

REVIEW BY AUDIT COMMITTEE

The audit committee, comprising Messrs. Zhao Yuhua, Mao Erwan and Wong Sin Yue, Cynthia, has reviewed with the Management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited interim financial statements for the six months ended 30 September, 2004.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the six months ended 30 September, 2004, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Directors are of the opinion that the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the six months ended 30 September, 2004 except that the non-executive Directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

On Behalf of the Board of
China Gas Holdings Limited
Liu Ming Hui
Managing Director

Hong Kong, 10 December, 2004