# CHINA GAS HOLDINGS LIMITED

# 中國燃氣控股有限公司*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 384)**

## INTERIM RESULTS
## FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

**FINANCIAL SUMMARY**

| (unaudited) | For the six months ended 30 September | | |
|---|---|---|---|
| | **2023** | 2022 | **Change** |
| | ***HK$'000*** | *HK$'000* | *%* |
| Revenue | **36,049,154** | 42,976,485 | (16.1) |
| Gross profit | **5,723,573** | 6,971,860 | (17.9) |
| Core profit attributable to owners of the Company (as defined in P. 15) | **2,458,926** | 3,289,857 | (25.3) |
| Net cash flow from operating activities | **7,565,434** | 4,736,177 | 59.7 |
| Free cash flow | **4,974,242** | 840,828 | 491.6 |
| Interim Dividend (HK cents per share) | **15** | 10 | 50 |

The board of directors (the "Board" or the "Directors") of China Gas Holdings Limited (the "Company") announces the condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2023, together with the comparative figures for the six months ended 30 September 2022, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2023*

| | | Six months ended | |
|---|---|---|---|
| | | **30 September 2023** | 30 September 2022 |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| | | **(unaudited)** | (unaudited) |
| Revenue | *3* | **36,049,154** | 42,976,485 |
| Cost of sales | | **(30,325,581)** | (36,004,625) |
| Gross profit | | **5,723,573** | 6,971,860 |
| Other income | | **661,409** | 820,735 |
| Other gains and losses | | **(538,025)** | 104,950 |
| Selling and distribution costs | | **(1,351,514)** | (1,482,102) |
| Administrative expenses | | **(1,358,749)** | (1,423,972) |
| Finance costs | | **(994,471)** | (815,111) |
| Share of results of associates | | **145,526** | 287,938 |
| Share of results of joint ventures | | **231,477** | (80,239) |
| Profit before taxation | | **2,519,226** | 4,384,059 |
| Taxation | *4* | **(412,023)** | (532,753) |
| Profit for the period | *5* | **2,107,203** | 3,851,306 |

| | Note | Six months ended 30 September 2023 HK$'000 (unaudited) | 30 September 2022 HK$'000 (unaudited) |
|---|---|---|---|
| Other comprehensive expense | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Exchange difference arising on translation | | **(5,336,257)** | (9,658,854) |
| Decrease in fair value of investments in equity instruments at fair value through other comprehensive income | | **(167,929)** | (34,557) |
| Other comprehensive expense for the period | | **(5,504,186)** | (9,693,411) |
| Total comprehensive expense for the period | | **(3,396,983)** | (5,842,105) |
| Profit for the period attributable to: | | | |
| Owners of the Company | | **1,830,412** | 3,260,039 |
| Non-controlling interests | | **276,791** | 591,267 |
| | | **2,107,203** | 3,851,306 |
| Total comprehensive expense attributable to: | | | |
| Owners of the Company | | **(3,191,007)** | (5,414,433) |
| Non-controlling interests | | **(205,976)** | (427,672) |
| Total comprehensive expense for the period | | **(3,396,983)** | (5,842,105) |
| Earnings per share | | | |
| Basic | *6* | **HK34.00 cents** | HK59.92 cents |
| Diluted | *6* | **HK34.00 cents** | HK59.92 cents |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 September 2023*

| | Note | 30 September 2023 HK$'000 (unaudited) | 31 March 2023 HK$'000 (audited) |
|---|---|---|---|
| Non-current assets | | | |
| Investment properties | | **2,602,363** | 2,881,831 |
| Property, plant and equipment | | **64,882,376** | 66,891,255 |
| Right-of-use assets | | **3,559,168** | 3,792,673 |
| Investments in associates | | **9,855,897** | 10,245,589 |
| Investments in joint ventures | | **11,534,432** | 12,045,110 |
| Equity instruments at fair value through other comprehensive income | | **722,466** | 922,498 |
| Goodwill | | **3,048,487** | 3,230,141 |
| Other intangible assets | | **3,298,018** | 3,601,304 |
| Deposits for acquisition of property, plant and equipment | | **246,091** | 342,457 |
| Deposits for acquisition of subsidiaries, joint ventures and associates and other deposits | | **93,363** | 105,643 |
| Deferred tax assets | | **1,082,947** | 1,012,269 |
| | | **100,925,608** | 105,070,770 |
| Current assets | | | |
| Inventories | | **5,214,914** | 5,655,445 |
| Contract assets | | **10,424,671** | 12,706,697 |
| Trade and other receivables | *7* | **15,312,855** | 16,702,411 |
| Amounts due from associates | | **168,854** | 474,088 |
| Amounts due from joint ventures | | **6,162,975** | 5,959,576 |
| Held-for-trading investments | | **27,585** | 104,536 |
| Pledged bank deposits | | **135,651** | 178,696 |
| Cash and cash equivalents | | **10,982,369** | 10,438,990 |
| | | **48,429,874** | 52,220,439 |

| | Note | 30 September 2023 HK$'000 (unaudited) | 31 March 2023 HK$'000 (audited) |
|---|---|---|---|
| Current liabilities | | | |
| Trade and other payables | 8 | **19,605,181** | 19,557,328 |
| Amounts due to associates | | **766,437** | 72,050 |
| Amounts due to joint ventures | | **230,643** | 156,108 |
| Contract liabilities | | **8,820,015** | 9,080,132 |
| Tax payable | | **430,578** | 806,268 |
| Lease liabilities | | **203,057** | 200,709 |
| Bank and other borrowings — due within one year | | **22,077,039** | 21,907,608 |
| | | **52,132,950** | 51,780,203 |
| Net current (liabilities) assets | | **(3,703,076)** | 440,236 |
| Total assets less current liabilities | | **97,222,532** | 105,511,006 |
| Equity | | | |
| Share capital | | **54,356** | 54,403 |
| Reserves | | **54,617,383** | 57,846,181 |
| Equity attributable to owners of the Company | | **54,671,739** | 57,900,584 |
| Non-controlling interests | | **6,646,339** | 6,889,795 |
| Total equity | | **61,318,078** | 64,790,379 |
| Non-current liabilities | | | |
| Bank and other borrowings — due after one year | | **33,353,284** | 38,103,193 |
| Lease liabilities | | **1,101,406** | 1,175,335 |
| Deferred tax liabilities | | **1,449,764** | 1,442,099 |
| | | **35,904,454** | 40,720,627 |
| | | **97,222,532** | 105,511,006 |

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as 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 "Listing Rules").

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

Other than additional accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 March 2023.

**Application of new and amendments to HKFRSs**

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts |
| Amendment to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to HKAS 8 | Definition of Accounting Estimates |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

The Group's reportable and operating segments under HKFRS 8 are: sales of natural gas, gas connection, engineering design and construction, sales of liquefied petroleum gas ("LPG"), value-added services, other businesses and Zhongyu Energy Holdings Limited ("Zhongyu Energy"), in which the Group's chief operating decision maker ("CODM") reviewed the result of Zhongyu Energy, which is accounted for by the Group under equity method of accounting.

In the current period, the Group reorganised its internal reporting structure which resulted in changes to the composition of its operating and reportable segment. The business division of other businesses, including urban heating, integrated energy services and supply chain services, has been identified as a separate operating and reportable segment for the purposes of resources allocation and assessment of segment performance by the Group's CODM. Prior period segment disclosures have been represented to conform with the current period's presentation.

The CODM reviews these segments individually for better resource allocation and assessment of segment performance.

Inter-segment revenue is charged at prevailing market rates.

Segment information for the six months ended 30 September 2023 and 2022 about these businesses is presented below.

| | Six months ended 30 September 2023 (unaudited) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Sales of natural gas** | **Gas connection** | **Engineering design and construction** | **Sales of LPG** | **Value-added services** | **Other businesses** | **Zhongyu Energy** | **Segment total** |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Total segment revenue | **21,718,489** | **2,308,096** | **2,938,326** | **8,421,663** | **1,804,486** | **740,008** | **—** | **37,931,068** |
| Inter-segment revenue | **—** | **—** | **(1,881,914)** | **—** | **—** | **—** | **—** | **(1,881,914)** |
| External segment revenue | **21,718,489** | **2,308,096** | **1,056,412** | **8,421,663** | **1,804,486** | **740,008** | **—** | **36,049,154** |
| Segment profit | **1,559,716** | **459,056** | **256,024** | **194,341** | **868,606** | **248,082** | **88,063** | **3,673,888** |
| Interest and other gains and losses | | | | | | | | **(162,466)** |
| Unallocated corporate expenses | | | | | | | | **(432,681)** |
| Changes in fair value of investment properties | | | | | | | | **(59,161)** |
| Gain on disposal of right-of-use assets | | | | | | | | **13,399** |
| Changes in fair value of held-for-trading investments | | | | | | | | **(76,951)** |
| Gain on disposal of property, plant and equipment | | | | | | | | **5,245** |
| Exchange gain on translation of foreign currency monetary items into functional currency | | | | | | | | **21,685** |
| Finance costs | | | | | | | | **(502,987)** |
| Loss on disposal/deregistration of subsidiaries | | | | | | | | **(488)** |
| Share–based payment | | | | | | | | **(1,493)** |
| Impairment losses for trade receivables and contract assets, net of reversal | | | | | | | | **(247,704)** |
| Share of results of associates (other than Zhongyu Energy) | | | | | | | | **57,463** |
| Share of results of joint ventures | | | | | | | | **231,477** |
| Profit before taxation | | | | | | | | **2,519,226** |

| | Six months ended 30 September 2022 (unaudited) (restated) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Sales of natural gas | Gas connection | Engineering design and construction | Sales of LPG | Value-added services | Other businesses | Zhongyu Energy | Segment total |
| | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* | *HK$'000* |
| Total segment revenue | 24,675,655 | 3,610,231 | 3,879,164 | 11,776,299 | 1,785,589 | 763,319 | — | 46,490,257 |
| Inter-segment revenue | — | — | (3,513,772) | — | — | — | — | (3,513,772) |
| External segment revenue | 24,675,655 | 3,610,231 | 365,392 | 11,776,299 | 1,785,589 | 763,319 | — | 42,976,485 |
| Segment profit | 2,062,736 | 532,354 | 555,541 | 81,535 | 859,644 | 343,448 | 79,882 | 4,515,140 |
| Interest and other gains and losses | | | | | | | | 133,555 |
| Unallocated corporate expenses | | | | | | | | (262,303) |
| Changes in fair value of investment properties | | | | | | | | 227,706 |
| Gain on disposal of an investment property | | | | | | | | 10,639 |
| Changes in fair value of held-for-trading investments | | | | | | | | 136 |
| Loss on disposal of property, plant and equipment | | | | | | | | (6,594) |
| Exchange gain on translation of foreign currency monetary items into functional currency | | | | | | | | 20,237 |
| Finance costs | | | | | | | | (237,920) |
| Loss on disposal/ deregistration of subsidiaries | | | | | | | | (2,237) |
| Impairment losses for trade receivables and contract assets, net of reversal | | | | | | | | (142,117) |
| Share of results of associates (other than Zhongyu Energy) | | | | | | | | 208,056 |
| Share of results of joint ventures | | | | | | | | (80,239) |
| Profit before taxation | | | | | | | | 4,384,059 |

Impairment losses for trade receivables and contract assets, net of reversal are not allocated into segments when reporting to the CODM for performance evaluation and resource allocation for the six months ended 30 September 2023. Accordingly, the comparative information for the six months ended 30 September 2022 has been restated.

## 4. TAXATION

| | Six months ended | |
|---|---|---|
| | **30 September 2023** | 30 September 2022 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| PRC Enterprise Income Tax | **490,367** | 844,243 |
| Deferred taxation | **(78,344)** | (311,490) |
| | **412,023** | 532,753 |

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profit arising in or derived from Hong Kong for both periods. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

The taxation charge of the PRC Enterprise Income Tax for the current and prior periods have been made based on the Group's estimated assessable profits calculated at the prevailing tax rates in accordance with the relevant income tax laws applicable to the subsidiaries in the PRC.

## 5. PROFIT FOR THE PERIOD

| | Six months ended | |
|---|---|---|
| | **30 September 2023** | 30 September 2022 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| Profit for the period has been arrived at after charging (crediting): | | |
| Depreciation of property, plant and equipment | **1,174,141** | 1,126,043 |
| Depreciation of right-of-use assets | **150,888** | 161,112 |
| Amortisation of intangible assets | **91,080** | 94,019 |
| Interest income | **(168,851)** | (124,627) |
| (Gain)/loss on disposal of property, plant and equipment | **(5,245)** | 6,594 |
| Gain on disposal of an investment property | **—** | (10,639) |
| Gain on disposal of right-of-use assets | **(13,399)** | — |

## 6. EARNINGS PER SHARE

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

| | Six months ended | |
|---|---|---|
| | **30 September 2023** | 30 September 2022 |
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (unaudited) |
| **Earnings** | | |
| Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per share | **1,830,412** | 3,260,039 |
| **Number of shares** | ***'000*** | *'000* |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **5,384,224** | 5,440,336 |
| Effect of dilutive potential ordinary shares in respect of share awards granted | **7** | — |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | **5,384,231** | 5,440,336 |

The weighted average number of ordinary shares is arrived at after deducting the treasury shares held by the trustee under the share award scheme of the Group.

During the periods ended 30 September 2023 and 2022, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the adjusted exercise price of those share options is higher than the average market price of the shares for the periods ended 30 September 2023 and 2022.

## 7. TRADE AND OTHER RECEIVABLES

| | **30 September 2023** | 31 March 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| Trade receivables from contracts with customers | **6,479,483** | 7,271,886 |
| Less: Allowance for credit losses | **(951,520)** | (989,259) |
| Trade receivables, net | **5,527,963** | 6,282,627 |
| Deposits paid for construction and other materials | **1,198,584** | 1,497,602 |
| Deposits paid for purchase of natural gas and LPG | **3,318,684** | 3,860,858 |
| Advance payments to sub-contractors | **1,081,204** | 1,071,346 |
| Rental and utilities deposits | **599,430** | 617,013 |
| Other tax recoverable | **565,816** | 562,078 |
| Other receivables and deposits | **1,341,259** | 1,450,126 |
| Prepaid operating expenses | **1,552,515** | 1,225,351 |
| Amounts due from non-controlling interests of subsidiaries | **127,400** | 135,410 |
| Total trade and other receivables | **15,312,855** | 16,702,411 |

Other than certain major customers with good repayment history which the Group allows a longer credit period or settlement by instalment basis, the Group generally allows an average credit period of 30 to 180 days to its trade customers.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice date at the end of the reporting period:

| | **30 September 2023** | 31 March 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| 0–180 days | **2,163,029** | 3,229,635 |
| 181–365 days | **972,267** | 708,738 |
| Over 365 days | **2,392,667** | 2,344,254 |
| | **5,527,963** | 6,282,627 |

The Group has policies for allowance of credit losses which are based on the evaluation of collectability and aged analysis of trade receivables and on the management's judgment including the current creditworthiness, the past collection history of customers as well as relevant forward-looking information.

## 8. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The following is an aged analysis of trade and bill payables presented based on the invoice date at the end of the reporting period:

| | **30 September 2023** | 31 March 2023 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | **(unaudited)** | (audited) |
| 0–90 days | **7,894,219** | 9,430,268 |
| 91–180 days | **1,408,076** | 883,401 |
| Over 180 days | **5,355,442** | 4,334,203 |
| Trade and bill payables | **14,657,737** | 14,647,872 |
| Other payables and accrued charges | **1,963,884** | 1,574,410 |
| Consideration payables | **286,531** | 295,278 |
| Construction cost payables | **811,157** | 838,162 |
| Retention payables and security deposits received | **1,290,292** | 1,600,123 |
| Accrued staff costs | **146,748** | 150,221 |
| Loan interest payables | **261,620** | 253,297 |
| Amounts due to non-controlling interests of subsidiaries | **187,212** | 197,965 |
| | **19,605,181** | 19,557,328 |

The average credit period on trade purchases and ongoing cost is 90 to 180 days.

## INTERIM DIVIDEND

The Board declared an interim dividend of HK15.0 cents per share for the six months ended 30 September 2023 (six months ended 30 September 2022: HK10.0 cents per share).

The interim dividend will be paid on or about Friday, 2 February 2024 to shareholders whose names appear on the register of members of the Company on Wednesday, 10 January 2024.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to the interim dividend for the six months ended 30 September 2023, the register of members of the Company will be closed from Monday, 8 January 2024 to Wednesday, 10 January 2024, both days inclusive, during which period no transfers of shares of the Company will be registered.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 5 January 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

## COMPANY OVERVIEW

The Group is one of China's largest trans-regional integrated energy suppliers and service providers. Focusing on China, it is primarily engaged in the investment, construction, and operation of city and township gas pipelines, gas terminals, storage and transport facilities, and logistics systems, delivering natural gas and LPG to residential, industrial, and commercial users. The Group also builds and operates CNG/LNG fueling stations while developing and applying natural gas and LPG technologies. In addition, it has drawn on its extensive gas user base to form a comprehensive business portfolio of value-added services, thermal urban heating, new energy, electricity distribution and sales, and energy storage.

## BUSINESS REVIEW

In a slowing world economy, ample inventories in Europe and the U.S. and weakened marginal effects of the geopolitical environment have rebalanced the international natural gas market since 2023. With such demand-supply balance instead of the imbalance in the prior year, price fluctuations have eased toward stability.

For the natural gas demand at home, the first six months of 2023 witnessed a modest rebound, as apparent natural gas consumption sat at 194.9 billion $m^3$, up 6.7% year-on-year. In this landscape, China Gas pressed ahead in its market-oriented practices, with pragmatism, innovation and diligence at the heart of its operations. Always true to the strategic philosophy of "diligence, integrity and innovation to maximize value on all fronts", it delivered delicacy management toward organic development with high quality. With focus always placed on natural gas, its pillar business, it also stepped up its efforts for new engines of its sustainable development, by growing its digitalization business, creating and launching its emerging business in integrated energy, expanding its marketing network of value-added services (VAS), and innovating its marketing models of VAS. Going full steam ahead with all these moves, all segments progressed well.

The period witnessed China Gas's significant endeavors for the implementation of price pass-through policies and gas price adjustments for residential users, in an effort to bolster the reform of price pass-through in the industry, toward steady dollar margin (DM) recovery in gas sales, its top priority. In its high quality development, another priority, cash flow management was further improved, hence its impressive sound cash flow. It also moved faster in its result-oriented actions in the renovation of old pipeline networks and the "bottled-to-piped-gas" project, where new business opportunities were tapped. Backed by its profound investigations of user needs and gas market trends, it captivated its strengths in resources, technology and management to open new frontiers in this business with market-based innovations, as part of the groundwork for its future growth stories sustainable, organic and high-quality. With respect to its gas pipeline management in the first half of the financial year, it leveraged the digital-twin technology to deliver visualization-based operations and delicacy management in the intelligent pipeline networks of the Hangzhou Asian Games Village, which served as the digital and informationized cornerstone for the integrated "planning, construction and management" of the natural gas industry.

In the first half of the financial year, the Group's total sales of natural gas increased by 1.7% to 16.97 billion $m^3$. The profound adjustment in the real estate market continued to weigh on new connections in the natural gas industry. During the period, new connections of residential users by the Group dropped significantly by 31.2% to 1,051,976, affecting the overall revenue and profit. Total revenue decreased by 16.1% year on year to HK$36,049,154,000. Gross profit amounted to HK$5,723,573,000, representing a year-on-year decrease of 17.9%. Profit attributable to owners of the Company decreased by 43.9% to HK$1,830,412,000. Basic earnings per share were HK34.00 cents, representing a year-on-year decrease of 43.3%.

*Financial and Operational Highlights*

| | Six months ended 30 September | | |
|---|---|---|---|
| | **2023 (unaudited)** | 2022 (unaudited) | Increase/ (decrease) |
| **Financial results** | | | |
| Turnover *(HK$'000)* | **36,049,154** | 42,976,485 | (16.1%) |
| Gross profit *(HK$'000)* | **5,723,573** | 6,971,860 | (17.9%) |
| Profit for the period *(HK$'000)* | **2,107,203** | 3,851,306 | (45.3%) |
| Core profit attributable to owners of the Company *(HK$'000)*# | **2,458,926** | 3,289,857 | (25.3%) |
| Net cash flow from operating activities *(HK$'000)* | **7,565,434** | 4,736,177 | 59.7% |
| Free cash flow *(HK$'000)* | **4,974,242** | 840,828 | 491.6% |
| **Operating results** | | | |
| Number of piped gas projects | **661** | 661 | — |
| Connectable residential users for city gas projects *(million household)* | **54.3** | 53.6 | 1.3% |
| Penetration rate of residential users for city gas projects | **69.9%** | 67.7% | 2.2 pts |
| Total natural gas sales volume *(million $m^3$)* | **16,971** | 16,683 | 1.7% |
| Natural gas sold through retail business | **9,200** | 9,378 | (1.9%) |
| Natural gas sold through long-distance pipelines and trade | **7,771** | 7,305 | 6.4% |
| Natural gas sold through retail business (customer breakdown) *(million $m^3$)* | | | |
| Residential | **2,497** | 2,495 | 0.1% |
| Industrial | **4,896** | 5,118 | (4.3%) |
| Commercial | **1,517** | 1,409 | 7.6% |
| CNG/LNG refilling stations | **291** | 356 | (18.4%) |
| New connections | | | |
| Residential | **1,051,976** | 1,529,352 | (31.2%) |
| City gas projects | **999,152** | 1,343,709 | (25.6%) |
| Township gas projects | **52,824** | 185,643 | (71.5%) |
| Industrial | **1,188** | 1,632 | (27.2%) |
| Commercial | **15,242** | 16,145 | (5.6%) |

# For the purposes of this announcement, "core profit" is defined as the profit for the period excluding other gains and losses of the Group and the Group's share of exchange losses of Zhongyu Energy for the period. "Core profit" is a non-HKFRS measure. As items within other gains and losses of the Group and exchange losses of Zhongyu Energy are not directly related to the Group's business activities and are not reflective of the core operating performance of the Group, the Company considers that presenting the core profit attributable to the owners of the Company would provide shareholders and potential investors of the Company with supplementary information on the performance of the Group's core operations.

| | Six months ended 30 September | | |
|---|---|---|---|
| | **2023 (unaudited)** | 2022 (unaudited) | Increase/ (decrease) |
| Accumulated number of connections and CNG/LNG refilling stations | | | |
| Residential | **46,446,673** | 44,673,026 | 4.0% |
| City gas projects | **37,969,152** | 36,290,049 | 4.6% |
| Township gas projects | **8,477,521** | 8,382,977 | 1.1% |
| Industrial | **23,296** | 21,440 | 8.7% |
| Commercial | **344,577** | 313,810 | 9.8% |
| CNG/LNG refilling stations | **532** | 533 | (0.2%) |
| Average connection fees *(RMB/household)* | | | |
| City gas projects | **2,509** | 2,496 | 0.5% |
| Township "replacement of coal with gas" projects | **2,901** | 2,945 | (1.5%) |

## SAFETY MANAGEMENT

For the city gas industry, safety is the prerequisite for everything. In the first half of the financial year, China Gas cemented its workplace safety, the groundwork for its high-quality development, by means of enhancements in its rectification of potential safety hazards, its Health, Safety, and Environment (HSE) Management System as well as the expertise of its safety inspectors. To evolve its HSE procedures for smoother HSE operations, it issued institutional documents such as the *China Gas Internal Audit and Certification Measures in HSE Management System* and the *China Gas Work Instruction for HSE Management System Internal and Audit Certification*. It worked to transform its project companies from passive receivers of audits to proactive players with voluntary internal audits and external certification.

Moreover, China Gas further invested itself in the building of the Safety Control Digital and Intelligent System with its Safety Alert program. The Safety Alert program, a holistic digital and intelligent platform for safety review, offers a full suite of functions of data collection, assessment and analysis, monitoring and early warning functions, incredibly instrumental for the work of safety supervisors and operational personnel and the ensuring of workplace safety. The Group further harnessed the safety system and developed the management mechanism by planning and designing three functional modules, including the third phase of the safety profile of the Safety Alert program, the optimization of the hidden-hazard system and the safety supervisors. It also developed a unified dynamic monitoring platform for hazardous chemical trucks, where risks are specifically classified and controlled and accidents are prevented, for the safety of transportation. The platform is driving the digital and intelligent transformation of the Group's transportation safety monitoring, which is going informationized, transparent and well-grounded. Such progress advanced the timely rectification of potential safety hazards for hazardous goods transportation companies and their risk management.

## NEW PROJECTS

As at 30 September 2023, the Group had obtained 661 piped gas projects with concession rights in 30 provinces, municipalities, and autonomous regions in China. The Group also had 32 long-distance natural gas pipeline projects, 532 CNG/LNG refilling stations for vehicles and vessels, one coalbed methane development project, and 106 LPG distribution projects.

## NATURAL GAS

### Pipeline Building and Connections

Gas pipelines are the foundation for gas suppliers' operations. By building major and branch pipelines, the Group connects its gas network to residential, industrial, and commercial users, charging connection fees and gas bills.

#### *Development of New Users*

Amid China's gradual economic recovery in the first half of the financial year, the property market remained sluggish. As new-project acquirement in the real estate industry was persistently weak, the Group recorded a noticeable year-on-year slide in new connections. On 9 August 2023, the State Council issued the *National Urban Gas Safety Special Rectification Work Plan*, which stipulated the renovation of old pipelines and promoted the "bottled-to-piped-gas" reform nationwide. With new connections weighing on in a slow housing market, the Group would captivate such opportunities by implementing these policies in its project companies. With special focus and concrete actions on the "bottled-to-piped-gas" reform and connections in old neighborhoods going forward, its connection slide from the property market could be offset. During the period, residential connections of the Group increased by 1,051,976 households, down by approximately 31.2% year-on-year.

As at 30 September 2023, the accumulated number of connected residential users of the Group was 46,446,673, representing a year-on-year increase of approximately 4.0%. The penetration rate of residential households of city gas projects reached 69.9%.

During the first half of the financial year, the Group connected 1,188 new industrial users and 15,242 new commercial users. As at 30 September 2023, the Group had cumulatively connected 23,296 industrial users and 344,577 commercial users, representing a year-on-year increase of approximately 8.7% and 9.8%, respectively.

#### *Users in the Transportation Sector (CNG/LNG Refilling Stations for Vehicles and Vessels)*

As at 30 September 2023, the Group had a total of 532 CNG/LNG refilling stations for vehicles and vessels. The market of CNG for vehicles shrank under the rapid development of the EV industry, which posed a challenge to the development of the CNG refilling station market. As the increase in LNG price lowered the demand for LNG heavy trucks by logistics companies, the Group's LNG vehicle refilling business was also under pressure. Facing such changes in the market, the Group went all proactive in response, by driving its gas sales of individual refilling stations while strengthening management in gas resources and gas prices and enhancing services. Meanwhile, the Group continuously evolved its business strategies, and gradually repositioned some refilling stations as integrated stations to provide oil and electricity as the primary energy source and gas and hydrogen as the secondary energy source.

**Natural Gas Sales**

For the first half of the financial year, China's gradual economic recovery, weak exports, high procurement prices for city gas players and the restructuring of the real estate industry that hampered industrial production in the industrial chain and hence the disappointing production recovery of small and medium industrial users curbed the gas demand from the Group's industrial users. Gas demand from the Group's commercial users, by virtue of the post-pandemic normalcy in the commercial sector, saw a year-on-year growth. Demand from residential users registered no year-on-year change in general. In the first half of the financial year, the Group's total natural gas sales reached 16.97 billion $m^3$, up by 1.7% year-on-year. Natural gas was mainly sold through city and township pipelines as well as trading and direct-supply pipelines. Natural gas sales through city and township pipelines accounted for 9.2 billion $m^3$, down by 1.9% year-on-year, while natural gas sales through trading and direct-supply pipelines accounted for 7.77 billion $m^3$, up by 6.4% year-on-year.

**LPG**

During the period, the Group's total LPG sales volume amounted to 1.98 million tons, representing a year-on-year increase of 9.8%, of which the wholesale business accounted for 1.58 million tons, representing a year-on-year increase of 8.7%, while the end-user retail business accounted for 399,000 tons, representing a year-on-year increase of 14%. The LPG sales revenue amounted to HK$8,421,663,000 (for the six months ended 30 September 2022: HK$11,776,299,000), representing a year-on-year decrease of 28.5%. The profit before tax for the period amounted to HK$194,341,000 (for the six months ended 30 September 2022: HK$81,535,000), representing a year-on-year increase of 138.4%.

As China's largest vertically integrated LPG operator and service provider, the Group has seven LPG terminals and 106 LPG distribution projects, with wide distribution footprints across 19 provinces. The Group is committed to improving the service quality and efficiency of the LPG industry. Along with LPG's ever-growing popularity among rural and suburban residents, the LPG demand from industrial and commercial users has also been growing steadily for long. Demand for LPG as a raw material for producing petrochemical synthesis and deep processing has surged as well. As a result, the LPG demand comes with gradual growth.

To extend its value chain, the Group has been integrating industrial and commercial users, combining LPG trade with retail, and consolidating retail with Smart MicroGrid. Drawing on its LPG terminals, storage facilities and the assets of vessel and vehicle fleets, the Group is maximizing the profit of the entire supply chain by pushing forward its value chain strategy, thus covering the industrial chain of important, loading and unloading from trading to retail investment. In the trade segment, striving to integrate procurement with sales in cooperation models such as two-way business, the Group has boosted its resource alignment, business expansion, and sales volume, and also successfully enhanced its core capabilities regarding international businesses. In retail, the Group further integrated the local bottled-gas markets. In core cities ideal for trade-retail integration, it boosted investment and business expansion of its LPG retail. In the future, the Group will continue to improve the overall benefits and sustainable development of the LPG industry through industrial layout strategies, production optimization and intelligent equipment upgrades.

## VALUE-ADDED SERVICES

Throughout 2023, China's consumption has recovered, bottomed out, and then made a comeback. For the nine months ended 30 September 2023, the cumulative total retail sales of domestic consumer goods amounted to RMB34.2 trillion, representing year-on-year growth of 6.8%, and an increase of approximately 15.2%, as compared to the level of RMB29.7 trillion for the same period in 2019 prior to the pandemic. Bolstered by China's consumption continually on the rise, China Gas's VAS business gained momentum.

In the first half of the financial year, the Group leaned in further to finetune its business matrix and new-retail business model of VAS. These endeavors were translated into an operating model featuring the synergy between "horizontal integrated management and vertical business operations". It also worked to unlock new possibilities in its channels and products, powered by a grid-based sales model with both digital and physical operations in the "China Home Appliance Renewal Program", the "China Kitchen Renewal Program", urban showrooms, community stores, etc. In its channel-boosting actions, its channels were further advanced through self-operated business halls, standardized operations, community service teams and campaigns for communities. In respect of products, the newly-introduced, upgraded and specialty products turbocharged overall product sales. Going forward, "Yipin Smart Living" will offer VAS across channels by fully capitalizing on the value of its extensive natural-gas user base through omni-distribution channels based on its broad brick-and-mortar presence and online platforms.

## CARBON PEAK AND NEUTRALITY, NEW ENERGY AND INTEGRATED ENERGY

Under new conditions, China's new energy industry is ushering in a period of rapid development. Such development has gradually shifted from policy-driven to market-driven, forming a development pattern supported by dual circulation, which is characterized by a dominant domestic circulation and the complementary reinforcement between domestic and overseas markets.

Over the years, leveraging its extensive market and user base, the Group has expanded its share in the integrated energy market through exogenous and endogenous growth, and is dedicated to natural gas distributed energy, heating, PV power generation, energy storage, electricity distribution and sales and electric-vehicle charging facilities business, striving to provide users with efficient integrated energy to meet their gas, heating, electricity and cooling needs.

During the period, the Group proactively grew its new energy business, and completed the construction of digitalized platforms for professional companies in fields such as electric-vehicle charging facilities, integrated energy efficiency and electricity distribution, while also enhancing PV control platform. Focusing on six pilot cities for its green-city operation, including Nanjing, Hangzhou, Wuhu, Wuhan, Nanning and Guangzhou, the Group established professional companies for synergistic collaboration in market development. The Group also constantly engaged in the electricity sales market, and recorded electricity sales of 2.6 billion kWh during the period. Meanwhile, the Group promoted integrated energy in key areas including the Greater Bay Area and the Yangtze River Delta, prioritizing urban mega commercial complexes, public hospitals and schools, undertaking the load management services for cities. The Group continued to integrate its PV, integrated energy efficiency and charging businesses, hence creating a close business loop of power generation, distribution, load management and storage.

## HUMAN RESOURCES

Well-trained professionals are a key pillar for business success. Hence, the Group is always in line with the philosophy of putting people first. In respect of talent cultivation and team building, the Group has forged a comprehensive talent acquisition and internal training system, focusing on optimizing the workforce's age structure by assigning more young people to important positions.

The Group continues to improve its employees' professional expertise and competence by encouraging them to obtain widely recognized certificates and initiating internal accreditation schemes. Meanwhile, the Group also provides its employees with platforms for vocational training, knowhow and experience exchange, to attract and retain professionals of competency by enhancing their career fulfillment and contentment.

## FINANCIAL REVIEW

For the six months ended 30 September 2023, the Group's turnover amounted to HK$36,049,154,000 (for the six months ended 30 September 2022: HK$42,976,485,000), representing a year-on-year decrease of 16.1%. The gross profit amounted to HK$5,723,573,000 (for the six months ended 30 September 2022: HK$6,971,860,000), representing a year-on-year decrease of 17.9%. The overall gross profit margin was 15.9% (for the six months ended 30 September 2022: 16.2%). Profit attributable to owners of the Company amounted to HK$1,830,412,000 (for the six months ended 30 September 2022: HK$3,260,039,000), representing a year-on-year decrease of 43.9%.

Earnings per share amounted to HK34.00 cents (for the six months ended 30 September 2022: HK59.92 cents), representing a year-on-year decrease of 43.3%.

### Finance Costs

For the six months ended 30 September 2023, finance costs increased by 22.0% to HK$994,471,000 for the same period last year. The increase in finance costs for the period was mainly due to the increase in average costs for debts denominated in foreign currencies.

**Share of Results of Associates**

For the six months ended 30 September 2023, the share of results of associates amounted to HK$145,526,000 (for the six months ended 30 September 2022: HK$287,938,000).

**Share of Results of Joint Ventures**

For the six months ended 30 September 2023, the share of results of joint ventures amounted to HK$231,477,000 (for the six months ended 30 September 2022: loss of HK$80,239,000).

**Income Tax Expenses**

For the six months ended 30 September 2023, the Group's income tax expenses decreased by 22.7% to HK$412,023,000 (for the six months ended 30 September 2022: HK$532,753,000).

**Liquidity**

The Group's primary business generates cash flow in a steadily growing manner. With an effective and well-established capital management system, the Group has maintained stable business development and healthy cash flow, despite uncertainties in the macro-economy and capital market.

As at 30 September 2023, the Group's total assets amounted to HK$149,355,482,000 (31 March 2023: HK$157,291,209,000). Bank balances and cash amounted to HK$11,118,020,000 (31 March 2023: HK$10,617,686,000). The Group had a current ratio of 0.93 (31 March 2023: 1.01). The net gearing ratio was 0.72 (31 March 2023: 0.76), as calculated on the basis of net borrowings of HK$44,312,303,000 (total borrowings of HK$55,430,323,000 less bank balances and cash of HK$11,118,020,000) and net assets of HK$61,318,078,000 as at 30 September 2023.

The Group follows a prudent financial management policy, under which the majority of available cash of the Group is deposited in reputable banks as current and fixed deposits.

**Financial Resources**

The Group has built lasting ties with Chinese (including Hong Kong) and overseas banks. As the principal cooperating banks of the Group, China Development Bank, Industrial and Commercial Bank of China, Bank of Communications, and Agricultural Bank of China have provided the Group with long-term credit facilities of over RMB60 billion under a maximum term of 15 years, which has given strong financial support to the Group's project investments and stable operations. Other major domestic and overseas banks, such as Asian Development Bank (ADB), Bank of China, China Merchants Bank, HSBC, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Banking Corporation, as well as Australia and New Zealand Banking Group have also granted long-term credits to the Group. As at 30 September 2023, over 30 banks offered syndicated loans and standby credit facilities to the Group. Such bank loans are generally used to fund the Group's operations and project investments.

The Company, acting as an overseas issuer, and the Group's wholly-owned subsidiaries incorporated in China all participated in issuing RMB bonds on stock exchanges and interbank bond markets in China.

As at 30 September 2023, the Group's total bank loans and other loans amounted to HK$55,430,323,000 (31 March 2023: HK$60,010,801,000).

The Group's operating and capital expenditure has been financed by operating cash flow, indebtedness and equity financing. The Group has maintained a sufficient source of funds to fulfil its future capital expenditure and working capital needs.

**Foreign Exchange and Interest Rate**

Based on the principle of prudence, the Board of the Group has formulated strict exchange rate risk management and control policies. It closely monitors interest and exchange rates and adjusts the debt structure promptly and reasonably to avoid risks. Following the exchange rate risk management and control policies, the Group adjusts domestic (RMB) and foreign currency debt structures flexibly and has adopted currency and interest rate hedging derivatives to offset risks from a small portion of foreign currency loans. This practice significantly reduced the potential exchange rate risks. Such rigorous foreign currency debt control measures have immensely mitigated the effect of exchange rates on the Group's performance.

**Cash flows, Contract Assets/Liabilities, Trade Receivables, and Trade and Bill Payables**

As at 30 September 2023, the Group had contract assets of HK$10,424,671,000 (31 March 2023: HK$12,706,697,000), contract liabilities of HK$8,820,015,000 (31 March 2023: HK$9,080,132,000), trade receivables of HK$5,527,963,000 (31 March 2023: HK$6,282,627,000), and trade and bill payables of HK$14,657,737,000 (31 March 2023: HK$14,647,872,000).

During the period, the Group further managed investments with prudence. It controlled the growth of contract assets and trade receivables while managing its operating and free cash flows effectively.

**Charge on Assets**

As at 30 September 2023, the Group pledged bank deposits of HK$135,651,000 (31 March 2023: HK$178,696,000) and pledged property, plant and equipment and investment properties of HK$6,172,463,000 (31 March 2023: HK$5,907,983,000), and certain subsidiaries pledged their equity investments to banks to secure loan facilities.

**Capital Commitments**

As at 30 September 2023, the Group had capital commitments in respect of the acquisition of property, plant and equipment, construction materials and properties under development contracted for but not provided in the condensed consolidated financial statements amounting to HK$227,044,000 (31 March 2023: HK$179,574,000), HK$171,207,000 (31 March 2023: HK$134,206,000) and HK$188,211,000 (31 March 2023: HK$235,176,000), respectively, which would require the utilization of the Group's cash on hand and external financing. The Group had undertaken to acquire shares of certain Chinese enterprises and set up joint ventures in China.

**Contingent Liabilities**

As at 30 September 2023, the Group did not have any material contingent liabilities (31 March 2023: nil).

## PROSPECTS

In an international landscape complex and volatile, U.S. interest rates remain high, the global inflationary pressure has not eased back much, and the downward pressure on the economy lingers. Against this backdrop, the International Monetary Fund (IMF) expects global economic growth of 3% in 2023, and has downgraded its forecast for 2024 to 2.9%. China, closely intertwined with other parts of the world as the second largest economy, has seen an economic recovery, where the consumer and service sectors have shown respectable growth in particular, spurring energy demand from commerce, transportation and other sectors across the country. However, the slower-than-expected economic recovery in general has curbed the overall consumption growth of natural gas and other energy. Meanwhile, energy security and low-carbon transition remain top priorities in energy tasks. Aiming at high-quality development of the natural gas industry, China is going to further its actions for better-performing production, supply, storage and distribution systems, to ensure supply security, price stability and price pass-through. As China's largest trans-regional integrated-service provider of clean energy, China Gas has risen to the changes in external markets by leveraging its business strengths and resource endowment. Performing by shooting problems in the course of development, the Group now operates with management and operational models more systematic, digital, and market-oriented, towards development high-quality, sustainable, and organic.

Committed to workplace and operational safety, the Group prioritizes prevention to secure growth in safety. To tighten its supervision on safety, it is always in action to advance its HSE Management System, while further digitalizing its workplace safety and empowering its safety management. These moves are turbocharging its intrinsic safety, bringing its grip over workplace safety to new heights. Next, the Group will keep a closer eye on the promotion of its "Safety Alert" system, while upgrading its unified platform of Internet-based security management. On this platform, available will be online intelligent analysis and management of all elements and processes of production safety across the Group. In pursuit of safety management, the Group will step up efforts to enhance its business matrix and safety management skills of its staff, for smooth information sharing and top-down communication, intrinsic safety across operations, and better safety management on all fronts as the cornerstone of production and operational safety. Devoted to high-quality development, the Group takes initiative to evolve itself into an integrated energy supplier and service provider from merely a natural gas player by holding fast to its positioning as a "green city operator". Building upon its existing market presence, the Group is diversifying its business portfolio by developing and growing various businesses. Moving towards coordinated development, it has also created a mechanism featuring synergy between its city gas and integrated energy businesses based on the trends in user scenarios and demand of integrated energy. Furthermore, the Group is also moving fast to integrate its businesses such as commercial and industrial PV, energy storage, and energy-conservation services for a portfolio of integrated energy. It will also be in activities to restructure urban energy mix by driving up the share of the renewables. Leveraging its natural gas pipelines, China Gas will offer solutions of "multi-energy integration and gas-power coordination", thus creating an energy ecosystem clean, intelligent and efficient.

Clean energy, the foundation and powerhouse of a country's economic development, serves as the primary vehicle towards carbon peak and neutrality as well. In the green and sustainable development, China Gas is moving in response to the UN Sustainable Development Goals (SDGs) as well as China's clean energy strategies and carbon peaking and neutrality goals. Always true to green development, it is captivating the opportunities in such transformations by implementing systematic measures to drive carbon peak and neutrality, and boosting its dual-carbon management in all segments. All these actions could be translated into a low-carbon value chain. In methane emissions reduction, as the first Chinese enterprise to join the Oil and Gas Methane Partnership (OGMP), the Group, with OGMP gold-standard recognition, has formulated mid- to long-term strategies comprehensive, well-grounded and practical for methane emissions reduction, reinforcing the control of methane emissions of the oil and gas industry in China, as its share of contributions to the harmony between humanity and nature. At China Gas, where infrastructure services are being provided and local jobs are being created for rural areas, its targets on prominent issues such as energy use, emission control, employee training, and gender equality are in line with the UN SDGs in its multiple arrangements of overseas financing. Active in delivering on the special responsibilities for utilities players, the Group takes it upon itself to ensure stable gas supplies, quality services, and low-carbon operations, for a future with greater safety, efficiency and sustainability.

Riding on the national policies and market needs, the Group will work to grow new businesses on top of a stronger core business in natural gas, positioned in an increasingly supportive macro-environment of favorable policies including renovation of old pipelines and old residential communities, as well as the "bottled-to-piped-gas" project. With a solid foundation in its mainstay, it will also move fast to grow its value-added services and integrated energy business to diversify its offerings across the industry chain. With operational safety at heart, the Group will always be customer-oriented to create greater value through delicacy management. At China Gas, both for growth and for the good, actions and moves will be further guided by the philosophy of innovation, coordination, environment-friendliness, openness and sharing. Its focus will always be on issues such as climate change, biodiversity, employee safety and health, and green supply chain management to better fulfill its economic, environmental and social responsibilities. Going forward, the Group will transform itself into an exceptional supplier of clean energy and also a contributor to low-carbon transformation, serving the public with smart energy and supporting economic growth with green energy, as an integrated energy supplier and service provider boasting ever-increasing shareholder value.

## CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company has complied with all the code provisions (the "Code Provisions") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2023 except for deviation of the following:

Under the Code Provision C.2.1, the roles of chairman and chief executive should be separate and performed by different individuals. Under the current organization structure of the Company, the functions of chief executive officer are performed by the Chairman, Mr. Liu Ming Hui. Mr. Liu provides leadership for the Board and undertakes the management of the Group's business and overall operation, with the support from other executive directors, vice-presidents and senior management. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, and has been effective in discharging its functions satisfactorily. The Board will review the reasonableness and effectiveness of the structure from time to time.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the model code for securities transactions by directors of the listed issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made with all directors of the Company and all directors of the Company confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2023.

## REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the interim results for the six months ended 30 September 2023.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the six months ended 30 September 2023, the Company or its subsidiaries repurchased a total of 4,762,600 Shares of the Company at an aggregate repurchase costs of HK$43,911,086.

Details of the repurchase are set out below:

| Month | Total number of Shares repurchased | Price per Share | | Aggregate repurchase costs |
|---|---|---|---|---|
| | | Highest | Lowest | |
| | | *HK$* | *HK$* | *HK$* |
| May 2023 | 4,762,600 | 9.31 | 9.01 | 43,911,086 |
| Total | 4,762,600 | | | 43,911,086 |

As at the date of this announcement, all of the above repurchased shares had been cancelled. Such repurchase aimed to increase the net assets per share and earnings per share. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2023.

## PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is required to be published on the websites of The Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkexnews.hk under "Listed Company Information" and the Company at www.chinagasholdings.com.hk under "Announcements" respectively. The interim report of the Company for the six months ended 30 September 2023 will be dispatched to the shareholders as soon as possible and will be published on the websites of HKEX and the Company accordingly.

By order of the Board
**China Gas Holdings Limited**
**LIU Ming Hui**
*Chairman and President*

Hong Kong, 27 November 2023

*As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching, Ms. LIU Chang and Mr. ZHAO Kun are the executive directors of the Company; Mr. XIONG Bin, Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Mahesh Vishwanathan IYER are the non-executive directors of the Company; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan, Mr. ZHANG Ling and Dr. MA Weihua are the independent non-executive directors of the Company.*

* *For identification purpose only*