31
	Mr. Lee Ka Kit				1,628,172,901 *(Note 10)*		1,628,172,901	62.31
	Mr. Lee Ka Shing				1,628,172,901 *(Note 10)*		1,628,172,901	62.31
	Mr. Alfred Chan Wing Kin					3,618,000 *(Note 11)*	3,618,000	0.14
	Mr. Peter Wong Wai Yee**					3,015,000 *(Note 11)*	3,015,000	0.12

* *Percentage which the aggregate long position in the shares or underlying shares represents to the issued share capital of the Company or any of its associated corporations.*

** *Mr. Peter Wong Wai Yee was appointed as Executive Director and Chief Operating Officer – Utilities Business on 1st February 2013.*

Options to subscribe for shares of Towngas China (Long positions)

Pursuant to the share option scheme of Towngas China, a subsidiary of the Company, certain Directors of the Company have been granted options to subscribe for the shares of Towngas China, details of which as at 30th June 2013 were as follows:

Name of company	Director	Date of grant	Exercise period	Exercise price (HK$)	Number of shares subject to outstanding options as at 01.01.2013*	Number of shares subject to outstanding options as at 30.06.2013*
Towngas China	Mr. Alfred Chan Wing Kin	16.03.2007	16.03.2008 – 27.11.2015	3.811	1,085,400	1,085,400
		16.03.2007	16.03.2009 – 27.11.2015	3.811	1,085,400	1,085,400
		16.03.2007	16.03.2010 – 27.11.2015	3.811	1,447,200	1,447,200
	Total				3,618,000	3,618,000
	Mr. Peter Wong Wai Yee**	16.03.2007	16.03.2008 – 27.11.2015	3.811	904,500	904,500
		16.03.2007	16.03.2009 – 27.11.2015	3.811	904,500	904,500
		16.03.2007	16.03.2010 – 27.11.2015	3.811	1,206,000	1,206,000
	Total				3,015,000	3,015,000

* *The vesting period of the share options is from the date of grant until the commencement of the exercise period.*

** *Mr. Peter Wong Wai Yee was appointed as Executive Director and Chief Operating Officer – Utilities Business on 1st February 2013.*

Save as mentioned above, as at 30th June 2013, there were no other interests or short positions of the Directors in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

B. *Substantial shareholders and others (Long positions)*

As at 30th June 2013, the interests and short positions of every person, other than the Directors of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

	Name of company	No. of shares in which interested	%*
Substantial shareholders (a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting)	Disralei Investment Limited *(Note 1)*	2,053,282,765	21.48
	Timpani Investments Limited *(Note 1)*	2,911,116,887	30.45
	Faxson Investment Limited *(Note 1)*	3,811,971,015	39.88
	Henderson Land Development Company Limited *(Note 1)*	3,811,971,015	39.88
	Henderson Development Limited *(Note 2)*	3,818,997,860	39.95
	Hopkins (Cayman) Limited *(Note 3)*	3,961,572,661	41.44
	Riddick (Cayman) Limited *(Note 4)*	3,961,572,661	41.44
	Rimmer (Cayman) Limited *(Note 4)*	3,961,572,661	41.44
Persons other than substantial shareholders	Macrostar Investment Limited *(Note 1)*	900,854,128	9.42
	Chelco Investment Limited *(Note 1)*	900,854,128	9.42
	Medley Investment Limited *(Note 1)*	857,834,122	8.97
	Commonwealth Bank of Australia *(Note 12)*	608,147,407	6.36

* *Percentage which the aggregate long position in the shares represents to the issued share capital of the Company.*

Save as mentioned above, as at 30th June 2013, the register maintained by the Company pursuant to section 336 of the SFO recorded no other interests or short positions in shares and underlying shares of the Company.

Notes:

1. These 3,811,971,015 shares were beneficially owned by Macrostar Investment Limited ("Macrostar"), Medley Investment Limited ("Medley") and Disralei Investment Limited ("Disralei"). Macrostar was a wholly-owned subsidiary of Chelco Investment Limited, which was in turn, a wholly-owned subsidiary of Faxson Investment Limited ("FIL"). Medley and Disralei were wholly-owned subsidiaries of Timpani Investments Limited, which was in turn, a wholly-owned subsidiary of FIL. FIL was a wholly-owned subsidiary of Henderson Land Development Company Limited ("HLD").

2. Henderson Development Limited ("HD") was taken to be interested in 64.18% of the total issued shares of HLD. Of these 3,818,997,860 shares, 3,811,971,015 shares represented the shares described in Note 1 and the other shares were beneficially owned by a wholly-owned subsidiary of HD.

3. Of these 3,961,572,661 shares, 3,818,997,860 shares represented the shares described in Notes 1 and 2 and 142,574,801 shares were beneficially owned by Fu Sang Company Limited ("Fu Sang"). Hopkins (Cayman) Limited ("Hopkins") owned all the issued ordinary shares which carry the voting rights in the share capital of HD and Fu Sang as trustee of a unit trust ("Unit Trust").

4. These 3,961,572,661 shares are duplicated in the interests described in Note 3. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of the respective discretionary trusts, held units in the Unit Trust. Mr. Lee Ka Kit and Mr. Lee Ka Shing, as discretionary beneficiaries of the discretionary trusts, were taken to have duties of disclosure in relation to these shares by virtue of Part XV of the SFO.

5. These 3,961,572,661 shares included the shares described in Notes 1 to 4. Dr. the Hon. Lee Shau Kee beneficially owned all the issued shares in Rimmer, Riddick and Hopkins and was taken to be interested in these shares by virtue of Part XV of the SFO.

6. These 124,460 shares were jointly held by Professor Poon Chung Kwong and his spouse.

7. These 182,156 shares were jointly held by Mr. Alfred Chan Wing Kin and his spouse.

8. These 9,500 shares in Lane Success Development Limited were beneficially owned by a wholly-owned subsidiary of the Company (as to 4,500 shares) and a wholly-owned subsidiary of HLD (as to 5,000 shares). Dr. the Hon. Lee Shau Kee, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in HLD and the Company as set out in Notes 1 to 5 by virtue of Part XV of the SFO.

9. These 2 shares in Yieldway International Limited were beneficially owned by a wholly-owned subsidiary of the Company (as to 1 share) and a wholly-owned subsidiary of HLD (as to 1 share). Dr. the Hon. Lee Shau Kee, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in HLD and the Company as set out in Notes 1 to 5 by virtue of Part XV of the SFO.

10. These 1,628,172,901 shares in Towngas China representing 62.31% of the total issued shares in Towngas China were beneficially owned by Hong Kong & China Gas (China) Limited (as to 1,585,202,901 shares), Planwise Properties Limited (as to 40,470,000 shares) and Superfun Enterprises Limited (as to 2,500,000 shares), wholly-owned subsidiaries of the Company. Dr. the Hon. Lee Shau Kee, Mr. Lee Ka Kit and Mr. Lee Ka Shing were taken to be interested in the Company as set out in Notes 1 to 5 by virtue of Part XV of the SFO.

11. These options represent personal interests held by the Directors.

12. Commonwealth Bank of Australia ("Commonwealth Bank") was taken to be interested in these 608,147,407 shares which were held by indirect wholly-owned subsidiaries of Commonwealth Bank.

Share option scheme of Towngas China

Towngas China operates a share option scheme ("2005 Main Board Scheme") under which the board of Towngas China may, at its discretion, offer any employee (including any director) of Towngas China or its subsidiaries options to subscribe for shares in Towngas China subject to the terms and conditions stipulated in the above scheme. The 2005 Main Board Scheme was approved by its shareholders on 28th November 2005 and has a life of 10 years until 27th November 2015.

Details of specific categories of options of Towngas China are as follows:

Option type	Date of grant	Exercise period	Exercise price (HK$)
2005 Main Board Scheme:			
2006 Options	03.10.2006	04.10.2007 – 27.11.2015	2.796
	03.10.2006	04.04.2008 – 27.11.2015	2.796
	03.10.2006	04.10.2008 – 27.11.2015	2.796
2007 Options	16.03.2007	16.03.2008 – 27.11.2015	3.811
	16.03.2007	16.03.2009 – 27.11.2015	3.811
	16.03.2007	16.03.2010 – 27.11.2015	3.811

The following table discloses movements in the share options of Towngas China during the period:

	Option types	Date of grant	Exercise period	Exercise price (HK$)	Outstanding at 01.01.2013	Exercised during the period	Outstanding at 30.06.2013	Weighted average closing price of shares of Towngas China immediately before the date(s) on which options were exercised (HK$)
Category 1: Directors of Towngas China								
Mr. Alfred Chan Wing Kin	2007 Options	16.03.2007	16.03.2008 – 27.11.2015	3.811	1,085,400	–	1,085,400	–
		16.03.2007	16.03.2009 – 27.11.2015	3.811	1,085,400	–	1,085,400	–
		16.03.2007	16.03.2010 – 27.11.2015	3.811	1,447,200	–	1,447,200	–
Mr. Peter Wong Wai Yee *(Note 1)*	2007 Options	16.03.2007	16.03.2008 – 27.11.2015	3.811	904,500	–	904,500	–
		16.03.2007	16.03.2009 – 27.11.2015	3.811	904,500	–	904,500	–
		16.03.2007	16.03.2010 – 27.11.2015	3.811	1,206,000	–	1,206,000	–
Other directors of Towngas China *(Note 2)*	2007 Options	16.03.2007	16.03.2008 – 27.11.2015	3.811	1,809,000	904,500	904,500	7.24
		16.03.2007	16.03.2009 – 27.11.2015	3.811	1,809,000	595,500	1,213,500	7.24
		16.03.2007	16.03.2010 – 27.11.2015	3.811	2,412,000	–	2,412,000	–
Total for Category 1					12,663,000	1,500,000	11,163,000	
Category 2: Employees of Towngas China	2006 Options	03.10.2006	04.10.2007 – 27.11.2015	2.796	301,500	–	301,500	–
		03.10.2006	04.04.2008 – 27.11.2015	2.796	542,700	–	542,700	–
		03.10.2006	04.10.2008 – 27.11.2015	2.796	723,600	–	723,600	–
	2007 Options	16.03.2007	16.03.2008 – 27.11.2015	3.811	603,000	301,500	301,500	8.06
		16.03.2007	16.03.2009 – 27.11.2015	3.811	603,000	301,500	301,500	8.06
		16.03.2007	16.03.2010 – 27.11.2015	3.811	804,000	402,000	402,000	8.06
Total for Category 2					3,577,800	1,005,000	2,572,800	
All categories					16,240,800	2,505,000	13,735,800	

Notes:

1. Mr. Peter Wong Wai Yee was appointed as Executive Director and Chief Operating Officer – Utilities Business of the Company on 1st February 2013.

2. During the period, 1,500,000 options were exercised by Mr. James Kwan Yuk Choi who resigned as Executive Director and Chief Operating Officer of the Company on 1st February 2013 upon his retirement.

3. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

4. During the period, no share option was cancelled or had lapsed.

5. During the period, no new option was granted.

Arrangements to purchase shares or debentures

Other than the share option scheme of Towngas China disclosed above, at no time during the period was the Company or any of its subsidiary companies or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Changes in the information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

1) **Dr. the Hon. LEE Shau Kee** G.B.M., D.B.A. (Hon.), D.S.Sc. (Hon.), LL.D. (Hon.),
Chairman & Non-executive Director

   Dr. Lee resigned as an independent non-executive director of The Bank of East Asia, Limited on 24th April 2013.

2) **Mr. Colin LAM Ko Yin** F.C.I.L.T., F.H.K.I.o.D.,
Non-executive Director

   Mr. Lam was appointed as the Deputy Chairman of The University of Hong Kong Foundation for Educational Development and Research on 28th February 2013.

3) **Dr. the Hon. David Ll Kwok Po** GBM, GBS, OBE, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum.Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. D.Litt. (Macquarie), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, FCIArb, JP, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur,
Independent Non-executive Director

   (i) Dr. Li resigned as a non-independent non-executive director of AFFIN Holdings Berhad on 6th August 2013.

   (ii) Dr. Li has ceased to be a member of the Banking Advisory Committee.

4) **Mr. LEE Ka Kit** J.P.,
Non-executive Director

   (i) Mr. Lee was appointed as a non-executive director of The Bank of East Asia, Limited on 1st May 2013.

   (ii) Mr. Lee ceased to act as a non-executive director of Intime Department Store (Group) Company Limited (now known as Intime Retail (Group) Company Limited) on 31st May 2013.

CORPORATE INFORMATION

Board of directors

As at the date of this report, the board of directors of the Company comprises: Dr. the Hon. Lee Shau Kee (Chairman), Mr. Leung Hay Man*, Mr. Colin Lam Ko Yin, Dr. the Hon. David Li Kwok Po*, Mr. Lee Ka Kit, Mr. Alfred Chan Wing Kin, Mr. Lee Ka Shing, Professor Poon Chung Kwong* and Mr. Peter Wong Wai Yee.

* *Independent Non-executive Director*

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www.towngas.com

Share registrar

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Shops 1712–1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

Telephone number:	2862 8555
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Investor relations

Corporate Investment and Investor Relations Department

Telephone number:	2963 3189
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e-mail address:	invrelation@towngas.com

Corporate Communications Department

Telephone number:	2963 3493
Fax number:	2516 7368
e-mail address:	ccd@towngas.com

Company Secretarial Department

Telephone number:	2963 3292
Fax number:	2562 6682
e-mail address:	compsec@towngas.com

A printed version of this Interim Report is available on request from the Company and the Company's Share Registrar free of charge. The website version of this Interim Report is also available on the Company's website.