



Commitment to High-Quality Development Laser Focus on Sustainable Development

Total Natural Gas Sales Volume Increases 1.7% to 16.97 Billion m³
Gas Price Pass-through Policies Implemented, Dollar Margin Up 5.6% YoY
Robust Net Cash Flow from Operating Activities of HK\$7.6 Billion
Free Cash Flow Surges 491.6% to HK\$4.97 Billion, a Record High
Interim Dividend Surges to HK15 Cents, Up 50%

- Cumulative connections of 46.4 million, 23,296 and 344,577 for residential, industrial and commercial users, respectively
- Maintained a good financial position, with bank balances and cash of HK\$11.1 billion and ample financial resources, including bank facilities and approved RMB bond reserve of around HK\$112.5 billion

Financial Highlights

	For Six Months Ended 30 September		
	2023	2022	YoY
	HK\$'000	HK\$'000	
Revenue	36,049,154	42,976,485	-16.1%
Piped Gas Sales	21,718,489	24,675,655	-12.0%
Connection Fees	2,308,096	3,610,231	-36.1%
Engineering Design and Construction	1,056,412	365,392	189.1%
Sales of LPG	8,421,663	11,776,299	-28.5%
Value-added Services	1,804,486	1,785,589	1.1%
Other Businesses	740,008	763,319	-3.1%
Gross Profit	5,723,573	6,971,860	-17.9%
Profit for the Period	2,107,203	3,851,306	-45.3%
Core Profit Attributable to Owners of the Company	2,458,926	3,289,857	-25.3%
Core Earnings per Share (HK cents)	45.67	60.47	-24.5%
Interim Dividend per Share (HK cents)	15	10	50%

	2023	2023	YoY
	30 September	31 March	
	HK\$'000	HK\$'000	
Total Assets	149,355,482	157,291,209	-5.0%
Total Equity	61,318,078	64,790,379	-5.4%
Bank Balances and Cash	11,118,020	10,617,686	4.7%

Note: CNY depreciated by 5.8% against HKD during the Reporting Period, affecting all the HKD-denominated financial results.

(Hong Kong, 27 November 2023) – **China Gas Holdings Limited** ("China Gas" or the "Group"; stock code: 384), a leading city gas operator in China, has announced its interim results for the six months ended 30 September 2023 (the "Reporting Period"). During the Reporting Period, the international natural gas market was rebalanced amid the slowdown of the global economy, with ample inventories in Europe and the U.S. and weaker marginal effects from the geopolitical environment. In China, the economy is still in the post-pandemic recovery phase, and the demand for natural gas in the domestic market continued to recover. Remaining true to the strategic philosophy of "diligence, integrity, and innovation to maximize value on all fronts", focusing on natural gas, its pillar business, the Group stepped up its efforts to develop new engines for its sustainable development. With all of these initiatives in full swing, all segments progressed well. The Group's total gas sales volume increased by **1.7%** to **16.97 billion m³**, and net cash flow from operating activities reached **HK\$7.6 billion**, representing a year-on-year increase of **59.7%**. The Group's free cash flow surged **491.6%** to **HK\$4.97 billion**, a record high.

The Board of Directors has declared an interim dividend of HK15 cents per share (1H FY2022/23: HK10 cents) to share the Group's development achievements with all shareholders and to reward their long-term support for the Group.

Advancing the Implementation of Gas Price Pass-through Policies; Promoting Pipeline Renovation and the "Bottled-to-Piped-Gas" Project; Unlocking Value from New Business Frontiers

The Group is committed to accelerating the implementation of price pass-through policies. To date, 198 cities and counties already introduced price pass-through mechanisms or price-adjustment policies. The Group saw a steady recovery of the dollar margin in gas sales. During the Reporting Period, the State Council issued the "*National Urban Gas Safety Special Rectification Work Plan*", and the Group seized opportunities by implementing these policies in its project companies. By paying special attention to and taking concrete action on the "bottled-to-piped-gas" reform and connections in old communities, the Group opened up new frontiers in its operations to offset the impact of the persistently sluggish property market. The Group has leveraged digital technology to support the high-quality management of gas projects, delivering visualization-based operations and refined management in the intelligent pipeline networks of the Hangzhou Asian Games Village, as the digital and informationized cornerstone for the integrated "planning, construction, and management" of the natural gas industry.

During the Reporting Period, the Group connected **1,051,976** households, **1,188** industrial users and **15,242** commercial users. As of 30 September 2023, the Group provided natural gas services to **46,446,673** residential users, **23,296** industrial users, and **344,577** commercial users, representing a year-on-year increase of approximately **4.0%**, **8.7%**, and **9.8%**, respectively. The number of connectable residential users for city gas projects reached **54.3 million** households.

As of 30 September 2023, the Group had 661 piped gas projects with concession rights in 30 provinces, municipalities under the central government and autonomous regions, 32 long-distance natural gas pipeline projects, 532 CNG/LNG refilling stations, one coal-bed methane development project and 106 LPG distribution projects.

"Yipin Smart Living" Value-added Services Across Omni-channel, Driven by China's Consumption Rebound

Since the beginning of the year, China's consumption rebounded, bottomed out, and then began to recover. For the nine months ended 30 September 2023, cumulative retail sales of domestic consumer goods amounted to RMB34.2 trillion, representing a year-on-year growth of 6.8%. Bolstered by China's steadily increasing consumption, China Gas' value-added services business gained momentum.

During the Reporting Period, the Group's main value-added services platform, "Yipin Smart Living", optimized its business matrix, enhanced operations and empowered the frontline businesses. It also worked to unlock new opportunities in its channels and products, driven by a grid-based sales model with both digital and physical operations in the "China Home Appliance Renewal Program", the "China Kitchen Renewal Program", and urban showrooms and community stores, etc. Regarding its channel-boosting measures, the channels were further developed through self-operated business halls, standardized operations, community service teams and community campaigns, further solidifying the channel foundation. In terms of products, the newly-introduced, upgraded and specialty products boosted overall product sales. Going forward,

“Yipin Smart Living” will offer value-added services across channels by fully leveraging the value of its extensive natural gas user base through omni-channel distribution based on its broad brick-and-mortar presence and online platforms.

LPG Business Vertically Integrated Throughout the Industrial Chain

As the largest vertically integrated LPG operator and service provider in China, the Group has seven LPG terminals and 106 LPG distribution projects, with a distribution footprint in 19 provinces. The Group’s total LPG sales volume was 1.98 million tons, and its total LPG sales revenue was HK\$8.4 billion.

To extend its value chain, the Group has combined LPG trading with retailing. Leveraging its LPG terminals, storage facilities and the assets of vessel and vehicle fleets, the Group is maximizing the profit of the entire supply chain by pushing forward its value chain strategy, thus covering the industrial chain of import, loading and unloading, from trading to retail investment. In the future, the Group will continue to enhance the overall benefits and sustainable development of the LPG industry through industrial layout strategies, production optimization and intelligent equipment upgrades, providing customers with better products and services.

Closed-loop Portfolio of Power Generation, Distribution, Loading and Storage;

Integrated Energy Businesses such as PV and Energy Storage Emerging as New Value Drivers

China’s new energy industry is entering a golden age of rapid development. This development has gradually shifted from market-driven to policy-driven, forming a new development pattern supported by dual circulation, characterized by dominant domestic circulation and complementary reinforcement between domestic and overseas markets.

During the Reporting Period, the Group proactively expanded its new energy business and built digitalized platforms for specialized companies in fields such as electric vehicle charging equipment, integrated energy efficiency, and electricity distribution, while improving the PV control system and establishing specialized companies in six green cities, Nanjing, Hangzhou, Wuhu, Wuhan, Nanning, and Guangzhou, for synergistic collaboration in market development. Meanwhile, the Group continuously engaged in electricity sales and recorded electricity sales of 2.6 billion kWh during the Reporting Period. The Group also promoted integrated energy in key areas, including the Greater Bay Area and the Yangtze River Delta, prioritizing urban mega commercial complexes, hospitals, and public schools, and providing load management services for cities. By further integrating its PV, user-side energy storage, integrated energy efficiency, and charging businesses, the Group has created a closed-loop business portfolio of power generation, distribution, load management, and storage.

As the first Chinese enterprise to join the Oil and Gas Methane Partnership (OGMP) led by the United Nations Environment Programme (UNEP), the Group, with OGMP gold-standard recognition, has formulated detailed and practical mid- to long-term strategies to reduce methane emissions, thereby strengthening the control of methane emissions from the oil and gas industry in China. In addition, the Group’s targets on prominent issues such as energy use, emission control, employee training, and gender equality are in line with the UN SDGs in terms of offshore financing, provision of infrastructure services, and creation of local jobs in rural areas. The Group’s total ESG-related borrowings amounted to HK\$30.4 billion.

Highest Safety Standards, Digital and Intelligent Safety Control System, and Optimization of HSE Management System

During the Reporting Period, the Group continued to build its Health, Safety, and Environment (HSE) Management System to enhance the effective operation of the safety management system. In advancing the digital and intelligent safety control system, the Group rolled out its Safety Alert program, which offers a full suite of data collection, evaluation and analysis, monitoring and early warning functions, to effectively enhance workplace safety. The Group further leveraged the safety system and developed the management mechanism by planning and designing three functional modules, including the third phase of the safety profile of the Safety Alert program, the optimization of the hidden hazard system and the safety supervisors. China Gas also developed a unified dynamic monitoring platform for hazardous chemical trucks. The platform is driving the digital and intelligent transformation of the Group’s transportation safety monitoring, making it more informationized, transparent and robust.

Maintaining a Good Financial Position

As of 30 September 2023, the Group's total assets amounted to HK\$149.4 billion. Bank balances and cash amounted to HK\$11.1 billion. The Group is financially healthy, and debt structure optimization has been achieved by significantly reducing the proportion of higher cost foreign currency loans to total debt to 20.4%, primarily by substituting RMB funds or making early repayment of foreign currency loans. The Group has established long-term relationships with Chinese (including Hong Kong) and overseas banks. As of 30 September 2023, more than 30 banks provided syndicated loans and standby credit facilities to the Group. The standby bank facilities and approved RMB bond lines amount to approximately HK\$112.5 billion, providing strong financial support for the Group's project investment and stable operations.

Industry Advancement and Prospects

The global energy landscape is changing rapidly. Building a new energy system and promoting energy security and the low-carbon transition are essential components in achieving the dual goals of carbon reduction. China attaches great importance to the high-quality development of the natural gas industry and continues to take measures to improve the performance of production, supply, storage and distribution systems to ensure supply security, price stability and price pass-through, and to provide policy protection and long-term business confidence for gas enterprises.

As China's largest trans-regional integrated clean energy service provider, China Gas, always faithful to green development, and seizing new opportunities, now operates with management and operational models that are more systematic, digital, and market-oriented, moving toward high-quality, sustainable, and organic development, with the aim of creating a low-carbon value chain. Meanwhile, based on national policies and market needs, the Group will further consolidate its traditional core gas business and act quickly to expand its value-added services and integrated energy business under an increasingly supportive macro environment with favorable policies.

Mr. Liu Ming Hui, Chairman, President of the Group, said, "Amid the growing supply-demand balance and increasingly stable pricing in the international natural gas market, and as China's economy recovers, China Gas has advanced its market-oriented practices with pragmatism, innovation, diligence and refined management. We have also stepped up our efforts to grow the digitalization business, create and launch our emerging integrated energy business, and expand our marketing network of value-added services with innovative marketing models. With all of these measures in full swing, all segments are progressing well.

"Against the backdrop of the aforementioned changes, China's new energy industry is entering a period of rapid development. By leveraging its extensive market and user base, China Gas has been able to scale up its new energy business in a timely manner and expand its share in the integrated energy market through exogenous and endogenous growth to better fulfill its economic, environmental and social responsibilities. By developing into an outstanding clean energy supplier and contributing to the low-carbon transformation, China Gas will serve the public with smart energy and support China's economic growth with green energy as an integrated energy supplier and service provider with ever-increasing shareholder value".

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About China Gas

China Gas Holdings Limited (“China Gas”, stock code: 384. HK) is a leading gas service provider in China, principally engaged in the investment, construction and management of city gas pipeline infrastructure, distribution of natural gas and LPG to residential, industrial and commercial users, and gas refilling stations for vehicles and vessels. China Gas owns 661 city and township gas projects with concession rights, 32 natural gas long-distance pipeline transmission projects, 532 CNG/LNG refilling stations for vehicles, as well as the license to import and export LNG and other fuel products in China, in addition to 106 LPG distribution projects.

For more information, please visit www.chinagasholdings.com.hk

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