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 2013

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 2013, together with the comparative figures for the six months ended 30 September 2012, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

		Six months ended	
		30 September 2013	30 September 2012
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited) (restated)
Revenue	*3*	**10,461,324**	7,147,127
Cost of sales		**(7,984,291)**	(5,548,581)
Gross profit		**2,477,033**	1,598,546
Other income		**253,784**	216,201
Other gains and losses		**24,713**	9,356
Distribution costs		**(368,007)**	(278,963)
Administrative expenses		**(515,659)**	(412,204)
Finance costs		**(335,045)**	(364,179)
Share of results of associates		**135,597**	66,250
Share of results of joint ventures		**162,769**	236,949

	Notes	Six months ended **30 September 2013** ***HK$'000*** **(unaudited)**	 30 September 2012 *HK$'000* (unaudited) (restated)
Profit before taxation		**1,835,185**	1,071,956
Taxation	*4*	**(350,509)**	(138,838)
Profit for the period	*5*	**1,484,676**	933,118
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**112,186**	74,432
Decrease in fair value on available-for-sale investments		**(126)**	(832)
Other comprehensive income for the period		**112,060**	73,600
Total comprehensive income for the period		**1,596,736**	1,006,718
Profit for the period attributable to:			
Owners of the Company		**1,282,895**	808,200
Non-controlling interests		**201,781**	124,918
		1,484,676	933,118
Total comprehensive income attributable to:			
Owners of the Company		**1,375,708**	872,387
Non-controlling interests		**221,028**	134,331
Total comprehensive income for the period		**1,596,736**	1,006,718
Earnings per share			
Basic	*6*	**HK27.41 cents**	18.31 cents
Diluted	*6*	**HK26.14 cents**	17.04 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2013

	Notes	**30 September 2013** *HK$'000* **(unaudited)**	31 March 2013 *HK$'000* (audited) (restated)	1 April 2012 *HK$'000* (audited) (restated)
Non-current assets				
Investment properties		**253,121**	244,967	228,396
Property, plant and equipment		**16,604,162**	13,896,203	11,432,413
Prepaid lease payments		**1,155,237**	971,843	920,634
Investments in associates		**2,485,300**	2,581,685	2,225,194
Investments in joint ventures		**4,024,174**	3,260,581	3,002,302
Available-for-sale investments		**34,423**	36,805	36,119
Goodwill		**3,037,286**	908,691	745,334
Other intangible assets		**1,057,567**	843,077	853,414
Deposits for acquisition of property, plant and equipment		**373,489**	112,686	171,514
Deposits for acquisition of subsidiaries and associates		**120,754**	–	–
Amount due from an associate		**232,148**	187,462	141,932
Deferred tax assets		**98,544**	97,236	94,065
		29,476,205	23,141,236	19,851,317
Current assets				
Inventories		**1,452,391**	952,104	1,514,280
Amounts due from customers for contract work		**354,608**	240,545	138,977
Trade and other receivables	*7*	**4,193,442**	3,399,046	2,674,234
Amounts due from associates		**40,564**	180,334	117,174
Amounts due from joint ventures		**63,337**	39,323	103,913
Prepaid lease payments		**40,225**	32,033	29,671
Held-for-trading investments		**11,035**	11,110	10,893
Pledged bank deposits		**241,960**	540,117	597,521
Bank balances and cash		**6,654,877**	3,959,191	4,582,426
		13,052,439	9,353,803	9,769,089
Current liabilities				
Trade and other payables	*8*	**7,730,451**	4,147,834	3,813,114
Amounts due to customers for contract work		**144,833**	248,811	109,295
Amount due to joint ventures		**624**	1,356	–
Taxation		**225,169**	166,677	169,939
Amounts due to associates		**–**	2,907	68
Amount due to a non-controlling interest of a subsidiary		**4,421**	4,366	5,165
Bank and other borrowings – due within one year		**8,308,312**	8,445,193	8,646,378
		16,413,810	13,017,044	12,743,959
Net current liabilities		**(3,361,371)**	(3,663,341)	(2,974,870)
Total assets less current liabilities		**26,114,834**	19,477,895	16,876,447

	30 September 2013	31 March 2013	1 April 2012
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)
		(restated)	(restated)
Equity			
Share capital	**47,967**	45,697	43,831
Reserves	**12,985,597**	11,438,943	9,698,382
Equity attributable to owners of the Company	**13,033,564**	11,484,640	9,742,213
Non-controlling interests	**2,165,862**	1,258,145	968,072
Total equity	**15,199,426**	12,742,785	10,710,285
Non-current liabilities			
Bank and other borrowings – due after one year	**10,509,062**	6,355,830	5,789,251
Deferred tax liabilities	**406,346**	379,280	376,911
	10,915,408	6,735,110	6,166,162
	26,114,834	19,477,895	16,876,447

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2013.

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.

New and revised Standards on joint arrangements and disclosures

In the current interim period, the Group has applied for the first time HKFRS 11 together with the amendments to HKFRS 11 and HKFRS12 regarding the transitional guidance.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC) – INT 13 "Jointly controlled entities – Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's investments in jointly controlled entities under HKAS 31 and was accounted for using the proportionate consolidation method, should be classified as joint ventures under HKFRS 11 and accounted for using the equity method. The change in accounting of the Group's investments in jointly controlled entities has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. The initial investments as at 1 April 2012 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated (see the tables below for details). Also, the directors performed an impairment assessment on the initial investment as at 1 April 2012 and concluded that no impairment loss is required. Comparative amounts for 2012 have been restated to reflect the change in accounting for the Group's investment in joint ventures.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described below, 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.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the statements of profit and loss and other comprehensive income for the period ended 30 September 2012 is as follows:

	As originally stated *HK$'000*	**Amendments to HKFRS 11 adjustments** *HK$'000*	**As restated** *HK$'000*
Revenue	8,566,483	(1,419,356)	7,147,127
Cost of sales	(6,661,149)	1,112,568	(5,548,581)
	1,905,334	(306,788)	1,598,546
Other income	265,823	(49,622)	216,201
Other gains and losses	87,556	(78,200)	9,356
Distribution costs	(385,286)	106,323	(278,963)
Administrative expenses	(482,139)	69,935	(412,204)
Finance costs	(389,808)	25,629	(364,179)
Share of results of associates	68,316	(2,066)	66,250
Share of results of joint ventures	–	236,949	236,949
Profit before taxation	1,069,796	2,160	1,071,956
Taxation	(134,787)	(4,051)	(138,838)
Profit for the period	935,009	(1,891)	933,118
Other comprehensive income			
Items that will not be classified subsequently to profit or loss:			
Exchange difference arising on translation	74,432	–	74,432
Decrease in fair value on available-for-sales investments	(832)	–	(832)
Other comprehensive income for the period	73,600	–	73,600
Total comprehensive income for the period	1,008,609	(1,891)	1,006,718
Profit for the period attributable to:			
Owners of the Company	808,200	–	808,200
Non-controlling interests	126,809	(1,891)	124,918
	935,009	(1,891)	933,118
Total comprehensive income attributable to:			
Owners of the Company	872,387	–	872,387
Non-controlling interests	136,222	(1,891)	134,331
Total comprehensive income for the period	1,008,609	(1,891)	1,006,718

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 April 2012 and 31 March 2013 is as follows:

	As at 1.4.2012 (originally stated)	HKFRS 11 adjustments and reclassification	As at 1.4.2012 (restated)	As at 31.3.2013 (originally stated)	HKFRS 11 adjustments and reclassification	As at 31.3.2013 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS						
Investment properties	450,600	(222,204)	228,396	244,967	–	244,967
Property, plant and equipment	14,423,598	(2,991,185)	11,432,413	17,357,949	(3,461,746)	13,896,203
Prepaid lease payments	1,093,945	(173,311)	920,634	1,132,135	(160,292)	971,843
Investments in associates	2,286,243	(61,049)	2,225,194	2,652,109	(70,424)	2,581,685
Investments in joint ventures	–	3,002,302	3,002,302	–	3,260,581	3,260,581
Available-for-sale investments	76,658	(40,539)	36,119	78,983	(42,178)	36,805
Goodwill	1,038,591	(293,257)	745,334	1,209,279	(300,588)	908,691
Other intangible assets	1,281,448	(428,034)	853,414	1,267,221	(424,144)	843,077
Deposit for acquisition of property, plant and equipment	202,919	(31,405)	171,514	165,305	(52,619)	112,686
Amount due from an associate	141,932	–	141,932	187,462	–	187,462
Deferred tax assets	94,065	–	94,065	97,236	–	97,236
CURRENT ASSETS						
Inventories	1,743,372	(229,092)	1,514,280	1,122,838	(170,734)	952,104
Amounts due from customers for contract work	173,519	(34,542)	138,977	305,658	(65,113)	240,545
Amounts due from joint ventures	–	103,913	103,913	–	39,323	39,323
Trade and other receivables	3,169,928	(495,694)	2,674,234	4,019,190	(620,144)	3,399,046
Amounts due from associates	124,792	(7,618)	117,174	185,605	(5,271)	180,334
Prepaid lease payments	33,656	(3,985)	29,671	34,586	(2,553)	32,033
Held-for-trading investments	10,893	–	10,893	11,110	–	11,110
Pledged bank deposits	710,459	(112,938)	597,521	650,711	(110,594)	540,117
Bank balances and cash	4,817,767	(235,341)	4,582,426	4,298,095	(338,904)	3,959,191
Assets classified as held for sale	–	–	–	347,121	(347,121)	–
CURRENT LIABILITIES						
Trade and other payables	(4,737,019)	923,905	(3,813,114)	(5,543,696)	1,395,862	(4,147,834)
Amounts due to customers for contract work	(244,667)	135,372	(109,295)	(310,280)	61,469	(248,811)
Taxation	(189,339)	19,400	(169,939)	(179,730)	13,053	(166,677)
Amounts due to joint ventures	–	–	–	–	(1,356)	(1,356)
Amounts due to associates	(2,302)	2,234	(68)	(2,907)	–	(2,907)
Amount due to a non-controlling interest of a subsidiary	(5,165)	–	(5,165)	(4,366)	–	(4,366)
Bank and other borrowings – due within one year	(8,963,385)	317,007	(8,646,378)	(9,082,138)	636,945	(8,445,193)
NON-CURRENT LIABILITIES						
Bank and other borrowings – due after one year	(6,406,777)	617,526	(5,789,251)	(6,862,710)	506,880	(6,355,830)
Deferred taxation	(526,741)	149,830	(376,911)	(545,003)	165,723	(379,280)
Non-controlling interests	(1,056,777)	88,705	(968,072)	(1,352,090)	93,945	(1,258,145)
Total effects on net assets attributable to owners of the Company	9,742,213		9,742,213	11,484,640		11,484,640

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"), sales of coke and gas appliance and Zhongyu Gas Holdings Limited ("Zhongyu Gas"), in which the Group's Chief operating decision maker reviewed the result of Zhougyu Gas being shared by the Group under equity method of accounting.

Segment information for the six months ended 30 September 2013 and 2012 about these businesses is presented below.

Six months ended 30 September 2013

	Sales of piped gas *HK$'000*	Gas connection *HK$'000*	Sales of LPG *HK$'000*	Sales of coke and gas appliance *HK$'000*	Zhongyu Gas *HK$'000*	Consolidated *HK$'000*
Segment revenue	**4,295,503**	**2,012,163**	**4,150,525**	**3,133**	**–**	**10,461,324**
Segment result	**709,271**	**1,104,954**	**13,183**	**952**	**42,801**	**1,871,161**
Interest and other gains						**111,252**
Unallocated corporate expenses						**(96.679)**
Change in fair value of investment properties						**6,215**
Gain on deemed disposal of joint ventures						**37,597**
Loss on deemed disposal of an associate						**(15,033)**
Gain on disposal of a subsidiary						**152**
Finance costs						**(335,045)**
Share of results of associates						**92,796**
Share of results of joint ventures						**162,769**
Profit before taxation						**1,835,185**

Six months ended 30 September 2012 (restated)

	Sales of piped gas *HK$'000*	Gas connection *HK$'000*	Sales of LPG *HK$'000*	Sales of coke and gas appliance *HK$'000*	Zhongyu Gas *HK$'000*	Consolidated *HK$'000*
Segment revenue	3,040,000	1,229,596	2,871,861	5,670	–	7,147,127
Segment result	513,218	676,442	(10,404)	4,248	33,163	1,216,667
Interest and other gains						49,939
Unallocated corporate expenses						(111,266)
Change in fair value of investment properties						8,011
Gain on disposal of a subsidiary						2,748
Finance costs						(364,179)
Share of results of associates						33,087
Share of results of joint ventures						236,949
Profit before taxation						1,071,956

4. TAXATION

	Six months ended 30 September 2013 *HK$'000* **(unaudited)**	30 September 2012 *HK$'000* (unaudited) (restated)
PRC Enterprise Income Tax	**356,335**	145,010
Deferred taxation	**(5,826)**	(6,172)
	350,509	138,838

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 taxation charge of the People's Republic of China, other than Hong Kong (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 2013	30 September 2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited) (restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**306,522**	242,393
Release of prepaid lease payments	**19,632**	17,525
Amortization of intangible assets	**17,351**	15,877
Interest income	**(35,397)**	(40,733)
Loss on disposal of property, plant and equipment	**355**	15,328

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 2013	30 September 2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**1,282,895**	808,200
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,680,456**	4,414,203
Effect of dilutive potential ordinary shares: Share options	**228,002**	329,769
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,908,458**	4,743,972

7. TRADE AND OTHER RECEIVABLES

	30 September 2013	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(audited) (restated)
Trade receivables	**1,362,550**	1,517,981
Less: Accumulated allowances	**(256,522)**	(248,149)
Trade receivables	**1,106,028**	1,269,832
Deposits and advanced payments for construction and other materials	**658,867**	443,033
Deposits and advanced payments for purchase of natural gas and LPG	**781,472**	458,569
Advanced payments to sub-contractors	**829,248**	616,669
Other receivables, deposits and prepayments	**773,579**	580,711
Amounts due from non-controlling interests of subsidiaries	**44,248**	30,232
	4,193,442	3,399,046

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 2013	31 March 2013
	HK$'000	*HK$'000*
	(unaudited)	(audited) (restated)
0-180 days	**919,404**	1,148,196
181-365 days	**148,538**	84,616
Over 365 days	**38,086**	37,020
	1,106,028	1,269,832

8. TRADE AND OTHER PAYABLES

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

	30 September 2013 *HK$'000* **(unaudited)**	31 March 2013 *HK$'000* (audited) (restated)
0-90 days	**1,438,763**	751,353
91-180 days	**303,777**	222,847
Over 180 days	**872,907**	917,162
Trade payables	**2,615,447**	1,891,362
Other payables and accrued charges	**608,723**	286,453
Construction fee payables	**195,283**	274,904
Loan interest payables	**127,957**	41,187
Deposits received from customers	**196,895**	76,380
Advanced payments from customers	**1,119,487**	827,680
Advances received from customers for contract works that have not been started	**1,217,270**	665,809
Amounts due to non-controlling interests of subsidiaries	**30,565**	84,059
Obligation on acquisition of subsidiaries	**1,618,824**	–
	7,730,451	4,147,834

INTERIM DIVIDEND

The Directors resolved the payment of HK2.2 cents per share as interim dividend (six months ended 30 September 2012: HK2.2 cents per share).

The interim dividend will be paid on or about 30 January 2014, Thursday to shareholders whose names appear on the register of members of the Company on the date of 22 January 2014, Wednesday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 January 2014, Monday to 22 January 2014, Wednesday, 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 pm on 17 January 2014, Friday.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group, a gas operator and service provider, 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 gasoline and gas refilling stations as well as the development and application of technologies relating to petroleum, natural gas and LPG in China.

BUSINESS REVIEW

Financial & Operational Highlights

For the six months ended 30 September 2013, turnover of the Group amounted to HK$10,461,324,000 (six months ended 30 September 2012: HK$7,147,127,000), increased by 46.4% over the same period last year. Gross profit (including LPG business) amounted to HK$2,477,033,000 (six months ended 30 September 2012: HK$1,598,546,000), increased by 55.0% over the same period last year. Overall gross profit margin was 23.7% (six months ended 30 September 2012: 22.4%). Profit before tax for the period amounted to HK$1,835,185,000 (six months ended 30 September 2012: HK$1,071,956,000), increased by 71.2% over the same period last year. Profit after tax amounted to HK$1,484,676,000 (six months ended 30 September 2012: HK$933,118,000), increased by 59.1% over the same period last year. Profit attributable to shareholders increased by 58.7% to HK$1,282,895,000 (six months ended 30 September 2012: HK$808,200,000). Overall net profit margin was 14.2% (six months ended 30 September 2012: 13.1%). Earnings per share amounted to HK27.41 cents (six months ended 30 September 2012: HK18.31 cents), an increase of 49.7% over the same period last year.

Total assets and net assets of the Group as at 30 September 2013 reached HK$42,528,644,000 and HK$15,199,426,000 respectively (HK$32,495,039,000 and HK$12,742,785,000 as at 30 September 2012 respectively). Bank balances and cash as at 30 September 2013 was HK$6,896,837,000 (HK$4,499,308,000 as at 30 September 2012).

	Six months ended 30 September		
	2013	2012	
	(Unaudited)	(Unaudited)	Change
Financial Performance			
Turnover (HK$'000)	**10,461,324**	7,147,127	46.4%
Gross profit (HK$'000)	**2,477,033**	1,598,546	55.0%
Profit attributable to owners of the Company (HK$'000)	**1,282,895**	808,200	58.7%
Earnings per share			
– Basic (HK cents)	**27.41**	18.31	49.7%
Operational Performance			
Number of city natural gas projects	**208**	179	+29
Total natural gas sale volume (million m^3)	**3,497**	3,052	14.6%
Natural gas sold through city gas projects (million m^3)	**2,124**	1,693	25.5%
Natural gas sold through long distance pipelines (million m^3)	**1,373**	1,359	1.0%
Total natural gas sale volume – user breakdown (million m^3)			
Residential households	**440**	319	37.8%
Industrial users	**2,428**	2,193	10.7%
Commercial users	**324**	278	16.5%
Gas stations (CNG/LNG/L-CNG)	**305**	263	16.1%
New piped gas connections and gas stations during the period			
Residential households	**850,438**	591,542	43.8%
Industrial users	**226**	257	-12.1%
Commercial users	**3,485**	3,262	6.8%
Gas stations (CNG/LNG/L-CNG)	**54**	20	170.0%
Accumulated number of connected piped gas users and gas stations			
Residential households	**9,597,530**	7,805,544	23.0%
Industrial users	**2,407**	1,895	27.0%
Commercial users	**54,497**	46,735	16.6%
Gas stations (CNG/LNG/L-CNG)	**224**	153	46.4%
Average residential connection fee (RMB/household)	**2,548**	2,459	3.6%
Total length of existing intermediate and main pipelines (km)	**44,400**	35,043	26.7%

New Projects Expansion

As at 18 November 2013, the Group has secured 208 city piped gas projects (with exclusive concession rights), 11 long distance natural gas pipeline projects, 1 natural gas development project, 2 coal bed methane development projects, 98 LPG distribution projects, and has completed the construction of 224 compressed/liquefied natural gas ("CNG/LNG") refilling stations for vehicles in 23 provinces (including autonomous regions and municipalities).

From 1 April 2013 to 18 November 2013, the Group also secured 29 new city piped gas projects and 2 new long distance natural gas pipeline projects locating in Anhui Province, Guangxi Zhuang Autonomous Region, Gansu Province, Heilongjiang Province, Hubei Province, Hunan Province, Liaoning Province, Inner Mongolia Autonomous Region, Shandong Province and Hebei Province:

Provinces/Autonomous regions/ Municipalities	**Cities/Districts**
Anhui	Si County, Yongqiao District in Suzhou
Guangxi Zhuang Autonomous Region	Luchuan County
Gansu Province	Heshui County, Huachi County
Heilongjiang Province	Baoquanling, Suibin County, Tongjiang City
Hubei Province	Dawu County, Yun County
Hunan Province	Datonghu District in Yiyang
Liaoning Province	Fushun County, Qilihe District in Yi County
Inner Mongolia Autonomous Region	Urad Front Banner, Wuhai Economic Development Zone
Shandong	Leling city
Hebei Province	New District in Botou City, Raoyang County
City Projects of Fortune Gas	11 cities or districts

As at 30 September 2013, the connectable city population covered by the Group's gas projects increased to 69,988,000 (approximately 21,552,000 households), increased by 7.7% 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 require different market development strategies. The performance of each segment for the six months ended 30 September 2013 is discussed below.

Natural Gas Business

As an operator and service provider mainly focusing on natural gas supply, the Group has, through its efforts in the past 11 years, established a unique operating and management system that suits it best in the natural gas industry in China. With constant optimisation, such system has proven to contribute positively towards the management efficiency and operating results of the Group.

Construction of Piped Natural Gas Networks

Urban natural gas pipeline networks are the foundation of the Group's gas supply. By establishing 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 2013, the Group supplied piped gas in 137 cities. Intermediate and arterial pipeline networks (excluding community pipeline networks) of 44,400 km in length with 150 processing stations (city-gate stations) have been completed.

Natural Gas Users

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

Residential Customers

During the period, the Group completed natural gas connection for 850,438 residential households, an increase of approximately 43.8% over the same period last year, and the average piped gas connection fee for residential customers was RMB2,548 per household.

As at 30 September 2013, the total number of residential households connected to the Group's pipelines was 9,597,530, an increase of approximately 23.0% over the same period last year, representing 44.5% of the total number of connectable customers. The Group's overall connection rate, though rising constantly, remains low when compared to the 70% connection rate in developed markets. It is expected that the number of new 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 Customers

The Chinese Government has been encouraging industrial users with high energy consumption to use natural gas, a clean energy, to replace highly polluting coal and oil to achieve energy conservation and emission reduction. Industrial and commercial users have a higher demand for natural gas compared with residential users, while the operating cost per unit of gas supply is relatively low. As such, in addition to meeting the demand of residential customers for natural gas, the Group has also accelerated the process of gas connection for industrial and commercial customers. As the implementation of the Group's "hub-satellite cities" development strategy continues, the Group expects to secure more piped natural gas projects in industrial cities, economic development zones and industrial parks. These projects will become one of the Group's major drivers for gas volume growth in the future.

During the period, the Group connected 226 industrial customers, mainly in industries such as petrochemicals, ceramics, building materials, metallurgy and glass, as well as 3,485 commercial customers.

As at 30 September 2013, the total numbers of industrial customers and commercial customers acquired and connected by the Group were 2,407 and 54,497 respectively, an increase of approximately 27.0% and 16.6% respectively over the same period last year. During the period, the average connection fee for industrial customers was RMB96 per m^3 per day (calculated based on the contracted daily gas supply volume), and the average connection fee for commercial customers was RMB48,986 per user.

During the period, the Group recorded gas connection income of HK$2,012,163,000, an increase of approximately 63.6% over the same period last year, accounting for approximately 19.2% of the Group's total turnover for the period.

CNG/LNG Refilling Stations

Given the advocacy of energy conservation and emission reduction by Government policies, and the gradual easing of shortage of natural gas supply, natural gas, as a clean energy, has become a preferred choice for vehicle and vessel fuels. On 14 October 2012, the National Development and Reform Commission of China ("NDRC") promulgated the Natural Gas Utilisation Policy. Taking into account different factors such as the social, environmental and economic benefits achieved by using natural gas and the consumption characteristics of different users on the whole, the NDRC emphasized the priority use of natural gas application in cities and by vehicles and vessels. In order to develop the natural gas refilling business for vehicles and vessels, China Gas Clean Energy Company Limited, a wholly-owned subsidiary of the Group, joined force with the Group's city gas companies to step up efforts in the development and construction of CNG/LNG refilling stations for vehicles and vessels to expand the Group's market share in the natural gas refilling business.

During the period, the Group completed the acquisition of the entire interest of Fortune Gas Investment Holdings Limited ("Fortune Gas"). In addition to its 11 city piped natural gas projects and 1 coal bed methane development project, Fortune Gas also possesses experience in LNG projects development and a solid customer base. It also owns numerous patents and intellectual property rights in LNG vessel engines and "oil-to-gas" conversion technology for vessels, and is therefore expected to generate strategic synergies with the Group's CNG/LNG business initiatives.

The Group currently owns 224 natural gas refilling stations, including 208 CNG refilling stations for vehicles and 16 LNG refilling stations for vehicles, an increase of 46.4% over the same period last year. During the period, natural gas volume for vehicles accounted for 8.7% of the Group's total natural gas volume, an increase of approximately 16.1% over the same period last year.

Sale of Natural Gas

During the period, the Group sold a total of 3,497,020,000 m^3 of natural gas, an increase of 14.6% over the same period last year, of which 2,124,391,000 m^3 were sold through city piped gas network, an increase of 25.5% over the same period last year, and 1,372,629,000 m^3 were sold directly through long-distance natural gas pipelines, an increase of 1.0% over the same period last year. During the current period, the volume of gas sold through long-distance natural gas pipelines did not record significant growth, which was mainly attributable to the fact that the gas transmission volume of some of the pipelines was close to their designed capacity, such as Changmeng Pipeline and Wushen Pipeline in Inner Mongolia Autonomous Region, etc, while new pipelines were still under construction or under initial stage of operation, such as Huanggang-Daye Pipeline in Hubei Province with an annual designed capacity of 1.85 billion m^3, Liaoyang Pipeline with an annual designed capacity of 1 billion m^3 and Changnan Pipeline in Chongqing with an annual designed capacity of 2 billion m^3, etc.

During the period, 439,804,000 m^3 of natural gas were sold to residential customers, accounting for approximately 12.6% of the Group's total sales of natural gas, 2,428,078,000 m^3 to industrial customers, accounting for approximately 69.4% of the Group's total sales of natural gas, 324,067,000 m^3 to commercial customers, accounting for approximately 9.3% of the Group's total sales of natural gas and 305,071,000 m^3 to vehicle users, accounting for approximately 8.7% of the Group's total sales of natural gas.

During the period, the Group recorded natural gas sales of HK$4,295,503,000, accounting for approximately 41.1% of the Group's total turnover, and income from natural gas sales increased by approximately 41.3% over the same period last year.

In certain cities such as Fushun, Liuzhou and Mudanjiang where piped natural gas is not yet available, the Group provides users with transitional fuels, such as piped coal gas or air-blended LPG. During the period, a total of 63,042,000 m^3 of piped coal gas and air-blended LPG was 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 RMB2.30 per m^3 for residential customers, RMB2.57 per m^3 for industrial customers, RMB2.66 per m^3 for commercial customers, and RMB2.88 per m^3 for CNG/LNG vehicle users.

With the staged commencement of operation of the West-East Gas Pipeline No. 2, China-Myanmar natural gas pipeline and coastal natural gas terminals, imported natural gas quickly took up a higher proportion of China's natural gas supply, and as a result, increase in natural gas prices became inevitable. In order to regulate natural gas prices, guarantee natural gas supply, promote energy saving and emission reduction, and increase utilisation rate of resources, the NDRC announced a natural gas price adjustment scheme on 28 June 2013, implementing a city-gate price adjustment for non-residential users with effect from 10 July 2013. Under the adjustment scheme, natural gas for non-residential customers was categorised into existing gas volume and incremental gas volume. The price increase for existing gas volume at city-gate should be no more than RMB0.4 per m^3, while the incremental gas volume would be priced at 85% of the price for alternative fuels, such as fuel oil and LPG. After the adjustment, the average natural gas price at city-gates nationwide increased from RMB1.69 per m^3 to RMB1.95 per m^3.

Reasonable adjustment to natural gas price is conducive to the orderly import of natural gas, and is able to drive up domestic natural gas production volume substantially and alleviate natural gas supply shortage effectively, as well as to benefit the long-term healthy development of natural gas industry in China.

Subsequent to the implementation of the natural gas price adjustment scheme, the Group proactively communicated with local governments where our projects are located, and with industrial and commercial customers as well as vehicle users. A price linkage mechanism was then initiated, so as to effectively transfer the price adjustment to downstream customers.

Liquefied Petroleum Gas Business

The Group currently owns 8 LPG terminals and 98 LPG distribution projects, including 37 LPG distribution projects owned by Panva Gas Holdings Limited ("Panva Gas").

During the period, a total of 769,611 tons of LPG were sold (including 287,024 tons of LPG sold by Panva Gas from 1 April 2013 to 30 September 2013). Total income from LPG was approximately HK$4,150,525,000 (including the total income of approximately HK$734,856,000 of Panva Gas from 1 August 2013 to 30 September 2013), increased by approximately 44.5% over the same period last year. During the period, gross profit was HK$231,604,000 (including the gross profit of HK$70,062,000 of Panva Gas from 1 August 2013 to 30 September 2013) (for the six months ended 30 September 2012: HK$162,840,000). Operating profit was HK$13,183,000 (including the operating profit of HK$11,871,000 of Panva Gas from 1 August 2013 to 30 September 2013) (for the six months ended 30 September 2012: a loss of HK$10,404,000).

During the period, the Group acquired the remaining 51% equity interests in Panva Gas. The Group had been actively pursuing the acquisition in compliance with the requirements under the Hong Kong Listing Rules and the laws on takeover in the PRC since 10 March 2011, the date on which the Group entered into a buy-out agreement with Panva Gas, and obtained an approval from Ministry of Commerce of the PRC in May 2013. Subsequent to that, the Group conducted the due diligence review prior to completion of acquisition on the assets and operations of Panva Gas. Based on the changes in actual asset value and operational and financial performance of Panva Gas during the acquisition period, the Vendors and the Purchaser entered into a supplementary agreement on acquisition, whereby the Vendors agreed to reduce the consideration for the remaining 51% shareholding in Panva Gas by HK$100 million and that all the profits of Panva Gas accrued since 1 January 2011 would be distributed to the Group only while the Group agreed to ignore the guarantee given by the Vendors for actual profit of Panva Gas of not less than HK$60,000,000. After completing the acquisition, the Group immediately integrated the business of Panva Gas with the Group's own LPG retail business, and implemented the Group's LPG development strategy, under which midstream wholesale business forms the basis, while downstream end-user business constitutes the core of the Group's LPG profits. Meanwhile, the Group expedited the construction of customer service call centres and improved the logistics and distribution systems to enhance its logistics and distribution services capabilities. During the period, the Group actively carried out structural reorganisation of its non-core assets, including existing terminals and storage facilities, so as to raise the overall profitability of the Group's LPG business.

Value-added Services for End Users

With the continuous increase in the connection rate of gas projects, our customer base has been rapidly expanding. Currently, the Group provides more than 9.6 million residential households and 56,000 industrial and commercial customers with piped natural gas services, and 6 million residential households with bottled LPG. With the gradual expansion of the customer network, the benefits of provision of value-added services are enormous. Therefore, the development of end-user value-added services is not only conducive to raising the profitability of our business, but also provides customers with better services in our society.

Currently, the Group's project companies are actively pursuing revenue generation through value-added advertising, sales of gas appliances, and cooperation with domestic reputable insurance companies to develop the city gas insurance services market. In addition, after years of market research and technological innovation, the Group will develop diversified energy projects, by comprehensive utilization of natural gas, major customers are provided with highly efficient comprehensive energies and various needs of customers in heating, electricity and cooling will be satisfied.

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 sticks to the philosophy of "cultivating talents within the Group while recruiting potential talents from outside" with regard to personnel training and team building. Through the establishment of a recruitment and internal training mechanism, the Group has created a platform for knowledge exchange and sharing of experience among our staff. The Group constantly upgrades the professionalism and competence of our staff at all levels, and recruits talents and retains capable staff by enhancing job satisfaction and providing attractive remuneration packages.

As at 30 September 2013, the Group had approximately 36,000 employees in total. More than 99.9% of the Group's employees are based in China. Employee remuneration is determined with reference to the qualifications and experience of individual staff and according to the prevailing industry practice in the respective regions of operation. Apart from basic salary and pension fund contributions, selected employees may be rewarded with discretionary bonuses, merit payments and share options depending on the Group's financial results and their respective performance.

FINANCIAL REVIEW

For the six months ended 30 September 2013, turnover of the Group amounted to HK$10,461,324,000 (six months ended 30 September 2012: HK$7,147,127,000), increased by 46.4% over the same period last year. Gross profit (including LPG business) amounted to HK$2,477,033,000 (six months ended 30 September 2012: HK$1,598,546,000), increased by 55.0% over the same period last year. Overall gross profit margin was 23.7% (six months ended 30 September 2012: 22.4%). Profit after tax was HK$1,484,676,000 (six months ended 30 September 2012: HK$933,118,000), increased by 59.1% over the same period last year.

Operating Expenses

Operating expenses (including selling and distribution costs and administrative expenses) increased 27.9% from approximately HK$691,167,000 in the same period last year to approximately HK$883,666,000 due to business growth of the Group during the period. Sales income of the Group increased 46.4% during the period, and the above 27.9% increase in operating expenses reflected the remarkable achievement of the Group in cost control.

Finance Costs

For the six months ended 30 September 2013, finance costs decreased 8.0% from approximately HK$364,179,000 in the same period last year to approximately HK$335,045,000, which was mainly due to the adoption of more effective management of interest margin and liquidity by the Group during the period.

Income Tax Expenses

For the six months ended 30 September 2013, income tax expenses amounted to approximately HK$350,509,000 (2012: HK$138,838,000). The significant increase in taxation expenses was mainly due to (1) a corresponding significant increase in assessable profit as a result of business growth (2) certain project companies which enjoyed "2-year exemption and 3-year half payment" preferential policy of income tax during last year faces full tax payment in this financial year and (3) the retroactive effect of the tax concessions under China's Grand Western Development obtained in the same period last year. As at 30 September 2012, seven project companies of the Group had obtained tax concessions under China's Grand Western Development, with the income tax rate reducing from the standard rate of 25% to 15%. The tax concessions were retroactively applicable to the year of 2011. The excess tax payment of approximately HK$60 million due to the tax concessions was used to offset the income tax for the year 2012, resulting in a significant decrease in income tax expenses last year. Up to the present, 13 project companies of the Group have obtained the tax concessions under China's Grand Western Development.

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 2013, total assets of the Group amounted to HK$42,528,644,000, an increase of approximately 30.9% over that of 31 March 2013. Cash on hand was HK$6,896,837,000 (31 March 2013: HK$4,499,308,000). The Group had a current ratio of approximately 0.80 (31 March 2013: 0.72). After deducting the total borrowings of HK$3,205,091,000 in relation to LPG trade financing, the Group's current ratio was approximately 0.99. The net gearing ratio was 0.57 (31 March 2013: 0.43), as calculated on the basis of the net borrowings of HK$8,715,446,000 (total borrowings of HK$18,817,374,000 less the borrowings of HK$3,205,091,000 in relation to LPG trade financing and bank balance and cash of HK$6,896,837,000) and net assets of HK$15,199,426,000 as at 30 September 2013.

The Group has always been adopting a prudent financial management policy. 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 banks in China (including Hong Kong) and overseas. As the Group's principal cooperating bank, China Development Bank provided the Group with integrated credit facilities of RMB20 billion denominated in RMB and other currencies, giving a strong financial support to the Group's project investments and stable operations. During the period, the Group entered into a syndicated loan agreement with 23 banks, including Bank of Taiwan and Nomura Securities International, Inc., to secure a facility of US$450 million. The Group also entered into a syndicated loan agreement with Asian Development Bank to secure a facility of US$100 million, and entered into a bilateral loan agreement with Export Development Canada for US$250 million. The proceeds of these loans are for the development of the Group's gas projects and early repayment of existing short-term loans, leading to further optimisation of the Group's loan structure and lower effective interest rates of our debt. In addition, the Group enjoys long-term credit support from reputable financial institutions such as Industrial and Commercial Bank of China, Bank of Communications, China Construction Bank, The Netherlands Development Finance Company, Postal Savings Bank of China, The Agricultural Bank of China and China Merchants Bank, etc. As at September 2013, over 40 banks had extended syndicated and bilateral loans and credit facilities to the Group. The tenor of most of these loans is more than five years, with an average maturity of nine years. The bank loans are generally used for working capital of the Group.

As at 30 September 2013, bank loans and other loans of the Group amounted to HK$18,817,374,000, of which HK$3,205,091,000 were LPG trade facilities.

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

No significant foreign exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in Hong Kong dollars, RMB and US dollars.

Charge on Assets

As at 31 September 2013, the Group pledged certain properties, plants and equipment and prepaid lease payments with net carrying values of HK$278,729,000 and HK$25,295,000 (31 March 2013: HK$259,282,000 and HK$16,123,000) respectively, investment properties with net carrying value of HK$54,000,000 (31 March 2013: HK$54,000,000), trade receivables with net carrying value of HK$9,009,000 (31 March 2013: nil), pledged bank deposits of HK$241,960,000 (31 March 2013: HK$540,117,000) and certain subsidiaries pledged their equity investments in other subsidiaries to banks to secure loan facilities. The Group did not pledge inventory as at 30 September 2013 (31 March 2013: HK$153,750,000).

Capital Commitments

The Group had 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 2013 amounting to HK$164,426,000 (31 March 2013: HK$100,148,000) and HK$40,350,000 (31 March 2013: HK$13,009,000) respectively, and such commitments would require the utilisation of the Group's cash on hand and external borrowings. The Group has undertaken to acquire shares in certain Chinese enterprises and set up Sino-foreign joint ventures in China.

Contingent Liabilities

As at 30 September 2013, the Group did not have any material contingent liabilities (31 March 2013: nil).

PROSPECTS

The global economic growth, even though at a listless pace, has basically set the tone for a steady recovery. Domestic economy embarked on a new phase of mid-to-high speed growth in pursuit of progress while maintaining stability, and in search of excellence while enhancing efficiency. The new phase growth underscored the transformation of development models, involving urbanisation, industrial structure optimisation and price reform on resource related products, which provided favorable policy support to the long-term healthy development of the city gas industry. Besides, to address climate change, China lessened its dependence on highly polluting energy such as coal and crude oil, resulting in increase in market demand for clean energy such as natural gas.

To ensure a fast and healthy growth in the industry and to diversify the gas supply sources, the NDRC duly issued the 12th Five-Year Plan for Natural Gas Development (the "Plan") at the end of 2012. The Plan clearly defines the key tasks such as boosting resource supply and expediting the construction for pipelines and LNG receiving terminals, and lays out the blueprint to form a national main pipeline network that takes the West-East Gas Pipeline, Sichuan-East Gas Pipeline, Shaanxi-Beijing Pipeline and costal main pipelines as the artery, strategically linking the four major regions of import, production, consumption, and storage together by the end of the 12th Five-Year period, so as to shape a stable and safe gas supply landscape featuring multiple gas supply sources and various peak shaving methods. In addition, the Plan sets explicit targets for natural gas development during the 12th Five-Year period, requiring the supply capacity of domestic natural gas to reach around 176 billion m^3, consisting of approximately 138.5 billion m^3 of conventional natural gas, approximately 15-18 billion m^3 of coal-to-gas, approximately 16 billion m^3 of coal bed methane, and increasing import of natural gas to reach approximately 93.5 billion m^3 by 2015. The Plan provides strong policy support for future gas supply sources and proper utilisation of natural gas. Following the announcement of the Plan, the State Council issued the 12th Five-Year Plan for Energy Development on 23 January 2013, reiterating the priority of natural gas development. According to this plan, natural gas will account for 7.5% of primary energy consumption by 2015, with the number of users reaching 250 million which represent approximately 18% of the total population. Underpinned by a series of policies, the utilisation of natural gas in China will surge immensely, so will the consumption demand in the field of electricity generation, distributed energy, automobiles and winter heating, which will continue to provide crucial opportunities for the future growth of the downstream natural gas industry in China.

As the upstream gas sources multiply constantly, the future development of the Group will focus on stepping up gas connection for industrial and commercial customers, accelerating the expansion plan of "hub-satellite cities", and facilitating the commencement and operation of new projects during its future business development, so as to maintain the annual targets of exploring more than 20 new satellite cities and commencing operation of 20 to 25 city gas projects. By 2015, it is expected that the Group will own no less than 300 city gas projects. Refilling stations of CNG/LNG for vehicles and vessels become a new growth engine for the Group's profit. The new edition of the Natural Gas Utilisation Policy came into force from 1 December 2012, which specifically encouraged and supported the construction of refilling facilities and equipment of natural gas for vehicles and vessels. As supported by the policies, the Group will leverage on its advantage in pipeline network to expedite the construction of refilling stations of natural gas for vehicles and vessels. Targets for this year and the next is to increase the number of refilling stations for vehicles to 500 to 600, while formally commencing vessel LNG refilling business in 2014. LNG refilling stations will be put into operation in downtown and suburban areas of various cities across the nation. The Group will also invest in the construction of LNG refilling stations in the service areas along highways as well as on mining sites. Meanwhile, in support of the national commitment to mitigate air pollution, the Group will vigorously expand the market of "coal to gas" conversion in northern China, and prepare itself to enter the huge gas heating market, and gradually initiate pilot programs in certain cities or regions in northern China.

In respect of its LPG business, the Group will stick to the complementary development strategy of wholesale trading and retail distribution, continue to consolidate the retail market and capture larger market share with an aim to boosting sales and profitability, and constantly implement the strategies of brand building and innovation in the retail segment with a view to enhancing its core competitiveness. Moreover, the Group will push forward the overall integration with Panva Gas in terms of management and marketing to leverage on the brand recognition of Panva Gas and its operating experiences in the retail business to take up more market share and boost profitability. In respect of trading and wholesale, the Group will strive to improve operation and management standard, make accurate analysis on business intelligence, and maintain balance between domestic and imported gas resources, so as to maximise profit. Meanwhile, in respect of revitalising inventory assets, the Group will cooperate with multiple agencies at various levels to enhance the utilisation of its terminals and costal assets, and streamline non-core assets through active disposal or monetisation, so as to strengthen the overall profitability of its LPG business.

Amid rapid progress of our business, the Group has adopted a new management and control model that shifts the management frontend to regional coordination and management centres at the end of 2012. After a year of implementation, satisfactory results have been achieved in respect of regional management and resource integration. In light of new opportunities and challenges, the Group will continue to raise our alert on cost control, conduct our work intensively and meticulously to further optimise our management model and improve our management efficiency. At the same time, the Group will continue to put in more efforts in market expansion for new approaches of natural gas utilisation, especially in connection with refilling for vehicles and vessels and conversion from "coal to gas". Our ultimate goal is to reward our shareholders with even better results by continuing to build our unique core competitiveness through a superior management model and strong management team.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with all the code provisions ("Code Provisions") of 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 with Code Provision A.4.1.

COMPLIANCE OF THE MODEL CODE

The Company has adopted the model code for securities transactions by directors of 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 2013.

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 2013.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months ended 30 September 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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.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 2013 will be dispatched to the shareholders as soon as possible and will publish on the websites of the HKEX and the Company accordingly.

On Behalf of the Board of
CHINA GAS HOLDINGS LIMITED
LIU Ming Hui
Executive Chairman

Hong Kong, 26 November 2013

As at the date of this announcement, Mr. ZHOU Si, Mr. LIU Ming Hui, Mr. LEUNG Wing Cheong, Eric, Mr. PANG Yingxue, Mr. ZHU Weiwei, Mr. MA Jinlong, Mr. CHEN Xinguo and Mr. HUANG Yong are the executive Directors, Mr. P K JAIN and Mr. YU Jeong Joon (his alternate is Mr. KIM Yong Joong) 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*