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 2015

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 2015, together with the comparative figures for the six months ended 30 September 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended	
		30 September	30 September
		2015	2014
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
			(restated)
Revenue	*3*	**14,150,224**	15,576,557
Cost of sales		**(10,610,587)**	(12,430,922)
Gross profit		**3,539,637**	3,145,635
Other income		**277,766**	393,837
Other gains and losses		**(648,025)**	131,830
Distribution costs		**(519,270)**	(520,018)
Administrative expenses		**(681,595)**	(638,917)
Finance costs		**(259,574)**	(310,518)
Share of results of associates		**127,864**	77,635
Share of results of joint ventures		**204,534**	160,805

	Notes	Six months ended 30 September 2015 HK$'000 (unaudited)	30 September 2014 HK$'000 (unaudited) (restated)
Profit before taxation		**2,041,337**	2,440,289
Taxation	*4*	**(497,610)**	(483,365)
Profit for the period	*5*	**1,543,727**	1,956,924
Other comprehensive income			
Item that will be reclassified subsequently to profit or loss:			
Increase in fair value on available-for-sale investments		**15,486**	8,430
Item that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**(500,944)**	(52,618)
Other comprehensive expense for the period		**(485,458)**	(44,188)
Total comprehensive income for the period		**1,058,269**	1,912,736
Profit for the period attributable to:			
Owners of the Company		**1,304,132**	1,680,120
Non-controlling interests		**239,595**	276,804
		1,543,727	1,956,924
Total comprehensive income attributable to:			
Owners of the Company		**902,101**	1,635,932
Non-controlling interests		**156,168**	276,804
Total comprehensive income for the period		**1,058,269**	1,912,736
Earnings per share			
Basic	*6*	**HK 26.15 cents**	HK 33.56 cents
Diluted	*6*	**HK 25.70 cents**	HK 32.57 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Notes	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Non-current assets			
Investment properties		**249,072**	262,364
Property, plant and equipment		**21,590,090**	21,115,635
Prepaid lease payments		**1,416,567**	1,373,881
Investments in associates		**3,794,923**	3,684,098
Investments in joint ventures		**5,098,034**	4,873,719
Available-for-sale investments		**238,483**	236,469
Goodwill		**2,574,272**	2,505,688
Other intangible assets		**2,967,239**	3,064,500
Deposits for acquisition of property, plant and equipment		**503,508**	275,809
Deposits for acquisition of subsidiaries and associates		**97,907**	104,120
Amount due from an associate		**—**	35,658
Deferred tax assets		**122,875**	124,489
		38,652,970	37,656,430
Current assets			
Inventories		**1,249,344**	1,198,879
Amounts due from customers for contract work		**959,613**	797,749
Trade and other receivables	7	**5,294,294**	5,327,853
Amounts due from associates		**59,455**	26,276
Amounts due from joint ventures		**291,910**	271,980
Prepaid lease payments		**43,557**	42,323
Held-for-trading investments		**13,634**	10,965
Pledged bank deposits		**69,476**	63,484
Bank balances and cash		**5,319,303**	5,228,497
		13,300,586	12,968,006
Current liabilities			
Trade and other payables	8	**7,239,908**	6,924,326
Amounts due to customers for contract work		**528,410**	427,659
Taxation		**359,478**	365,526
Amount due to a non-controlling interest of a subsidiary		**522**	1,077
Bank and other borrowings — due within one year		**9,474,077**	3,918,554
		17,602,395	11,637,142
Net current (liabilities) assets		**(4,301,809)**	1,330,864
Total assets less current liabilities		**34,351,161**	38,987,294

	30 September 2015 *HK$'000* (unaudited)	31 March 2015 *HK$'000* (audited)
Equity		
Share capital	**49,649**	50,019
Reserves	**18,141,919**	18,346,298
Equity attributable to owners of the Company	**18,191,568**	18,396,317
Non-controlling interests	**3,070,536**	3,039,183
Total equity	**21,262,104**	21,435,500
Non-current liabilities		
Bank and other borrowings — due after one year	**12,368,563**	16,817,008
Deferred tax liabilities	**720,494**	734,786
	13,089,057	17,551,794
	34,351,161	38,987,294

Notes:

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 financial instruments which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's reportable and operating segments under HKFRS 8 are: sales of piped gas, gas connection, sales of liquefied petroleum gas ("LPG") and Zhongyu Gas Holdings Limited ("Zhongyu Gas"), in which the Group's chief operating decision maker ("CODM") reviewed the result of Zhougyu Gas being shared by the Group under equity method of accounting.

Due to the downside of the operations of coke business, the management reclassified the revenue of coke and gas appliance segment to other income and the CODM would not review it for the purpose of resource allocation and assessments of segment performance. During the current period, the CODM also reviewed the result of Fortune Gas, which was reviewed as a whole in the past, by natures of its operation together with similar operation of the Group. Accordingly, the segment information reported below for the six months ended 30 September 2014 has been restated.

Segment information for the six months ended 30 September 2015 and 2014 about these businesses is presented below.

Six months ended 30 September 2015 (unaudited)

	Sales of piped gas *HK$'000*	Gas connection *HK$'000*	Sales of LPG *HK$'000*	Zhongyu Gas *HK$'000*	Consolidated *HK$'000*
Segment revenue	6,149,368	2,517,638	5,483,218	—	14,150,224
Segment result	985,970	1,418,172	212,729	58,739	2,675,610
Interest and other gains					40,179
Unallocated corporate expenses					(118,384)
Change in fair value of investment properties					3,950
Gain on disposal of property, plant and equipment					903
Gain on disposal of prepaid lease payments					9,285
Provision for litigation damages					(279,291)
Exchange loss arising from translation of monetary items					(305,000)
Finance costs					(259,574)
Share of results of associates					69,125
Share of results of joint ventures					204,534
Profit before taxation					2,041,337

Six months ended 30 September 2014 (unaudited) (restated)

	Sales of piped gas *HK$'000*	Gas connection *HK$'000*	Sales of LPG *HK$'000*	Zhongyu Gas *HK$'000*	Consolidated *HK$'000*
Segment revenue	5,526,823	2,435,314	7,614,420	—	15,576,557
Segment result	874,975	1,377,869	189,789	56,151	2,498,784
Interest and other gains					50,217
Unallocated corporate expenses					(107,335)
Change in fair value of investment properties					4,396
Loss on disposal of property, plant and equipment					(4,295)
Impairment loss on amount due from an associate					(145,646)
Exchange gain arising from translation of monetary items					73,772
Gain on deemed disposal of joint ventures					198,625
Finance costs					(310,518)
Share of results of associates					21,484
Share of results of joint ventures					160,805
Profit before taxation					2,440,289

4. TAXATION

	Six months ended	
	30 September 2015	30 September 2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
PRC Enterprise Income Tax	**505,428**	493,060
Deferred taxation	**(7,818)**	(9,695)
	497,610	483,365

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit for either period. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

The charge for Enterprise Income Tax of the People's Republic of China, other than Hong Kong, (the "PRC") 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 2015	30 September 2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**394,558**	394,164
Release of prepaid lease payments	**21,779**	18,670
Amortization of intangible assets	**38,130**	30,723
Interest income	**(36,232)**	(44,927)
(Gain)/loss on disposal of property, plant and equipment	**(903)**	4,295
Gain on disposal of prepaid lease payments	**(9,285)**	—

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 2015	30 September 2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**1,304,132**	1,680,120
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,987,273**	5,006,038
Effect of dilutive potential ordinary shares:		
Share options	**87,028**	152,024
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,074,301**	5,158,062

7. TRADE AND OTHER RECEIVABLES

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
Trade receivables	**1,740,065**	1,716,337
Less: Accumulated allowances	**(360,120)**	(375,685)
Trade receivables	**1,379,945**	1,340,652
Deposits and advanced payments for construction and other materials	**808,480**	796,171
Deposits and advanced payments for purchase of natural gas and LPG	**690,208**	641,747
Advance payments to sub-contractors	**428,358**	525,896
Other receivables, deposits and prepayments	**1,953,729**	1,988,750
Amounts due from non-controlling interests of subsidiaries	**33,574**	34,637
Total trade and other receivables	**5,294,294**	5,327,853

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

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

	30 September 2015 HK$'000 (unaudited)	31 March 2015 HK$'000 (audited)
0–180 days	**1,098,145**	1,124,493
181–365 days	**209,172**	155,878
Over 365 days	**72,628**	60,281
	1,379,945	1,340,652

8. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the end of reporting period:

	30 September 2015	31 March 2015
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0–90 days	**1,552,904**	1,379,846
91–180 days	**317,722**	477,489
Over 180 days	**1,654,030**	1,360,640
Trade and bills payables	**3,524,656**	3,217,975
Other payables and accrued charges	**955,541**	790,082
Construction fee payables	**431,820**	528,918
Loan interest payables	**44,892**	76,827
Deposits received from customers	**13,482**	45,939
Advance payments from customers	**1,486,237**	1,486,290
Advances received from customers for contract works that have not yet been started	**525,149**	606,971
Amounts due to non-controlling interests of subsidiaries	**258,131**	171,324
	7,239,908	6,924,326

INTERIM DIVIDEND

The Directors declared an interim dividend of HK5.0 cents per share for the six months ended 30 September 2015 (six months ended 30 September 2014: HK 2.2 cents per share).

The interim dividend will be paid on or about Friday, 29 January 2016 to shareholders whose names appear on the register of members of the Company on Wednesday, 20 January 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 January 2016 to Wednesday, 20 January 2016, both days inclusive, during which period no transfers of shares of the Company will be registered for the purpose of determining entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's 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, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 January 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

As a gas operator and service provider, the Group is primarily engaged in the investment, construction and operation of city gas pipeline infrastructure facilities, gas terminals, storage and transportation facilities, gas logistics systems, transmission of natural gas and liquefied petroleum gas ("LPG") to residential, industrial and commercial customers, construction and operation of natural gas refilling stations for vehicles and vessels as well as the development and application of technologies relating to petroleum, natural gas and LPG in Mainland China.

Business Review

In the first half of 2015, plagued by the complicated international political and economic environment, the further slowdown in China's economic growth and the continuous declining trends of competitive energies and alternative energies, the domestic gas industry experienced a rare decline in growth rate. During the period, the yield of domestic natural gas was 65.6 billion m^3, an increase of 3.8% over the same period last year; the import volume of natural gas was 29.3 billion m^3, an increase of 3.5% over the same period last year; the apparent consumption of natural gas was 90.6 billion m^3, an increase of only 2.1% over the same period last year.

Notwithstanding the grim situation resulting from the insufficient downstream demand for natural gas, the Group has taken a confident step forward by proactively overcoming the challenges brought about by changes in environment. While promoting the organic growth of the existing projects, we continued to obtain new projects through external expansion. Through stringent management and flexible adjustment to our marketing strategies, the Group succeeded in maintaining the solid development of traditional businesses such as city gas, LPG and gas for vehicles and vessels. Besides, the Group is dedicated to establish a "4G" (namely piped natural gas (PNG), compressed natural gas (CNG), liquefied natural gas (LNG) and liquefied petroleum gas (LPG)) network for the gas industry and to develop projects such as "natural gas in towns" and "point-to-point gas supply". With the timely and orderly launch of various innovative strategic measures, such as LNG trade, value-added business, distributed energy, gas appliances under Gasbo (中燃寶) brand and e-commerce business under Zhongran Smart Living E-commerce Company Limited (中燃慧生活), China Gas was given strong impetus to develop into a truly outstanding market enterprise.

During the period under review, despite the domestic economic slowdown and the continuous drop in international oil prices, the financial and operational performance of the Group's two major business operations, natural gas and liquefied petroleum gas (LPG), recorded encouraging growth. The core net profit for LPG surged 81.6%, however LPG revenue has declined due to the significant drop of the international oil price, which also caused the total revenue of the Group to decrease by 9.2% to HK$14,150,224,000. During the review period, gross profit grew year-on-year by 12.5% to HK$3,539,637,000. Profit attributable to owners of the Company declined 22.4% to HK$1,304,132,000. Basic earnings per share fell 22.1% to HK26.15 cents. If the impact from the one-off or non-operational items was excluded (mainly due to the non-operational exchange loss caused by the depreciation of RMB against US dollars and the provision loss generated from the share option litigation), the core profit attributable to owners of the Company would have significantly increased by 27.3% to HK$1,971,204,000, and basic core profit per share would be HK39.52 cents, a substantial increase of 27.8%.

Financial & Operational Highlights

	Six months ended 30 September 2015 (Unaudited)	2014 (Unaudited)	Increase/ (decrease)
Financial Performance			
Turnover *(HK$'000)*	**14,150,224**	15,576,557	(9.2%)
Gross profit *(HK$'000)*	**3,539,637**	3,145,635	12.5%
Profit attributable to owners of the Company *(HK$'000)*	**1,304,132**	1,680,120	(22.4%)
Earnings per share — Basic *(HK cents)*	**26.15**	33.56	(22.1%)
Net: one-off or non-operational items	**(667,072)**	131,843	
Core profit attributable to owners of the Company after adjustment *(HK$'000)*	**1,971,204**	1,548,277	27.3%
Core profit per share after adjustment — Basic *(HK cents)*	**39.52**	30.93	27.8%
Operational Performance			
Number of city gas projects	**299**	243	56
Total natural gas sales volume *(million m^3)*	**4,493**	4,193	7.2%
Natural gas sold through city gas projects *(million m^3)*	**2,988**	2,784	7.3%
Natural gas sold through long-distance pipelines *(million m^3)*	**1,386**	1,302	6.5%
Other piped gas *(million m^3)*	**119**	107	10.8%
Total natural gas sales volume — users breakdown *(million m^3)*			
Users in city gas projects			
Residential users	**576**	520	10.7%
Industrial users	**1,431**	1,422	0.6%
Commercial users	**482**	415	16.2%
Gas stations for vehicles	**499**	428	16.8%
Industrial users supplied through long distance pipelines	**1,386**	1,302	6.5%
New piped gas connections and gas stations for vehicles during the period			
Residential users	**1,025,868**	958,548	7.0%
Industrial users	**396**	300	32.0%
Commercial users	**5,694**	4,684	21.6%
Gas stations for vehicles	**24**	81	(70.4%)

	Six months ended 30 September		
	2015	2014	
	(Unaudited)	(Unaudited)	Increase/ (decrease)
Accumulated number of connected piped gas users and gas stations for vehicles constructed			
Residential users	**13,616,812**	11,265,543	20.9%
Industrial users	**4,064**	3,014	34.8%
Commercial users	**77,501**	64,163	20.8%
Gas stations for vehicles	**544**	434	25.3%
Average residential connection fee *(RMB/household)*	**2,544**	2,607	(2.42%)
Urban population covered	**92,946,000**	84,759,000	9.7%
Penetration rate of residential users *(%)*	**47.3%**	44.0%	3.3 ppts
Total length of pipelines constructed *(km)*	**73,705**	52,411	40.6%
Average tariffs (ex-tax) (RMB/m^3)			
Residential users	**2.42**	2.41	0.4%
Industrial users	**2.85**	2.69	6.0%
Commercial users	**2.94**	2.92	0.7%
Gas stations for vehicles	**3.23**	3.26	(0.9%)

New Projects Expansion

As at 30 September 2015, the Group has secured 299 city piped gas projects (with exclusive concession rights), 13 long-distance natural gas pipeline projects, 544 compressed/liquefied natural gas ("CNG/LNG") refilling stations for vehicles, 1 coal bed methane development project and 98 LPG distribution projects in 25 provinces (including autonomous regions and municipalities).

From 1 April 2015 to 30 September 2015, the Group secured 26 new city piped gas projects locating in Hebei Province, Heilongjiang Province, Yunnan Province, Tianjin City, Inner Mongolia Autonomous Region, Guangxi Zhuang Autonomous Region, Guangdong Province, Henan Province, Fujian Province, Jiangsu Province, Anhui Province and Hubei Province:

Provinces/Autonomous Regions/Municipalities	Cities/Districts
Hebei Province	Kangbao County
Heilongjiang Province	Lingdong district in Shuangyashan
Yunnan Province	Baoshan City, Luchun County
Tianjin City	Baodi district in Tianjin
Inner Mongolia Autonomous Region	Liangcheng County
Guangxi Zhuang Autonomous Region	Tianlin County
Guangdong Province	Mei County
Henan Province	Huangchuan County
Fujian Province	Taining County
Jiangsu Province	Nanjing ChangLu Industrial Park
Anhui Province	Susong City, Taihu County
Hubei Province	Honghu City, Songzi City, Xinzhou district in Wuhan City, Wuxue City, Yingshan County, Tuanfeng County, Longganhu district in Huangmei County, Huanggang City, Xishui County, Meichuan Town in Wuxue City, Huangmei County

As at 30 September 2015, the connectable urban population covered by the Group's gas projects increased to 92,946,000 (approximately 28,784,000 households), an increase of 9.7% over the same period last year.

Gas Business Review

The Group's gas business is divided into two segments, namely natural gas segment and LPG segment, which cater for the needs of different customer groups and therefore require different market development strategies. The performance of each segment for the six months ended 30 September 2015 is discussed below.

Natural Gas Business

As an operator and service provider mainly focusing on natural gas supply, the Group has, through its rapid development in the past 14 years, well established a unique operating and management system that suits it best in the gas industry in China. With timely optimisation, such system has proven to contribute positively towards the enhancement of management efficiency and operating results of the Group.

Construction of Piped Natural Gas Networks

City natural gas pipeline networks are the foundation of the Group's gas supply. By constructing its networks with urban arterial and branch pipelines, the Group connects natural gas pipelines with its residential as well as industrial and commercial customers, from whom connection fees and gas usage fees are charged.

As at 30 September 2015, of all city piped gas projects owned by the Group, 203 projects were in the operating phase by supplying natural gas. The Group had constructed pipeline networks of 73,705 km in length and 277 processing stations.

Natural Gas Users

Natural gas users of the Group are mainly classified into residential users, industrial and commercial users, and CNG/LNG refilling stations for vehicles.

Residential Users

During the period, the Group completed natural gas connection for 1,025,868 new residential households, an increase of approximately 7.0% over the same period last year, and the average piped gas connection fee for residential users was RMB2,544 per household.

As at 30 September 2015, the number of accumulated connected residential users of the Group was 13,616,812, an increase of approximately 20.9% over the same period last year, representing 47.3% of the total number of connectable residential users. Though rising constantly, the Group's overall penetration rate remains low when compared with the level of 70% in developed markets. It is expected that the number of new residential users subscribing to the Group's services will increase steadily in the future and will generate stable gas connection income to the Group.

Industrial and Commercial Users

Impacted by the overall sluggish economy of China this year, industries like real estate, construction and transportation faced critical time, the operation rate of industrial users fell, downstream users with greater demand for natural gas, such as glassworks, ceramics, aluminum and steel manufacturers, were affected. Besides, as oil prices remained low this year, the price of natural gas lacked competitive advantages when compared with alternative energies. The demand of natural gas is facing enormous challenges in industrial sector.

The Group proactively confronted the challenges arising from macro-economic environment and low oil price by making timely adjustment to marketing strategies, fully exploiting market potential, enhancing the development of existing industrial and commercial users and seeking new growth driver for gas demand. The Group also assumed an active role in coordinating and cooperating with local governments at various levels; it accelerated the construction of gas-fired central heating systems and "coal-to-gas" conversion projects according to the requirements of the Action Plan on Prevention and Control of Air Pollution (《大氣污染防治行動計劃》) promulgated by the State Council of China in September 2013. Meanwhile, the Group made use of its logistics to develop rural and point-to-point natural gas supply projects in order to promote and drive up the Group's natural gas sales to industrial and commercial users and for winter heating consumption.

Industrial and commercial users have higher demand for natural gas and lower operating cost for unit gas sales as compared with residential users. As such, in addition to fulfilling the demand of residential customers for natural gas, the Group also speeded up gas connections for industrial and commercial users. As the implementation of the Group's "hub-satellite cities" development strategy continues, the Group expects to secure more piped natural gas projects in industrialised cities, economic development zones and industrial parks. These new projects will become one of the Group's major drivers for natural gas sales growth in the future.

During the period, the Group newly connected 396 industrial users and 5,694 commercial users, the former of which were mainly in industries such as petrochemicals, building materials and metallurgy.

As at 30 September 2015, the total number of industrial users and commercial users acquired and connected by the Group were 4,064 and 77,501 respectively, an increase of approximately 34.8% and 20.8% respectively over the same period last year. The average connection fees for industrial users and commercial users were RMB379,347 and RMB47,094 per customer respectively.

During the period, the Group recorded gas connection income of HK$2,517,638,000, an increase of approximately 3.4% over the same period last year, accounting for approximately 17.8% of the Group's total turnover for the period.

CNG/LNG Refilling Stations

Since the second half of 2014, international oil price remained at low level after a nosedive and prices of gasoline and diesel in China were on the slides. The economic benefits of LNG for vehicles were significantly affected, resulting in a year-on-year drop in the sales of LNG passenger cars and LNG heavy trucks simultaneously for the first time. Similarly, with the slump of gasoline price, the price difference between CNG and gasoline is shrinking, thus the business of CNG stations which mainly provided services to taxies, buses and private cars was also affected.

In view of the short-term difficulties faced by the refilling stations industry, the Group adhered to the principle of proactively adjusting its development strategy of refilling stations in accordance to the changing market. Through enhancing project management, strengthening the control of investment risks and promoting market development, the Group has achieved significant growth in the number of new refilling station projects and gas sales notwithstanding the sluggish economy and the relative decrease in economic benefits of gas for vehicles. Besides, the Group also made tremendous efforts by improving service quality to promote value-added businesses like "Yikatong" and convenience stores in refilling stations to expand the source of profit and to attract both new and old customers and enhance customer loyalty.

During the period, the Group added 20 new CNG refilling stations and 4 LNG refilling stations for vehicles. As at 30 September 2015, the Group owns 544 natural gas refilling stations, including 380 CNG refilling stations for vehicles and 164 LNG refilling stations for vehicles, an increase of 25.3% in the total number of stations over the same period last year. During the period, sales volume of natural gas for vehicles accounted for 16.7% of the Group's city natural gas sales volume, an increase of approximately 16.8% over the same period last year.

Sale of Natural Gas

During the period, the Group sold a total of 4,374,183,000 m^3 of natural gas mainly through city piped gas network and long-distance natural gas pipelines, an increase of 7.1% over the same period last year, of which 2,988,022,000 m^3 were sold through city piped gas network, an increase of 7.3% over the same period last year, and 1,386,161,000 m^3 were sold through long-distance natural gas pipelines, an increase of 6.5% over the same period last year.

In the last financial year, the sales volume of the long-distance pipelines business of the Group declined due to respective one-off factors of two long-distance pipelines (i.e. Changmeng Pipeline and Wushen Pipeline). Of which, equipment maintenance and expansion works of production lines for the downstream industrial users of Changmeng Pipeline were smoothly completed and operation was resumed in April 2015. The demand for the Group's natural gas increased sharply with the expansion of production scale. During the period, the sales volume of Changmeng Pipeline amounted to 548,096,000 m^3 with a growth of 52.7%. On the other hand, production of the downstream industrial users of Wushen Pipeline was suspended due to installation of environmental-friendly equipment as requested by environmental protection department. Due to the suspension of production, Wushen Pipeline sold 300 million m^3 less of natural gas through long-distance pipelines during the period. With the resumption of production of downstream user of Wushen Pipeline in the near future, improvement of sales capacity of Changmeng Pipeline and the gradual increase in utilization of the rest 7 long-distance pipelines in operation, the Group believes that the gas sales volume of long-distance pipelines in operation will grow continuously. At the same time, the Group's new large-scale pipeline projects, such as Liaoyang Pipeline with an annual designed capacity of 1 billion m^3 and Guangxi Provincial Pipeline with an expected annual designed capacity of 10 billion m^3, were still under construction or at initial stage of operation. With the completion of construction and rise in annual utilization rate, these new long-distance pipelines will contribute significantly to the growth in gas sales of the Group.

During the period, 575,805,000 m^3 of natural gas were sold to residential users, accounting for approximately 13.2% of the Group's total sales of natural gas; 2,816,690,000 m^3 to industrial users, accounting for approximately 64.4% of the Group's total sales of natural gas; 482,408,000 m^3 to commercial users, accounting for approximately 11.0% of the Group's total sales of natural gas; and 499,279,000 m^3 to vehicle users, accounting for approximately 11.4% of the Group's total sales of natural gas.

During the period, the Group recorded natural gas sales of HK$6,149,368,000, accounting for approximately 43.5% of the Group's total turnover, and income from natural gas sales increased by approximately 11.3% over the same period last year.

The core business of the Group is piped natural gas supply. However, for some projects in areas such as Fushun where piped natural gas is not yet accessible, piped coal gas or LPG blended with air is sold as a transitional fuel. During the period, a total of 118,630,000 m^3 of coal gas and air-blended LPG were sold. However, with the availability of upstream natural gas to these cities, the sale of transitional fuels by the Group is expected to decrease gradually.

Selling Price of Natural Gas

During the period, the average selling price (pre-tax) of the Group's natural gas was RMB2.42 per m^3 for residential users, RMB2.85 per m^3 for industrial users, RMB2.94 per m^3 for commercial users, and RMB3.23 per m^3 for CNG/LNG vehicle users.

Oil price has dropped dramatically since the second half of 2014 and the prices of alternative energies such as fuel oil and liquefied petroleum gas dropped correspondingly. As a reasonable price difference between natural gas and alternative energies did not exist, the promotion of the usage of natural gas faced considerable pressure. In accordance with the reasonable price comparison formula between natural gas and alternative energies (fuel oil and liquefied petroleum gas which are weighted 60% and 40% respectively) in China, the National Development and Reform Commission of China (the "NDRC") announced on 28 February 2015 that existing gas price at city-gate for non-residential customers would become in line with the incremental gas price with effect from 1 April. It also announced that incremental gas price would be adjusted downwards by RMB0.44 per m^3 and existing gas price would be adjusted upwards by RMB0.04 per m^3 to slightly reduce the average purchase cost of natural gas by city gas companies. After communicating with the governmental departments at various levels as well as industrial and commercial users in places where our projects are located, the Group initiated the price pass-through mechanism and lowered our gas selling price under the principle of guaranteeing a reasonable price difference between selling price and procurement cost of natural gas. However, the slight decrease in natural gas price is insufficient to alter the inferior position of natural gas against alternative energies like fuel oil in terms of prices, hence limiting the growth rate of natural gas in the near future.

On 18 November 2015, NDRC published a notice on price adjustment of natural gas. According to the notice, with effective from 20 November 2015, the maximum non-residential natural gas price at city gate stations would be reduced by RMB0.7 per m^3. Besides, the existing maximum gate station price management would be replaced by benchmark gate station price management and the reduced gate station price would become the benchmark gate station price. Within an upward adjustment of 20% and unlimited downward adjustment range, the supplier and purchaser can determine the specific gate station price through negotiation while the gate station price is only allowed to be adjusted upward from 20 November 2016. The downward adjustment of gas price is beneficial to accelerating the popularization and utilization of natural gas, relieving the burden of downstream corporate gas users, pushing forward the use of natural gas in industrial sector and other sectors, such as, transportation, power generation and central heating, and effectively facilitating the long-term and healthy development of natural gas in China.

According to the Guiding Opinions on the Establishment of Proper Natural Gas Tier-pricing System for Residential Users (《關於建立健全居民生活用氣階梯價格制度的指導意見》) issued by the NDRC in March 2014, residential gas volume will be categorised into three tiers and a progressive pricing rate is applied to each tier. Residential gas tier-pricing system shall be established in all cities by the end of 2015. The implementation of such policy fosters the gradual rationalisation of the natural gas price difference imposed by city gas enterprises on their sales to residential customers. The Group will apply the residential gas tier-pricing system to all cities with piped natural gas supply as soon as possible in advocate of government's plan actively.

Liquefied Petroleum Gas Business

During the period, the Group sold 1,367,081 tons of LPG, an increase of 18.6% over the same period last year, of which, wholesale sales volume amounted to 895,429 tons, an increase of 18.6% over the same period last year, retail sales volume was 471,652 tons, an increase of 18.5% over the same period last year. Revenue amounted to approximately HK$5,483,218,000 (for the six months ended 30 September 2014: HK$7,614,420,000), a decrease of 28.0% over the same period last year; the drop of revenue was attributed to the corresponding decline in LPG sales price brought by the drastic drop of international oil price during the period. During the period, gross profit was HK$684,529,000 (for the six months ended 30 September 2014: HK$465,788,000) with a year-on-year growth of 47.0%. Operating profit was HK$212,729,000 (for the six months ended 30 September 2014: HK$189,789,000), while net profit was HK$153,911,000 (for the six months ended 30 September 2014: HK$101,534,000), which was net of exchange loss for the period; if the exchange loss was excluded, the core net profit of LPG shall be HK$247,499,000 (for the six months ended 30 September 2014: HK$136,257,000), representing a substantial increase of 81.6%.

Contractual sales accounted for more than 60% of the total wholesale volume for the period, enabling the Group to avoid to some extent the negative impacts caused by the volatility of the global LPG price and to mitigate the operational risks associated with the LPG wholesale business.

With LPG becoming more popular in townships and villages and its long and stable utilisation amongst industrial and commercial markets, China's LPG industry meets a rare development opportunity, especially in the rapid growth of the petrochemical synthesis and processing sector where LPG is being used as a raw material. The Group will fully utilise its LPG terminals, storage facilities and fleets of vehicle and vessel to boost overseas and domestic purchases of LPG, and in turn gradually increase the utilisation rate of midstream LPG resources. In addition, the Group will capitalise the advantage of its integrated business chain by putting in place a central LPG procurement system for its downstream retail business, so as to lay out a proper deployment over its gas source procurement, storage resources and market coverage and reach an effective synergy between the wholesale segment and retail segment, which will maximise the profit margin of the whole production chain.

Value-Added Services for End Users

With the continuous increase in the connection rate of city gas projects, our customer base has been rapidly expanding. Currently, the Group provides more than 19 million residential, industrial and commercial users with piped natural gas and LPG services. There is an enormous potential for value-added services in the customer network. The Group set up department of value-added business, Gasbo Electrical & Gas Appliances Company Limited (中燃寶電氣(深圳)有限公司) and Zhongran Smart Living E-commerce Company Limited (中燃慧生活電子商務有限公司) successively to expand the various emerging businesses relating to the sales of gas, including value-added services like promotion of gas appliances under the brand of Gasbo (中燃寶), gas insurance, maintenance and equipment conversion, gas corrugated pipes and gas alarms.

The Group will make use of its advantages in piped gas market to develop distributed energy projects progressively. With its existing market research and technology innovation, the Group will start to utilise natural gas in a comprehensive manner with the aim of providing large scale customers with highly efficient energy and satisfying their various needs for heating, electricity and cooling.

During the period, gross profit from value-added business amounted to HK$75,020,000, representing a growth of 32.0% over the same period last year. Sales of gas insurance, alarm system, corrugated pipe and gas appliances all recorded a significant surge.

Human Resources

A team of excellent employees is vital to the success of a corporation. Adhering to the management concept of "people come first", the Group clings to the philosophy of "cultivating potential talents within the Group while recruiting talents from outside" with regard to personnel training and internal training.

The Group constantly upgrades the professionalism and competence of its staff at all levels. It also seeks to create a platform for exchanging knowledge and sharing experience among its staff and to recruit and retain capable personnel by enhancing job satisfaction and providing attractive remuneration packages.

As at 30 September 2015, the Group had approximately 37,400 employees in total. More than 99.9% of the Group's employees are based in China. Employee remuneration is determined with reference to the qualification and experience of individual staff and the industry practice prevailed in related operational areas. Apart from basic salary and pension fund contribution, selected employees may be rewarded with discretionary bonuses, merit payments and share options subject to the Group's financial results and the performance of such employees.

Financial Review

For the six months ended 30 September 2015, turnover of the Group amounted to HK$14,150,224,000 (six months ended 30 September 2014: HK$15,576,557,000), a decrease of 9.2% over the same period last year. Gross profit (including LPG business) amounted to HK$3,539,637,000 (six months ended 30 September 2014: HK$3,145,635,000), an increase of 12.5% over the same period last year. Overall gross profit margin was 25.0% (six months ended 30 September 2014: 20.2%). Profit after tax was HK$1,543,727,000 (six months ended 30 September 2014: HK$1,956,924,000), a decrease of 21.1% over the same period last year.

Basic earnings per share were HK26.15 cents (six months ended 30 September 2014: HK33.56 cents), representing a decrease of 22.1% as compared to the same period of last year. If deducting the one-off or non-operating items, profit attributable to owners of the Company would increase by 27.3% to HK$1,971,204,000 (six months ended 30 September 2014: HK$1,548,277,000).

Operating Expenses

Operating expenses (including selling and distribution costs and administrative expenses) increased by 3.6% from the same period last year to approximately HK$1,200,865,000.

Finance Costs

For the six months ended 30 September 2015, finance costs decreased by 16.4% to approximately HK$259,574,000 from approximately HK$310,518,000 for the same period last year, which was mainly due to continuous application of effective management measures on interest margin and liquidity by the Group during the period.

Income Tax Expenses

For the six months ended 30 September 2015, income tax expenses increased 2.9% to HK$497,610,000 (six months ended 30 September 2014: HK$483,365,000). The increase in taxation expenses was mainly due to the increase in assessable profit as a result of business growth.

Liquidity

The principal business of the Group generates steady cash flow. Coupled with an effective and well-established capital management system, the Group is able to maintain stable and healthy operations.

As at 30 September 2015, total assets of the Group amounted to HK$51,953,556,000, an increase of approximately 2.6% over that as at 31 March 2015. Cash on hand was HK$5,388,779,000 (31 March 2015: HK$5,291,981,000). The Group had a current ratio of approximately 0.76 (31 March 2015: 1.11). After deducting the total borrowings of HK$1,641,954,000 in relation to LPG trade financing, the Group's current ratio was approximately 0.83. During the period, the Group actively coped with currency risks posed by fluctuation in Renminbi by replacing existing US dollars loans with increasing amount of short-term RMB borrowings. Thereafter, the Group will replace its existing short-term borrowings with mid-and long-term RMB loans and RMB bonds to substantially raise the liquidity ratio. The net gearing ratio was 0.70 (31 March 2015: 0.66), as calculated on the basis of the net borrowings of HK$14,811,907,000 (total borrowings of HK$21,842,640,000 less the borrowings of HK$1,641,954,000 in relation to LPG trade financing, and bank balance and cash of HK$5,388,779,000) and net assets of HK$21,262,104,000 as at 30 September 2015.

The Group has always been adopting a prudent financial management policy, under which the majority of available cash of the Group has been placed with credible banks as demand and time deposits.

Financial Resources

The Group has long-standing relationships with Chinese (including Hong Kong) and overseas banks. As the Group's principal cooperating bank, China Development Bank provided the Group with loan facilities including a long-term credit facility of RMB20 billion under a term of up to 15 years, giving a strong financial support to the Group's project investments and stable operations. In addition, the Group also received long-term credit support from major domestic and overseas banks such as Asian Development Bank (ADB), International Finance Corporation (IFC), Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Industrial and Commercial Bank of China, Bank of Communications of China, Bank of China, Agricultural Bank of China and China Merchants Bank. As at September 2015, over 30 banks had extended syndicated loans and credit facilities to the Group and most of the syndicated loans had terms of over five years with an average maturity of six years.

China's RMB bonds market has achieved significant development in 2015 with a sharp rise in the size of bond issuance. Domestic subsidiaries wholly-owned by the Group actively participated in China's interbank bond market and have issued mid-term RMB notes and short-term RMB financing bonds in the amount of RMB3.3 billion during this financial year and up to this moment. The interest rates of such issued notes and bonds are all lower than the benchmark rates required by the People's Bank of China for loans of same tenors. At the same time, the Group has been actively exploring financing channels for issuing RMB bonds in the bonds market of the stock exchange in China. Proceeds from the issuance of RMB bonds will be used for replacing existing debts, working capital and project investment funds.

As at 30 September 2015, bank loans and other loans of the Group amounted to HK$21,842,640,000, of which HK$1,641,954,000 were borrowings related to LPG trade financing.

The operating and capital expenditures of the Group are financed by operating cash income, bank borrowings, revolving credit facilities and development financial loans. The Group currently has sufficient funding to satisfy its future capital expenditures and working capital requirements.

Foreign Exchange

Most of the revenue of the Group is received in RMB while most of the expenses and capital expense are also denominated in RMB. However, certain bank loans and other borrowings and bank balances of the Group are denominated in currencies other than the functional currencies of the relevant entities of the Group. The appreciation or depreciation of RMB against foreign currencies will give rise to exchange gain or loss. Although most of such gain or loss is non-operating in nature, it can make a positive or negative impact on the results of the Group.

On 11 August 2015, the People's Bank of China announced a reform of the central parity quotation mechanism of RMB against US dollars, which increased the uncertainty of the exchange rate between US dollars and Renminbi. Upon the introduction of such policy, RMB recorded a one-off depreciation of over 3%, which significantly affected the interim results of the Group. In view of this milestone change of foreign exchange policy, the Board of the Group revised its exchange rate risks management policies, closely monitored the trends of market rates and foreign exchange rates and adjusted its debt structure in a timely and reasonable manner to avoid risks effectively. In accordance with such exchange rate risks management policies, the Group actively adjusted the structure of debt in domestic currency (RMB) and foreign currencies as well as replacing the existing debts denominated in US dollars with those denominated in RMB, which significantly lowered the potential exchange rate risks. As at 31 March 2015, foreign currency debts of the Group accounted for 83% of all debts; through replacing foreign currency debts with RMB debts, such proportion has been significantly lowered to 64% as at 30 September 2015 and will further drop to 37% at the end of December. The Group planned to lower the proportion of foreign currency debts continuously in the near future. At the same time, the Group will pay close attention to market trends of exchange rate and may adopt currency hedging derivatives to hedge the currency risk of a small portion of existing foreign currency loans when considered appropriate.

Charge on Assets

As at 30 September 2015, the Group pledged certain property, plant and equipment and prepaid lease payments with net carrying value of HK$76,173,000 (31 March 2015: HK$321,475,000) and HK$ nil (31 March 2015: HK$23,508,000) respectively, investment properties with net carrying value of HK$61,500,000 (31 March 2015: HK$60,600,000) and pledged bank deposits of HK$69,476,000 (31 March 2015: HK$63,484,000). Certain subsidiaries also pledged their equity investments in other subsidiaries to banks to secure loan facilities.

Capital Commitments

On 26 November 2014, the Group has entered into a share purchase agreement with Beijing Gas Group (BVI) Co., Ltd ("Seller"), pursuant to which the Group has conditionally agreed to acquire from the Seller the entire issued share capital of Beijing Gas Development Limited and its 12 subsidiaries established in the PRC principally engaged in the holding, management and operations of PRC projects and business relating to natural gas, for a consideration of RMB1,632,796,000. As at 30 September 2015, no deposit was paid and the transaction has not been completed. The relevant parties are coordinating to ensure smooth integration of the target group's business into the Group.

Apart from the transaction mentioned above, the Group has undertaken to acquire shares for a total consideration of RMB104,033,000 in certain Chinese enterprises and set up Sino-foreign joint ventures in China.

The Group has capital commitments in respect of the acquisition of property, plant and equipment and construction materials contracted but not provided for in the financial statements as at 30 September 2015 amounting to HK$221,098,000 (31 March 2015: HK$172,378,000) and HK$63,465,000 (31 March 2015: HK$148,358,000) respectively, and such commitments would require the utilization of the Group's cash on hand and external borrowings.

Contingent Liabilities

As at 30 September 2015, the Group did not have any material contingent liabilities (31 March 2015: nil).

Prospects

In the second half of 2015, the global economy recovers moderately but great uncertainties remain. The global economic landscape is still characterised by low growth, low inflation, low investments and low interest rate. While reporting further slowdown in growth rate, China's economy continues to face relatively large downward pressure. The processes of the reform on exchange rate forming mechanism and Renminbi internationalisation have obviously accelerated. At the same time, as the international oil prices remain low, the gas industry is affected by both decelerated economic growth and continuously low prices of competitive energies, which lead to a decline in consumption growth and intensified market competition.

Facing a complicated operating environment, the Group will seize favorable opportunities brought about by the adjustment of the country's energy consumption structure and the strenuous efforts in developing clean energies such as natural gas, continuously promote development of traditional businesses such as city natural gas, LPG and gas for vehicles and vessels and accelerate the development of value-adding business. The Group strives to achieve every operational goal for the year with its devotion to innovation, pragmatic development approach and incessant efforts in enhancing management and operational standards. To achieve the Group's annual business goals, the Group's key focus of work will be as follows:

For natural gas business, the Group will continue to accelerate the "hub-satellite cities" expansion plan as well as the commencement rate of new projects. The Group will also develop the connection of existing residential buildings in an orderly manner and continue to speed up the connection ratio to industrial and commercial users, especially medium and small size commercial users. The development of "coal-to-gas" conversion projects in the region will be accelerated in order to increase the Group's sales of gas in a stable manner. For vehicle and vessel gas, the Group will put in more efforts in the development of gas refilling stations and raise the operational management standards of the gas refilling stations. In addition, to actively cope with the challenges brought by the changes in the industry and the market environment, the Group requires each project to develop township and point-to-point gas distribution projects in its current franchise area and is committed to creating China Gas's unique "4G" gas network with "macro-market view" as guidance and leveraging on regional market resources to raise the overall management efficiency and profitability of the Group.

For the business of liquefied petroleum gas, the functional departments of the Group's LPG business division have currently completed their integration into the ones of the Group's headquarters. All LPG project companies are consolidated into 14 regional control centers in accordance with their geographical locations in order to further enhance management and control. For external gas source procurement, the business division has improved the import gas source allocation mechanism. It has conducted optimal allocation for inventory and demand, adopted cost efficient principle to purchase imported gas to achieve a balanced supply, and optimised procurement structure of imported gas to control procurement risks as well as reduce procurement costs. For domestic gas procurement, following the changes of supply volume and supply structure of domestic refineries, the focus of domestic gas procurement is shifted from residential gas to feed stock gas and cooperation with upstream leading enterprises such as China National Petroleum Corporation and China Petroleum & Chemical Corporation are actively promoted. For brand establishment, the Group further improved the marketing management system and promoted the application of the customer call number 95007. During the course of future business development, the Group will continue to aim at maximising overall value of the Company, implement integrated control and professional management, optimise resources among segments, regions and projects, enhance synergy and strengthen overall competitiveness and profitability of the Group's LPG distribution business.

For the business of value-added services, the Group currently has over 19 million gas users. To take full advantage of the customer network, the Group will enrich its value-added services, edge up its efforts on marketing so as to increase the proportion of its income in the Group's overall revenue. In this way, the Group is transforming itself from a mere gas distributor to a comprehensive energies provider, thereby improving the profitability and overall competitiveness of the Group's operational services network.

With the fall in demand for oil and gas in Europe and America, Asia, particular China, has become an important area of global demand for oil and gas. North America, Europe and Asia have become the three pillars of the global oil and gas sector. The Group believes that clean energy industry, represented by natural gas, will have more development opportunities along with the country's macro policies of urbanization development and energy structure optimisation.

Facing new opportunities and challenges, the Group will continue to strengthen management and risk control, further optimise capital structure and finance channels, further improve its capabilities of operational contingency, put in more efforts in market expansion, accelerate development in gas market for vehicles and vessels as well as steaming ahead with the market development of "coal-to-gas" business. The Group will also orderly promote various innovative business such as LNG trade, value-added business, sales of gas appliances of "Gasbo (中燃寶)" and e-commerce business under "Zhongran Smart Living E-Commerce Company Limited (中燃慧生活)" so as to move towards the goal of becoming a market-oriented enterprise. In addition, the Group will continue to leverage on its outstanding management pattern and management team to create the Group's unique core competitiveness and reward shareholders with outstanding results.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with all the code provisions ("Code Provisions") of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the period other than Code Provision A.4.1 as none of the non-executive Directors or independent non-executive Directors of the Company is appointed for a specific term. However, in accordance with Bye-law 87 of the Company's Bye-laws, at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation and be eligible for re-election. The Board considers that the compliance with these procedures meet the requirements of Code Provision A.4.1.

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 of 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 2015.

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 2015.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2015, the Company repurchased a total of 37,000,000 Shares on the Stock Exchange at an aggregate consideration of HK$412,032,027.20. Details of the repurchases are as follows:

Month	Total number of Shares repurchased	Price per Share Highest	Price per Share Lowest	Aggregate consideration
		HK$	*HK$*	*HK$*
July 2015	27,934,000	12.00	10.74	313,432,851.60
August 2015	7,438,000	11.88	10.36	81,534,295.60
September 2015	1,628,000	10.64	10.36	17,064,880.00
Total	37,000,000			412,032,027.20

Up to the date of this announcement, all of the above repurchased Shares were cancelled.

The repurchases were made for the purpose of enhancing the net asset value per Share and earnings per Share and were made pursuant to the general mandate granted to the Board at the 2014 and 2015 annual general meetings of the Company to repurchase the Shares.

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 website of The Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Latest 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 2015 will be dispatched to the shareholders as soon as possible and will be published on the websites of HKEX and the Company accordingly.

On behalf of the Board of
CHINA GAS HOLDINGS LIMITED
ZHOU Si
Chairman

Hong Kong, 25 November 2015

As of the date of this announcement, Mr. ZHOU Si, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Mr. MA Jinlong and Ms. LI Ching are the executive Directors; Mr. YU Jeong Joon (his alternate being Mr. KIM Yong Joong), Mr. Arun Kumar MANCHANDA, Mr. LIU Mingxing and Mr. JIANG Xinhao are the non-executive Directors; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. WONG Sin Yue, Cynthia, Mr. HO Yeung and Ms. CHEN Yanyan are the independent non-executive Directors.

* *For identification purpose only*