



Management Discussion and Analysis 管理層之討論及分析

China's demand for energy is increasing as the Chinese economy enters a new era of high-speed development. In 2003, China surpassed Japan to become the second largest petroleum consumer only after the USA. China's petroleum consumption accounted for 23% of its consumption composition of disposable energy, while coal consumption even took up 66% of its consumption composition of disposable energy. However, since it becomes more difficult to raise output now due to the increasing difficulty in the exploitation of some oil fields in China, coupled with the rising international crude oil prices recently, these have created an impact on the Chinese economic development to a certain extent, while China's over reliance upon coals has given rise to not only a serious environmental pollution problem but also a major risk involved during the exploitation of resources. Thus, China's defective energy composition has drawn growing concerns.

The Chinese Government is mapping out a medium and long-term development plan for the natural gas industry to further accelerate the exploration, development and utilization of nature gas, and to optimize the energy composition for the security of the country's energy. In its sustainable development strategies, the Chinese Government has proposed an adjustment to the energy consumption composition, and the development and utilization of recyclable energy and new energy sources. This has offered a precious opportunity for the development of the natural gas industry, in particular, the downstream natural gas distribution business.

The Group moved into the urban gas distribution market in 2002, and since then it has been fully leveraging on the precious opportunity of China's move to open the downstream natural gas distribution market to foreign investors by taking a proactive approach to developing urban natural gas projects in China, with the success in securing a lot of franchised urban gas projects, resulting in a rapid growth in the development of the Group's business.

中國經濟建設正處於一個高速發展的新時期，對能源的需求日益增加，二零零三年，中國已經超越日本成為僅次於美國的第二大石油消費國，石油消費在中國一次性能源消費結構中的比重已經佔到23%，煤炭消費在中國一次性能源消費結構中的比重更佔到66%。但是，目前由於中國國內一些油田開採難度加大，產量的提高面臨較大困難，國際原油價格近來不斷攀升，對中國經濟的發展造成不同程度的影響；而過渡依賴煤炭不僅產生嚴重的環境污染，而且在資源開採過程中蘊藏著巨大風險。中國的能源結構缺陷受到越來越多的關注。

中國政府目前正在制定天然氣產業的中長期發展規劃，以進一步加快天然氣勘探、開發和利用，優化能源結構，維護國家能源安全。中國政府在其可持續發展戰略中提出，要調整能源消費結構，開發利用可再生能源和新能源，這為天然氣行業，尤其是下游的天然氣分銷業的發展提供了歷史機遇。

本集團自二零零二年進入城市燃氣分銷市場以來，充分利用國家向外資開放天然氣分銷下游市場的寶貴機遇，在中國大陸地區積極的拓展城市天然氣項目，取得了眾多有專營權的城市燃氣項目，使集團的業務得到了迅猛發展。



Business Review

For the year ended March 31, 2005, turnover of the Group amounted to HK\$410,202,000 (year ended March 31, 2004: HK\$376,491,000). Profit attributable to the shareholder was HK\$132,249,000 (year ended March 31, 2004: HK\$80,060,000). Earnings per share was HK7.17 cents (year ended March 31, 2004: HK6.15 cents).

New Projects Developments

In order to further develop the Group's business, during the financial year, the Group actively developed new projects in the central eastern part of China and achieved excellent results. We have secured 14 city piped gas projects (with exclusive operating rights) and one natural gas long distance pipeline project. The Group further secured 8 city piped gas projects (with exclusive operating rights) after the financial year. As at June 30, 2005, the Group secured the exclusive operating rights of city piped gas projects in 43 cities and districts across 9 provinces and two natural gas long distance pipeline projects.

The Group has obtained the following city piped gas projects during the financial year:

Anhui	Suzhou city, Shouxian, Wuhuxian
Hebei	Cangzhou city, Nanpixian, Qinghexian, Lingshouxian
Henan	Yuanjian city
Jiangsu	Jiangbei district of Nanjing city
Guangxi Zhuang Autonomous Region	Qinzhou city, Yulin city
Shaanxi	Xi'an National Hi-Tech Industrial Development Zone
Hubei	Tianmen city
Zhejiang	Xiaoshan district of Hangzhou city

業務回顧

截至二零零五年三月三十一日止年度，本集團營業額為410,202,000港元（截至二零零四年三月三十一日止年度：376,491,000港元）。股東應佔溢利為132,249,000港元（截至二零零四年三月三十一日止年度：80,060,000港元）。每股盈利為7.17港仙（截至二零零四年三月三十一日止年度每股盈利：6.15港仙）。

新項目拓展

為進一步拓展集團的發展空間，於財政年度，本集團在中國中東部地區積極拓展新項目並取得了豐碩成果，共取得14個城市管道燃氣項目（擁有專營權）及1個天然氣長輸管道項目。於財政年度期後，本集團再取得8個城市管道燃氣項目（擁有專營權）。截止二零零五年六月三十日，本集團共已取9個省共43個城市及地區的城市管道燃氣專營權項目及2個天然氣長輸管道項目。

本財政年度內取得的城市管道燃氣項目如下：

安徽省	宿州市、壽縣、蕪湖縣
河北省	滄州市、南皮縣、清河縣、 靈壽縣
湖南省	沅江市
江蘇省	南京市江北地區
廣西壯族自治區	欽州市、玉林市
陝西省	西安高新技術產業開發區
湖北省	天門市
浙江省	杭州市蕭山區



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The Group has obtained the following new natural gas long distance pipeline projects during the financial year:

Hubei	Zhijiang — Dangyang long distance gas pipeline
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The Group has obtained the following city piped gas projects after the financial year:

Anhui	Nanlingxian, Huoshanxian, Fengtaixian
Zhejiang	Xiaoxingxian
Jiangsu	Jiawang district of Xuzhou city, Xinyi city
Guangdong	Maoming city
Hubei	Guangshui city

As at the year 2004, the above projects were intended to serve the gas connectable population of approximately 14,575,000 (approximately 4,555,000 households). As compared with the gas connectable population of 9,060,000 last year (approximately 2,831,000 households), representing an increase of 60.9%.

The standards for urban economic development and industrial scale of the projects which the Group secured this year have increased remarkably over those of previous years. In January this year, the Group succeeded in bidding for the piped gas project in the Jiangbei District, Nanjing. In March, it also secured the piped gas project in the Xiaoshan District, Hangzhou. The Jiangbei District in Nanjing and the Xiaoshan District in Hangzhou are the two districts where Nanjing's and Hangzhou's industrial users are densely populated, thus offering bright prospects for natural gas consumption. The success in securing the Nanjing and Hangzhou projects demonstrates the enhanced competitive edge of the Group and the government's trust in the Group.

本集團於財政年度內取得的新天然氣長輸管道項目如下：

湖北省	枝江—當陽燃氣長輸管線
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本集團於財政年度之後取得的城市燃氣管道項目如下：

安徽省	南陵縣，霍山縣，鳳台縣
浙江省	紹興縣
江蘇省	徐州市賈汪區，新沂市
廣東省	茂名市
湖北省	廣水市

以上項目覆蓋的截止二零零四年城市市區可接駁人口約為14,575,000人（約合4,555,000戶），與去年同期的9,060,000人（約合2,831,000戶）相比，增長了約60.9%。

與以往相比，本集團今年以來獲取的項目在城市經濟發展水平，工業用氣規模上都有了明顯的提升，今年一月集團成功中標南京江北地區管道燃氣項目，三月本集團又獲得杭州市蕭山區管道燃氣項目，南京江北地區和杭州市蕭山區分別為南京市及杭州市工業用戶相對集中的區域，天然氣消費前景巨大。成功獲取南京與杭州項目，充分說明了集團的競爭實力的提升和政府對集團的信任。



Construction of Piped Gas Networks

Construction of city gas pipeline networks, through which to distribute natural gas, is one of the Group's principal businesses. The Group builds city main pipeline network and branch pipeline network to make gas connection to resident users and industrial and commercial users, and charges from them gas connection fee and gas usage fee.

During the financial year, the Group completed 12 processing stations, 12 gas pressure regulating stations and built high-pressure gas pipelines of 283 km, city medium to low pressure gas pipelines of approximately 541 km and branch and customer pipeline network of 710 km.

Natural gas projects in Wuhu, Huainan, Suzhou, Yichang, Suizhou, Xiaogan, Yingcheng, Yumeng, Hanchuen and Dangyang invested by the Group commenced operation. In particular, it took only three months that Dangyang's project completed 54 km high-pressure pipelines and its related facilities and put it into commercial production. It served as a miracle for completing projects to the industrial players in China and valuable experience for the Group to build and manage long distance pipeline projects. As at March 31, 2005, the total number of completed city piped gas reached 19 cities.

As at March 31, 2005, the Group accumulated 18 processing stations, high-pressure gas pipelines of 617 km, city medium to low pressure gas pipelines of approximately 1,109 km and branch and customer pipeline network of 2,025 km. Designed daily gas supply capacity of processing stations is 5,223,140 cubic meters/day.

管道燃氣網路建設

修建城市燃氣管網並利用這些管網分銷天然氣是本集團的主要業務之一，本集團通過修建城市主幹管網及支線管網，最終將天然氣管道接駁到居民用戶和工商業用戶，並向用戶收取接駁費和燃氣使用費。

本財政年度集團共完成門站、儲配站12座，高壓調壓站12座，高壓管線283公里，市政中低壓管線541公里，庭院小區管網710公里。

集團投資建設的蕪湖、淮南、宿州、宜昌、隨州、孝感、應城、雲夢、漢川、當陽等天然氣利用項目相繼點火通氣。特別是當陽公司在短短的三個多月，完成了54公里天然氣高壓管線及配套設施的建設任務，並投產通氣，創造國內同行業項目建設的奇跡，為集團的長輸管道項目的建設管理提供了寶貴的經驗。於二零零五年三月三十一日，集團已實現天然氣通氣的城市達到19個。

截止二零零五年三月三十一日，本集團累計已建成18座儲配站（門站），高壓管線617公里，中低壓管線1,109公里，庭院小區管網2,025公里，儲配站（門站）設計日供氣能力為5,223,140立方米。



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Domestic Customers

The rapid development of the Chinese economy and the changes in industrial structure have resulted in substantial labour forces switching from the rural areas to the urban districts. With the increasing percentage of urban population in China, cities' demand for energy is expected to grow sharply. Besides, given that the environmental issue has sparked popular concerns in many countries around the world, environmental protection has become part of China's primary national policy. Local governments are taking a proactive approach to formulating and improving specific measures for environmental protection. The use of clean energy, with natural gas as the principal source, will undoubtedly bring about a positive impact on environmental protection. In comparison with coal, coal gas and liquefied petroleum gas, natural gas is the top priority as a safe and environmental friendly energy source for residential users. With the accelerated process of urbanization and increased income levels of urban residents in China, more and more urban residents will be able to use clean and highly efficient natural gas.

During the financial year, the Group completed natural gas connections for 132,309 domestic households, an increase of 50.47% compared to the same period of last year. The Group acquired 11,763 domestic households during the financial year. As at March 31, 2005, the Group accumulated connected domestic households reached 411,064 households, an increase of 53.96% compared to last year, representing 9.02% of the total gas connectable domestic households. During the financial year, the average connection fee paid by domestic households was RMB2,217.

住宅用戶

中國經濟的快速發展和產業結構的變化使大批勞動力由農村轉向城市。隨著中國城鎮人口比例的不斷提升，城市對能源的需求將進入一個急劇增長的階段。另外，環境問題已引起世界各國的普遍重視，保護環境在中國已經成為一項基本國策。各地方政府都在積極制定和改善環境的具體措施，以天然氣利用為主導的清潔能源無疑將對環境保護產生積極的影響。與煤、煤氣和液化石油氣相比，天然氣作為安全環保的能源是住宅用戶的首選，隨著中國城市化進程的加快和城市居民收入水平的提高，越來越多的住宅用戶將能夠使用上清潔高效的天然氣。

本財政年度內，集團共為132,309戶住宅用戶完成接駁天然氣工程，較去年同期增長約50.47%。於財政年度內本集團收購11,763戶住宅用戶，截至二零零五年三月三十一日止集團累計接駁的住宅用戶為411,064戶，較去年同期增長約53.96%，佔集團整體可供接駁住宅用戶的9.02%。財政年度期間，住宅用戶平均管道燃氣接駁費為人民幣2,217元。



Industrial and Commercial Customers

Industrial users mainly use natural gas as the fuels or raw materials. Industrial and commercial users use gas much more than residential users. As the increasing international crude oil prices in recent years has led to rising prices of petrol, diesel and heavy oil, while the stringent Chinese environmental protection legislation and strengthened regulation of small coal mines have resulted in a short supply of coals in China and rising coal prices, more and more industrial and commercial users have switched to the use of clean and highly efficient natural gas to save their production costs.

During the financial year, the Group completed natural gas connections for 46 industrial and commercial customers and acquired 171 industrial and commercial customers. As at March 31, 2005, the Group accumulated connected industrial and commercial customer reached 524 users. The connection fee for industrial and commercial customers was calculated based on the contracted capacity in average of RMB50 per cubic meter per day and average connection fee paid by industrial and commercial customers was RMB110,673 per customer.

Connection fee represented approximately 71% to the Group's total turnover during the year.

Sale of Piped Gas

Connection fee is a one-off income, whereas the Group's ultimate profit comes from the sales income of piped gas.

工商業用戶

工業用戶主要以天然氣作為燃料或原料，與住宅用戶相比，工商業用戶的用氣規模要大得多。近年來由於國際原油價格不斷上漲，導致汽油、柴油、重油的價格居高不下；同時由於國內環保法規的日益嚴厲和治理小煤礦導致的國內煤炭供應日益緊張，煤炭價格不斷上漲，越來越多的工商業用戶開始轉用清潔高效的天然氣，以節約生產成本。

本財政年度內，集團共完成接駁46戶工商業天然氣用戶，收購171戶工商業用戶，截至二零零五年三月三十一日止集團累計接駁524戶工商業用戶，工業用戶的接駁費按照合同的供應量計算平均人民幣50元／立方米／日，工商業用戶的接駁費平均每戶人民幣110,673元。

接駁費收入佔集團年度內總營業額的比例約為71%。

管道燃氣銷售

接駁費為一次性的收入，本集團最終的利潤由銷售燃氣中獲得。



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During the financial year, natural gas sales from the companies in Wuhu, Yichang, Suizhou, Xiaogan, Huainan and Beijing Xiangke were recorded. The Group sold in total 37,099,520 m³ of natural gas of which 9,666,920 m³ to domestic customers, 24,736,000 m³ to industrial users and 2,707,600 m³ to commercial users and recorded natural gas sales income of HK\$76,218,000, representing approximately 19% of the Group's total turnover for the year. The natural gas sales income was approximately 140% higher than that of the same period last year.

As at March 31, 2005, actual usage for domestic customers was approximately 52,700 m³/day, the scale of actual daily usage for industrial customers was approximately 286,900 m³/day, the scale of actual usage for commercial customers was approximately 63,600 m³/day. Average selling price (including tax) was RMB2.21 per cubic meter for domestic customers, RMB1.82 per cubic meter for industrial customers, RMB2.34 per cubic meter for commercial customers.

During the financial year, piped coal gas sales from Wuhu Zhongran and Yichang Zhongran was recorded while piped LPG sales income was recorded from Yangzhong Zhongran, Suzhou Zhongran and Huainan Zhongran. A total of 39,183,390 cubic meters of coal gas and LPG was sold during the financial year of which 27,063,120 cubic meters of coal gas and LPG to domestic customers and 2,783,270 cubic meters of coal gas and LPG to industrial customers and 9,337,000 cubic meters of coal gas and LPG to commercial customers. Income from coal gas and LPG was HK\$27,625,000, representing approximately 6.7% to the Group's total turnover.

於財政年度，蕪湖、宜昌、隨州、孝感、淮南、北京翔科等公司錄得天然氣的銷售。集團共銷售37,099,520立方米天然氣，其中銷售9,666,920立方米天然氣予住宅用戶，24,736,000立方米天然氣予工業用戶，2,707,600立方米天然氣予商業用戶，天然氣銷售收入76,218,000港元，佔本集團年度內總營業額的比例約為19%，天然氣銷售收入較去年同期增長約140%。

截止二零零五年三月三十一日，住宅用戶實際日用氣約為52,700立方米，工業用戶實際日用氣規模約為286,900立方米，商業用戶實際日用氣規模約為63,600立方米。對住宅用戶的平均售價(含稅)為人民幣2.21人民幣/立方米，對工業用戶的平均售價(含稅)為人民幣1.82人民幣/立方米，對商業用戶的平均售價(含稅)為人民幣2.34人民幣/立方米。

於財政年度，蕪湖中燃及宜昌中燃錄得管道煤氣的銷售，揚中中燃、宿州中燃及淮南中燃錄得管道液化石油氣的銷售。本財政年度內集團共銷售39,183,390立方米煤氣及液化石油氣，其中銷售27,063,120立方米煤氣及液化石油氣予住宅用戶，2,783,270立方米煤氣及液化石油氣予工業用戶，9,337,000立方米煤氣及液化石油氣予商業用戶，煤氣及液化石油氣的銷售收入為27,625,000港元，佔本集團總營業額的比例約為6.7%。



CHINA GAS

Gross Profit Margin and Net Profit Margin

During the financial year, the Group realized revenue of HK\$410,202,000 (2004: HK\$376,491,000) and gross profit of HK\$247,116,000 (2004: HK\$168,410,000), representing 60% of the Group's overall gross profit margin (2004: 45%). The Group realized net profit of HK\$132,249,000 (2004: HK\$80,060,000), representing an overall net profit margin of 32% (2004: 21%).

Attracting strategic shareholders to enhance competitiveness

During the financial year, the Group made a big move by bringing in one of the three major petroleum companies in China, Sinopec Corporation and India's largest natural gas operator, GAIL (India) Limited as the Group's strategic shareholders. The Group and Sinopec Corporation will have full strategic cooperation in the exploration and exploitation of natural gas, transportation trade, procurement and supply, investment in long distance natural gas transmission pipelines, investment in the construction and operation of urban gas pipe networks, information exchange and human resources for the joint development of China's rapid-growing and huge natural gas market. Sinopec's involvement in the Group as a strategic shareholder will enable the Group's downstream gas distribution business to secure a strong support from the upstream and midstream manufacturers. The Group has also entered into an agreement with GAIL for the joint development of CNG automobile gassing business in China. The Group's cooperation with experienced GAIL in this potential market will enable GAIL to become a new business growth point of the Group.

毛利率及純利率

本集團於財政年度內實現營業收入410,202,000港元(二零零四年:376,491,000港元),實現毛利247,116,000港元(二零零四年度:168,410,000港元),整體毛利潤率為60%(二零零四年度:45%);實現純利132,249,000港元(二零零四年度:80,060,000港元),整體純利率為32%(二零零四年度:21%)。

引入策略股東,提升競爭力

於本財務年度內,集團在引入策略性股東方面作出了非常重大的舉措,先後引入中國三大石油公司之一的中國石油化工股份有限公司、印度最大的天然氣營運商印度燃氣(GAIL (India) Limited)成為集團策略性股東,集團將與中國石油化工股份有限公司在天然氣勘探開採、運輸貿易及採購供應、天然氣長輸管線投資、城市燃氣管網投資建設與運營、信息交流及人力資源方面進行全面戰略合作,共同拓展中國迅猛發展及龐大天然氣市場。中石化成為集團的策略性股東使集團的下游燃氣分銷業務獲得了來自上中游廠商的強力支持。同時集團也與GAIL簽署了共同拓展中國CNG汽車加汽業務的協議,準備在這個非常有發展潛力的市場與經驗豐富的GAIL合作,使其成為集團新的業務增長點。



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In addition, the Group has also entered into a strategic cooperation framework agreement with the world's largest natural gas company Gazprom, the world's largest LNG business operator Korea Gas Corporation and Asia's most long-standing company City Gas Pte Ltd.. These international energy companies have all indicated their intention to join the Group as strategic shareholders and to carry out full cooperation with the Group in their respective areas where they have competitive edges.

The Group believes that bringing in strategic shareholders will not only be able to secure the financial support which the Group is in urgent need for the development of its natural gas business, but also be able to rapidly raise the Group's technical, operation and management standards in all areas of natural gas, which in turn will be a great benefit to the Company's speedy development. Building up a company background with international shareholders will enable the Company to develop itself in future into an energy corporation that focuses on the natural gas business and has international competitiveness and an ever-lasting brand.

Establishing a safety operation and management system

The Group is engaged in public utilities by transmitting clean energy sources to numerous residents as well as industrial, commercial and corporate users. Hence, the Group is fully aware that safety operation is vital to the Group's business.

另外，集團還與世界最大的天然氣公司俄羅斯天然氣工業股份有限公司 (Gazprom) 及世界最大的 LNG 業務公司韓國燃氣 (Korea Gas Corporation) 及亞洲經營歷史最悠久的新加坡城市燃氣 (City Gas Pte. Ltd) 簽署了戰略合作框架協定，這些國際能源公司均有意成為集團的策略性股東，在各自的優勢業務領域與集團展開全面合作。

集團相信，引入策略性股東不僅可以為集團帶來發展天然氣業務所急需的資金支持，還可以迅速提升集團在天然氣各個領域的技術、運營和管理水平，對支持公司的迅速發展具有實質性的幫助。而打造一個國際性的股東背景，也將使公司在未來成長為一個具備國際競爭力的以天然氣業務為主的百年常青的品牌能源企業。

建立安全運營管理體系

集團所從事的是公用事業，將清潔能源輸送至眾多居民和工商企業用戶，因此集團深明安全運營對集團業務的重要性。



During the financial year, a HSE Safety Management Department was particularly set up in accordance with the requirements of the industry's international standards, and subsequently further improvements were made to the Group's safety management manual in line with the Group's actual circumstances and in combination with the safety operation standards of the international energy industry, and training was provided to all project companies of the Group in accordance with the new standards. Immediately after the training, an inspection was carried out on a regular basis to identify, on a timely basis, safety problems of the project companies arising during project construction, production and operation, and to urge these companies to make improvements in accordance with the new standards.

Improvements have also been made to the safety management network within the Group, and for this purpose a safety production committee has been set up, comprising members from the senior management of the Group's head office and general managers of the project companies under the Group. The HSE Safety Management Department will convene meetings on a regular basis to assess and inspect safety management and draw conclusions thereon, and to fully implement the Group's measures in all areas of safety production, operation and management.

Human Resources

The Group's development relies upon the retention and education of talented people. Only with competent and high quality staff can the Group's competitiveness be secured completely. The Group is committed to the "people-centered" business concept. It has carried out a lot of measures for attracting and training talented people in the areas below.

按照行業國際標準的要求，集團在本財政年度專門成立了HSE安全管理部，HSE安全管理部成立後，根據集團的實際情況，結合國際能源行業的安全運營標準，進一步完善了集團的安全管理手冊，並對全集團所有項目公司按新標準進行了培訓，培訓後隨即進行了定期檢查以及時發現各項目公司在工程建設和生產運營時的安全問題並敦促其按新標準進行改進和完善。

集團也完善了全公司範圍內安全管理網路，為此設立了安全生產委員會，由集團總部高層和下屬項目公司總經理擔任委員。由HSE安全管理部定期組織召開安全運營的評估、檢查、總結會議並將集團對安全生產運營管理的各方面要求進行貫徹落實。

人力資源

集團的發展有賴於人才的儲備和培養，只有充實高素質的員工，集團的競爭力才有充分的保障。集團堅持“人才為本”的經營理念，在人才引進、培訓以下方面做了大量的工作。



Management Discussion and Analysis 管理層之討論及分析

The Group has set up 中燃哈工大燃氣技術研究院 (Gas Technology Research Institute of China Gas and HIT) and 哈工大中燃產學研基地 (Production Research Base of HIT and China Gas) with 哈爾濱工業大學 (Harbin Institute of Technology), a Chinese domestic university which is the strongest in the gas discipline. This is the first time for the Group to join hands with a Chinese domestic university to set up the research institutes. Harbin Institute of Technology is the first institution in China that runs the gas discipline, and is stronger in research and advantage in the area of natural gas transmission and distribution. The establishment of the Gas Technology Research Institute of China Gas and HIT and the Production Research Base of HIT and China Gas will be beneficial to the Group's education and training of various gas technicians and management staff, and enhancement of the standards for its construction, operation and management of urban natural gas projects. Furthermore, the Group is negotiating with Harbin Institute of Technology about assigning the Group as 哈爾濱工業大學燃氣博士後工作流動站 (Post-doctorate Gas Work Mobile Station of Harbin Institute of Technology), 哈爾濱工業大學研究生工作實習站 (Fieldwork Station for Post-graduates of Harbin Institute of Technology) and 哈爾濱工業大學本科生實習基地 (Fieldwork Station for Undergraduates of Harbin Institute of Technology). In this way, the Group is also able to attract outstanding graduates trained from that university every year. At present, there is a batch of outstanding people with doctorate and master degree stationed at the work station of the Group.

集團與國內燃氣專業實力最強的大學哈爾濱工業大學及中國國家建設部下屬的中國燃氣協會成立了中國第一所燃氣研究院“中燃哈工大燃氣技術研究院”和“哈工大中燃產學研基地”這是集團首次和國內高等學府聯手成立的研究機構。哈工大是全國第一個開辦燃氣專業的大學，在天然氣輸配領域上有較強的研究實力和優勢。通過成立“中燃哈工大燃氣技術研究院”和“哈工大中燃產學研基地”將有利於集團培養和培訓各類燃氣技術和管理人才，推動集團在城市燃氣建設、運營、管理水平上的提升。此外，集團通過與哈爾濱工業大學協商並達成協議將集團確立為“哈爾濱工業大學燃氣博士後工作流動站”、“哈爾濱工業大學研究生工作實習站”以及“哈爾濱工業大學本科生實習基地”。這樣集團也可以每年引進該校培養的優秀畢業生，目前已有一批優秀的博士和碩士進駐集團工作站。



CHINA GAS

The Group has established a system for providing general training, on-the-job training and senior management training. Through general training, each new staff member, upon joining the Group, will be able to understand the Group's fundamental concept, management concept, corporate culture, business and technical procedures, primary codes, etc.. On-the-job training will enable professional technicians and operators to acquire professional operating skills, updates of gas technology development, new technology and methods in accordance with the Group's requirements and standards. For this purpose, an in-house training base has been set up particularly and a detailed plan formulated for offering on-the-job training on a shift basis. Training for senior management is carried out mainly through the Production Research Base of HIT and China Gas. By providing training to the senior management of the Group's head office and its subsidiaries, the senior management will be able to broaden their perspectives, renew and enrich their knowledge base and further raise their management standards.

As at March 31, 2005, the Group has approximately 1,750 employees, representing a decrease of approximately 16% over last year. The decrease was mainly attributable to the layout of staff from the Group as a result of re-organization of positioning and systems. Remuneration is determined by reference to their qualifications and experiences of the staff concerned and according to the prevailing industry practice in the respective regions in which it operates. Beside the basic salaries and pension fund, some employees are entitled to discretionary bonuses, merit payment and share options which depend on the performances of individual employee. Share options were granted to eligible staff in this financial year.

集團建立了普及性培訓、專業崗位培訓及高層管理培訓的培訓體系。集團通過普及性培訓使每個新員工在加入集團後瞭解集團的基本理念、管理理念、集團文化、業務流程、工藝流程和基本守則等內容。通過專業崗位培訓使專業技術人員、操作人員按集團要求標準掌握專業操作技能、燃氣技術發展動態、新技術、新方法，為此集團還在內部專門成立了培訓基地，制訂了詳細的崗位輪訓計劃。高層管理培訓則主要通過哈工大中燃產學研基地進行，通過對集團總部和下屬子公司高級管理人員的培訓力求使其視野得以拓展，知識儲備得以更新和豐富，管理水平得以進一步提升。

於二零零五年三月三十一日，本集團總員工數目約為1,750名，與去年比較減少約16%。員工的減少主要源於本集團通過對下屬子公司的定崗位及定編制將一些冗員通過各種手段調整出集團，員工薪酬將根據員工的履歷及經驗來釐定，及根據現時行業於營運當地的一般模式。除基本薪金及退休金供款外，員工將根據員工的個別表現，決定其可獲得酌情花紅、獎金及購股期權的數量。於本財政年度，集團已向合資格員工授予購股期權。



Management Discussion and Analysis 管理層之討論及分析

Natural Gas Joint Venture Companies

Anhui Province

The Group currently has operations in Wuhu city, Huainan city, Suzhou city, Wuhuxian and Shouxian, Anhui Province.

As at March 31, 2005, completed facilities in Wuhu Zhongran included pipelines of approximately 980 km (approximately 557 km belongs to branch and customer pipeline network), an increase of 22.96% compared to the last financial year. Accumulated connected domestic households reached 116,632 households and accumulated connected industrial and commercial customers was 311 users, an increase of approximately 16.7% and 5.1% respectively. As at March 31, 2005, contribution from Wuhu Zhongran accounted for 17.8% of the Group's turnover.

Wuhuxian Zhongran is a wholly owned subsidiary of the Group and established in January 2005 and is in its stage of preparation of construction works. As at March 31, 2005, no contribution was recorded.

As at March 31, 2005, completed facilities in Huainan Zhongran included pipelines of approximately 437 km (approximately 292 km belongs to branch and customer pipeline network), an increase of 22.25% compared to the last financial year. Accumulated connected domestic households reached 53,368 households and accumulated industrial and commercial customers reached 11 users, an increase of approximately 15.1% and 175% respectively. Contribution from Huainan Zhongran accounted for 6.0% of the Group's turnover for the year ended March 31, 2005.

Shouxian Zhongran is a 90% owned subsidiary of the Group and established in October 2004 and in its stage of preparation of construction works. As at March 31, 2005, no contribution was recorded.

天然氣合資公司

安徽省

本集團目前於安徽省蕪湖市、淮南市、宿州市、蕪湖縣、壽縣及安徽省已有業務。

截至二零零五年三月三十一日，蕪湖中燃已建成設施包括合共約980公里的管道(其中庭院管網約557公里)，較與去年同期增加約22.96%。累計已接駁天然氣住宅用戶為116,632戶及累計已接駁工商業用戶311戶，較去年同期分別增加約16.7%及5.1%。截至二零零五年三月三十一日止年度的營業額蕪湖中燃佔本集團營業額17.8%。

蕪湖縣中燃為本集團的全資附屬公司，於二零零五月註冊成立，目前尚在工程準備階段。截至二零零五年三月三十一日，該公司並未對本集團業績作出貢獻。

截至二零零五年三月三十一日，淮南中燃已建成設施包括合共約437公里的管道(其中庭院管網約292公里)，與去年同期比較增加22.25%；累計已接駁天然氣住宅用戶為53,368戶及累計已接駁工商業用戶11戶，較去年同期分別增加約15.1%及175%。截至二零零五年三月三十一日止年度的營業額淮南中燃佔本集團營業額6.0%。

本集團持有壽縣中燃90%權益，壽縣中燃於二零零四年十月註冊成立，目前尚在工程籌備階段。截至二零零五年三月三十一日，該公司並未對本集團業績作出貢獻。



Suzhou city has a total population of 5,930,000 of whom 452,000 resided in the urban areas. The Group owned 75% in Suzhou Zhongran. As at March 31, 2005, completed facilities in Suzhou Zhongran included pipelines of approximately 59 km (approximately 40 km belongs to branch and customer pipeline network). Accumulated connected domestic households was 13,393 households and accumulated connected industrial and commercial customers was 11 users. Contribution from Suzhou Zhongran accounted for 5.9% of the Group's turnover for the year ended March 31, 2005.

Hubei Province

The Group currently has operations in Yichang city, Xiaogan city, Hanchuan city, Yingcheng city, Yunmeng city, Suizhou city, Tianmen city and Dangyang city, Hubei Province.

As at March 31, 2005, Yichang Zhongran had completed facilities included 573 km pipelines (approximately 244 km belongs to branch and customer pipeline network). Accumulated connected domestic households reached 66,925 households and accumulated connected industrial and commercial customers was 91 users. Contribution from Yichang Zhongran accounted for 3.6% of the Group's turnover for the year ended March 31, 2005.

As at March 31, 2005, the joint venture companies of Xiaogan, Hanchuan, Yingcheng, Yunmeng and Xiaogan Zenrong had completed facilities included pipelines of approximately 889 km (approximately 370 km belongs to branch and customer pipeline network). Accumulated connected domestic households was 65,453 households and accumulated connected industrial and commercial customer was 1 user. Contribution from the five joint venture companies accounted for 21% of the Group's turnover for the year ended March 31, 2005.

宿州總人口約593萬人，當中45.2萬人居於城市地區。本集團持有宿州中燃75%權益。截至二零零五年三月三十一日，宿州中燃已建成設施包括合共約59公里的管道（其中庭院管網約40公里）；累計已接駁天然氣住宅用戶為13,393戶及累計已接駁工商業用戶11戶。截至二零零五年三月三十一日止年度的營業額佔本集團營業額5.9%。

湖北省

本集團目前於湖北省宜昌市、孝感市、漢川市、應城市、雲夢市、隨州市、天門市及當陽市已有業務。

截至二零零五年三月三十一日，宜昌中燃已建成設施包括合共約573公里的管道（其中庭院管網約244公里）；累計已接駁天然氣住宅用戶為66,925戶及累計已接駁工商業用戶91戶。截至二零零五年三月三十一日止年度的營業額佔本集團營業額3.6%。

截至二零零五年三月三十一日，孝感市、漢川市、應城市、雲夢縣及孝感振戎長輸管道合資公司已建成設施包括合共約889公里的管道（其中庭院管網約370公里）。累計已接駁天然氣住宅用戶為65,453戶及累計已接駁工商業用戶1戶。五間合資公司截至二零零五年三月三十一日止年度的營業額佔本集團營業額21%。



Management Discussion and Analysis 管理層之討論及分析

As at March 31, 2005, Suizhou Zhongran completed facilities included pipelines of approximately 157 km (approximately 116 km belongs to branch and customer pipeline network) as at March 31, 2005. Accumulated connected domestic households was 28,684 households. Contribution from Suizhou Zhongran accounted for 11.2% of the Group's turnover for the year ended March 31, 2005.

Tianman Zhongran is a wholly owned subsidiary of the Group. Tianman has a total population of 1,600,000 of whom 400,000 resided in the urban areas. Tianman Zhongran was in its stage of establishment during the financial year ended March 31, 2005.

Dangyang Zhongran is a wholly owned subsidiary of the Group. Dangyang has a total population of 560,000 of whom 140,000 resided in the urban areas. As at 31 March 2005, no contribution was recorded.

Hunan Province

The Group currently has operation in Yiyang city and Yuanjian city, Hunan Province.

As at March 31, 2005, Yiyang Zhongran had completed facilities included pipelines of approximately 301 km (approximately 272 km belongs to branch and customer pipeline network). Accumulated connected domestic households was 30,237 households. Contribution from Yiyang Zhongran accounted for 10.4% of the Group's turnover for the year ended March 31, 2005.

Jiangsu Province

The Group currently has operation in Pizhou city, Yangzhong city and Jiang Bei District of Nanjing city, Jiangsu Province.

As at March 31, 2005, Pizhou Zhongran completed facilities included pipelines of approximately 22 km and accumulated connected domestic households was 7,166 households. Contribution from Pizhou Zhongran accounted for 3.4% of the Group's turnover for the year ended March 31, 2005.

截至二零零五年三月三十一日，隨州中燃已建成設施包括合共約157公里的管道(其中庭院管網約116公里)。累計已接駁天然氣住宅用戶為28,684戶。截至二零零五年三月三十一日止年度的隨州中燃營業額佔本集團營業額11.2%。

天門中燃為本集團全資附屬公司。天門市總人口約160萬人，當中40萬人居於城市地區。截至二零零五年三月三十一日止天門中燃仍在成立階段。

當陽中燃為本集團之全資附屬公司。當陽市有人口共560,000人，其中140,000人居住市內。於二零零五年三月三十一日，並無錄得貢獻。

湖南省

本集團目前於湖南省益陽市、沅江市已有業務。

截至二零零五年三月三十一日，益陽中燃已建成設施包括合共約301公里的管道(其中庭院管網約272公里)。累計已接駁天然氣住宅用戶為30,237戶。截至二零零五年三月三十一日止年度的益陽中燃營業額佔本集團營業額10.4%。

江蘇省

本集團目前於江蘇省邳州市、揚中市及南京市江北地區已有業務。

截至二零零五年三月三十一日，邳州中燃已建成設施包括合共約22公里的管道。累計已接駁天然氣住宅用戶為7,166戶。截至二零零五年三月三十一日止年度的邳州中燃營業額佔本集團營業額3.4%。



As at March 31, 2005, Yangzhong Zhongran completed facilities included pipelines of approximately 86 km (approximately 29 km belongs to branch and customer pipeline network) and accumulated connected domestic households was 9,283 households and accumulated connected industrial and commercial customers was 48 users. Contribution from Yangzhong Zhongran accounted for 1.9% of the Group's turnover for the year ended March 31, 2005.

In January 2005, the Group was granted the licence for a period of 30 years to operate the piped gas for the Jiang Bei District of Nanjing City, the PRC. Nanjing Zhongran is a wholly owned subsidiary of the Company with registered capital of US\$24,180,400 and was duly set up in June 2005. Nanjing city is the capital of Jiangsu Province and Jiang Bei district of Nanjing city includes Luhe district and Pukou district and the area of which covers more than 50% of the Nanjing city. The planned population of this area is about 3.6 million. Pukou district is an important strategic development area and is planned to be a luxury residential area and high technology development zone while Luhe district is a major area for petroleum chemical industry for Nanjing city.

Zhejiang Province

The Group currently has its investments in Xiaoshan District of Hangzhou city, Zhejiang Province.

In March 2005, the Group signed a cooperation agreement with People's Government of Xiaoshan District, Hangzhou city to establish a wholly owned subsidiary to be named Hangzhou Zhongran and was granted an exclusive licence to operate natural gas projects in Xiaoshan District, Hangzhou city for a term of 30 years. Hangzhou Zhongran will have its registered capital of RMB100,000,000 and is a wholly-owned subsidiary of the Group. As of March 31, 2005, Hangzhou Zhongran was in the process of establishment.

截至二零零五年三月三十一日，揚中中燃已建成設施包括合共約86公里的管道（其中庭院管網約29公里）。累計已接駁天然氣住宅用戶為9,283戶及累計已接駁工商業用戶48戶。截至二零零五年三月三十一日止年度的揚中中燃營業額佔本集團營業額1.9%。

於二零零五年一月，本集團獲授予中國南京市江北區管道燃氣三十年專營權。南京中燃為本集團全資附屬公司，註冊資本為24,180,400美元，於二零零五年六月正式成立。南京市是江蘇省省會，南京市江北區包含六合區和浦口區，面積佔南京市城區總面積的50%以上，地區規劃人口約為360萬人。浦口區是南京市沿江開發戰略的重點組成部份，是南京市規劃大型高尚住宅區和高新技術開發區；六合區是南京市重點發展的石油化學工業園區。

浙江省

本集團目前於浙江省杭州市蕭山區已有投資。

於二零零五年三月，本集團與杭州市蕭山區人民政府簽訂合作協議，於杭州市蕭山區成立一家外商獨資企業名為“杭州中燃”並附有為期三十年獨家經營城市天然氣項目之專營權。杭州中燃註冊資本為人民幣100,000,000元並為本集團之全資附屬公司。截至二零零五年三月三十一日，杭州中燃仍在成立中。



Management Discussion and Analysis 管理層之討論及分析

Hebei Province

Beijing Zhongran Xiangke Oil Gas Technology Co. Ltd ("Beijing Zhongran Xiangke") is the Group's 60% owned joint venture company and is principally engaged in sale of compressed natural gas to domestic households and industrial around sub-urban areas of Beijing and part of sub-urban areas in Hebei Province and Tianjin. As at March 31, 2005, Beijing Zhongran Xiangke owned 13 wholly-owned subsidiaries, exclusive piped gas operating rights in ten cities and districts including Zunhua, Neiqiuxian, Letingxian City, Xinle, Gaocheng, Pingshanxian, Fengnan district of Tangshan, Lingshouxian, Longyaoxian and Xingtangxian of Hebei Province. As at March 31, 2005, Beijing Zhongran Xiangke had completed facilities included pipelines of approximately 185 km (approximately 85 km belongs to branch and customer pipeline network). Accumulated connected natural gas domestic customers was 19,792 households and accumulated connected industrial and commercial customers reached 50 users, an increase of 81.23% and 600% compared to last financial year. Turnovers of Beijing Zhongran Xiangke represented 18.5% of the Group's total turnover for the year ended March 31, 2005.

Besides Beijing Zhongran Xiangke, the Group currently has operation in Cangzhou City. Cangzhou Economic and Technology Development Zone, Nanpixin and Qinghexian, Hebei Province.

Cangzhou Zhongran, a wholly-owned subsidiary of the Group was established in October 2004 and was granted a 30-years exclusive operating rights to operate natural gas project in Cangzhou Economic and Technology Development Zone. As at March 31, 2005, accumulated connected domestic households was 131 households and accumulated connected industrial and commercial customer was 1 user.

河北省

北京中燃翔科油氣技術有限公司(「北京中燃翔科」)為本集團持有60%權益的合資公司，其主要業務為於北京周邊地區、河北省周邊地區及天津地區向居民用戶及工業用戶銷售壓縮天然氣；截至二零零五年三月三十一日，北京中燃翔科擁有13間全資附屬公司，擁有河北省遵化、內丘縣、樂亭縣、新樂、藁城、平山、唐山豐南區、靈壽縣、隆堯縣及行唐縣10個城市和地區的管道燃氣專營權。截至二零零五年三月三十一日，北京中燃翔科已建成合共約185公里的燃氣管道(其中庭院管網約85公里)，累計已接駁天然氣住宅用戶為19,792戶及累計已接駁工商業用戶為50戶，較去年同期分別增加約81.23%及600%。截至二零零五年三月三十一日止年度的北京中燃翔科營業額佔本集團營業額18.5%。

除北京中燃翔科外，本集團目前於河北省滄州市、滄州經濟技術開發區、南皮縣及清河縣已有業務。

滄州中燃於二零零四年十月成立並為本集團全資附屬公司，並獲授予中國滄州經濟技術開發區管道天然氣三十年專營權。截至二零零五年三月三十一日，累計已接駁天然氣住宅用戶為131戶及累計已接駁工商業用戶1戶。



CHINA GAS

In October 2004, the Group signed a joint venture agreement with Cangzhou Municipal Government for the establishment of a joint venture company to operate natural gas project in Cangzhou city. The joint venture company will have a registered capital of RMB50,000,000 and total investment of RMB150,000,000 and the Group would have 70% interest in the joint venture company. Cangzhou city is located in south-east of Hebei Province comprising two direct governance districts and ten counties. It has a total population of approximately 6,770,000. The joint venture company of Cangzhou city is under the stage of establishment as at March 31, 2005.

Nanpixian is located in south-east part of Hebei Province and has a total area of 800 square miles with total population of 360,000 of whom 50,000 resided in the urban areas. Nanpi Zhongran was established in October 2004. As at March 31, 2005, no contribution was recorded from Nanpi Zhongran.

Qinghexian is located in south-east part of Hebei Province and has a total area of 502 square miles with total population of 360,000 of whom 40,000 resided in the urban areas. As at March 31, 2005, Qinghexian Zhongran was under the stage of establishment.

Guangxi Zhuang Autonomous Region

The Group currently has its investment in Yulin city and Qin Zhou city, Guangxi Zhuang Autonomous Region.

Yulin city is located in south-east part of Guangxi Zhuang Autonomous Region and has a total area of 12,800 square miles with total population of 5,400,000 of whom 400,000 resided in the urban areas. As at March 31, 2005, Yulin Zhongran was in the process of establishment.

於二零零四年十月，本集團與滄州市政府就成立合資公司簽訂合營協議，合資公司主要於滄州市從事天然氣項目。合資公司的註冊資本為人民幣5,000萬元，總投資金額為人民幣150,000,000元。合資公司由本集團擁有70%權益。滄州市位於河北省東南部，包括兩個直轄區及十個縣。滄州市約有人口6,770,000人。截至二零零五年三月三十一日，滄州市合資公司仍在成立中。

南皮縣位於河北省東南部，總面積800平方里，人口約36萬人，當中約5萬人居於城市地區。南皮中燃於二零零四年十月成立。截至二零零五年三月三十一日，南皮中燃並未有業績貢獻。

清河縣位於河北省東南部，面積502平方里，人口約36萬人，當中約4萬人居於城市地區。截至二零零五年三月三十一日，清河中燃仍在成立中。

廣西壯族自治區

本集團目前於廣西壯族自治區玉林市及欽州市已有投資。

玉林市位於廣西壯族自治區東南部，面積1.28萬平方里，玉林市人口約540萬人，當中40萬人居於城市地區。截至二零零五年三月三十一日，玉林中燃仍在成立中。



Management Discussion and Analysis 管理層之討論及分析

Qinzhou city is located along the coastal of the southern part of Guangxi Zhuang Autonomous Region and has a total area of 10,800 square miles with total population of 3,300,000 of whom 220,000 resided in the urban areas. Qinzhou Zhongran was established in January 2005 and is wholly owned by the Group. As at March 31, 2005, no contribution was recorded.

Shaanxi Province

This is the first time of the Group to have its investment in Shaanxi province.

A cooperation agreement was entered into between the Company and Xi'an National Hi-Tech Industrial Development Zone Administrative Committee for the establishment of Xi'an Zhongran, a wholly-owned subsidiary of the Group, to operate natural gas project in Xi'an National Hi-Tech Aviation Development Zone and the new development zones around X'ian National Hi-Tech Industrial Development Zone in November 2004. Xi'an Zhongran was in the process of establishment as at March 31, 2005.

Beijing

Following the cooperation agreement entered into between the Company and 北京市燃氣集團有限責任公司 (Beijing Gas Group Company Limited) ("Beijing Gas Group") in May 2004, a joint venture company namely Beijing Jinggang Gas Development Company Limited ("Beijing Jinggang") was formed by the Company and Beijing Gas Group in January 2005. Beijing Jinggang has a registered capital of RMB30,000,000 and was owned as to 49% by the Company and 51% by Beijing Gas Group and it will operate natural gas projects in the suburb areas including six districts in Beijing and the relevant exclusive operating rights are under the process of application.

欽州市位於廣西壯族自治區南部沿海，面積1.08萬平方公里，欽州市人口約330萬人，當中22萬人居於城市地區。欽州中燃於二零零五年一月成立，為集團全資附屬公司。截至二零零五年三月三十一日，公司並未有業績貢獻。

陝西省

本集團首次於陝西省投資天然氣項目。

於二零零四年十一月，集團與西安高新技術產業開發區管理委員會簽訂合作協議成立西安中燃並為集團之全資附屬公司，西安中燃於西安高新區航空科技產業園及高新區新開發區域經營天然氣項目。截至二零零五年三月三十一日，西安中燃仍在成立中。

北京

於二零零四年五月，本集團與北京市燃氣集團有限責任公司（「北京燃氣集團」）簽署合作協議成立合資公司，合資公司名稱為北京京港燃氣發展有限公司（「北京京港」）並於二零零五年一月成立。北京京港註冊資本為人民幣30,000,000元，其中49%權益由本集團持有，51%權益由北京燃氣集團持有；並共同投資經營北京周邊地區共6區的管道天然氣項目，有關管道燃氣專營權的申請正在進行之中。



Other events

In March 2005, the Group, through its subsidiaries, signed a cooperation agreement with People's Government of Nanlingxian, Anhui province for the establishment of a wholly owned subsidiary namely Nanlingxian Zhongran and will have a registered capital of RMB10,000,000.

In April 2005, the Group, through its subsidiaries, signed a cooperation agreement with People's Government of Guangshui city for the establishment of a wholly owned subsidiary namely Guangshui Zhongran and will have a registered capital of HK\$7,500,000.

In April 2005, the Group, through its subsidiaries, signed a joint venture agreement with 紹興縣中國輕紡城管道燃氣有限公司 (Shaoxing County China Qing Fang City Piped Gas Company Limited) ("China Qing Fang City") for the establishment of Shaoxing Zhongran to be engaged in the natural gas project in Shaoxing, Zhejiang province with exclusive rights for the operation of the piped gas business for 30 years. Shaoxing Zhongran will have a registered capital of RMB70,000,000 and owned as to 55% by the Group and 45% by China Qing Fang City.

In April 2005, the Group signed a cooperation agreement with 廣東省茂名市建設局 (Maoming City Construction Bureau, Guangdong province) for the establishment of a wholly-owned subsidiary by the Company namely Maoming Zhongran to operate natural gas project in Maoming city, Guangdong province. Maoming Zhongran will have a registered capital of RMB50,000,000.

其他

二零零五年三月，本集團通過附屬公司與安徽省南陵縣人民政府簽署《安徽省南陵縣天然氣項目投資開發合同》，於南陵縣成立一間公司名為南陵縣中燃並由本集團全資擁有，南陵縣中燃之註冊資本為人民幣10,000,000元。

二零零五年四月，本集團通過附屬公司與廣水市人民政府簽署《廣水市燃氣利用工程項目建設經營協議書》，於廣水市成立一間公司名為廣水中燃並由本集團全資擁有，廣水中燃之註冊資本為7,500,000港元。

二零零五年四月，本集團通過附屬公司與紹興縣中國輕紡城管道燃氣有限公司（「中國輕紡城」）簽署合資合同，於浙江省紹興縣成立一間合資公司名為紹興中燃，主要從事天然氣項目並獲發為期三十年的經營管道燃氣項目之專營權。紹興中燃之註冊資本為人民幣70,000,000元並分別由本集團擁有55%及中國輕紡城擁有45%。

二零零五年四月，本集團與廣東省茂名市建設局簽署合作合同，於廣東省茂名市成立一間公司名為茂名中燃並由本集團全資擁有，茂名中燃於廣東茂名市經營天然氣項目，其註冊資本為人民幣50,000,000元。



Management Discussion and Analysis 管理層之討論及分析

In May 2005, the Group, through its subsidiaries, signed 《徐州市賈汪區燃氣利用工程項目經營合同書》(Operation Agreement of Exploitation of Natural Gas Construction Project of Jiawang district, Xuzhou city) with People's Government of Jiawang district, Xuzhou city, Jiangsu province and 《新沂市燃氣利用工程項目經營合同書》(Operation Agreement of Exploitation of Natural Gas Construction Project of Xinyi city) with People's Government of Xinyi city, Jiangsu province for the establishment of two wholly owned subsidiaries in Jiawang district, Xuzhou city and Xinyi city namely Xuzhou Zhongran and Xinyi Zhongran respectively and with registered capital of RMB10,000,000 and HK\$10,000,000 respectively.

In May 2005, the Group, through its subsidiaries, signed two cooperation agreements in Fengtaixian and Huoshanxian, Anhui province for the establishment of two wholly owned subsidiaries in Fengtaixian and Huoshanxian namely Fengtaixian Zhongran and Huoshanxian Zhongran respectively and with registered capital each of RMB5,000,000.

Financial Review

Liquidity and Financial Resources

As at March 31, 2005, the audited total assets of the Group was HK\$2,750,723,000, increased by approximately 105% as compared to March 31, 2004.

As at March 31, 2005, cash on hand was HK\$695,389,000 (March 31, 2004: HK\$471,823,000). The Group's total bank and other borrowings amounted to HK\$1,323,446,000 (March 31, 2004: HK\$591,719,000) of which approximately 13.1%, 5.5%, 31.7% and 49.7% would be due within one year, from first to second year, from second to fifth year and after the fifth year, respectively.

二零零五年五月，本集團通過附屬公司先分別與江蘇省徐州市賈汪區人民政府和江蘇省新沂市人民政府簽署《徐州市賈汪區燃氣利用工程項目經營合同書》及《新沂市燃氣利用工程項目經營合同書》，分別於徐州市賈汪區和新沂市成立徐州中燃和新沂中燃並由本集團全資擁有，兩間公司的註冊資本分別為人民幣10,000,000元及10,000,000港元。

二零零五年五月，本集團通過附屬公司先後在安徽省鳳台縣和霍山縣簽署兩份合作合同，分別於鳳台縣和霍山縣成立鳳台中燃和霍山中燃並由本集團全資擁有，兩間公司的註冊資本均為人民幣5,000,000元。

財務回顧

流動資金及財務資源

於二零零五年三月三十一日，本集團經審核總資產值為2,750,723,000港元，與二零零四年三月三十一日比較，增加約105%。

於二零零五年三月三十一日，本集團現金為695,389,000港元(二零零四年三月三十一日：471,823,000港元)。本集團銀行貸款及其它貸款總額為1,323,446,000港元(二零零四年三月三十一日：591,719,000港元)，而其約13.1%、5.5%、31.7%及49.7%將分別於一年、由一至兩年、由兩年至五年及五年後到期。



CHINA GAS

The Group has a current ratio of approximately 3.15 (March 31, 2004: 2.65) and the net gearing ratio was 0.81 (March 31, 2004: 0.4). The calculation of net gearing ratio was based on the net borrowings of HK\$797,073,000 (total borrowings of HK\$1,492,462,000 less bank balances and cash of HK\$695,389,000) and the net assets of HK\$988,541,000 as at March 31, 2005.

Capital commitments in respect of the acquisition of property, plant and equipment and construction materials contracted for as at March 31, 2005 was HK\$661,157,000 (March 31, 2004: HK\$572,712,000) and HK\$405,968,000 (March 31, 2004: HK\$561,696,000) which would require a substantial use of the Group's present cash resources and external funding. The Group has committed to acquire interests in certain PRC enterprise and to establish certain Sino-foreign joint venture companies in the PRC.

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are denominated in Hong Kong dollars and RMB.

Capital Structure

During the financial year, the Group obtained various funds from institutions or by placing of shares to strategic investors.

In September 2004, the Company placed a total of 90,000,000 shares at HK\$0.52 per share to an independent investor and the net proceeds of approximately HK\$46,700,000 was received.

In September 2004, the Company entered two warrants placing agreements with two independent investors for the placing of a total of 260,000,000 warrants at an issue price of HK\$0.01 per warrant (the "Warrant"). The Warrant has an initial exercise price of HK\$0.66 per share for a period of five years commencing from the date of issue of the Warrant. As at March 31, 2005, 170,000,000 Warrants were exercised and the proceeds from exercising of Warrants HK\$112,200,000 were received.

本集團流動比率約為3.15(二零零四年三月三十一日: 2.65), 淨資產負債比率為0.81(二零零四年三月三十一日: 0.4), 淨產本負債比率之計算是根據截至二零零五年三月三十一日之淨借貸797,073,000港元(總借貸1,492,462,000港元減銀行結餘及現金695,389,000港元)及淨資產988,541,000港元計算。

於二零零五年三月三十一日, 本集團於就已訂約收購之物業、廠房及設備及建築材料合同分別作出為數661,157,000港元(二零零四年三月三十一日: 572,712,000港元)及405,968,000港元(二零零四年三月三十一日: 561,696,000港元)之資本承擔, 需要動用大量本集團現有現金及向外融資。本集團已承諾收購部份中國企業股份及於中國成立中外合資企業。

外匯風險對本集團並沒有太重要的影響, 因本集團所持有的現金、貸款、收益及費用全部以港元及人民幣列值。

資本結構

於財政年度, 本集團獲得不同渠道的融資及向策略性投資者配售公司股份。

於二零零四年九月, 公司向一位獨立投資者以每股0.52港元配售公司合共90,000,000股股份, 所得款項淨額約46,700,000港元。

於二零零四年九月, 公司與兩位獨立投資者簽署認股權證協定, 以發行價每份認股權證0.01港元配售合共260,000,000份認股權證(「認股權證」)。認股權證初步行使價為每股0.66港元, 由認股權證配發日起計五年。截至二零零五年三月三十一日, 共170,000,000份認股權證已行使, 所得款項約112,200,000港元。



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In October 2004, the Group entered into a repurchase agreement with Merrill Lynch International for (i) the repurchase of US\$3,500,000 convertible bonds at a repurchase price of US\$3,850,000; and (ii) to amend the terms of the remaining outstanding US\$3,500,000 convertible bonds ("Outstanding Bonds"). Pursuant to the terms of the agreement, the Group has the rights to make cash payment at 115% of the principal amount of the Outstanding Bonds to Merrill Lynch in full satisfaction of the conversion rights of the Outstanding Bonds converted. During the financial period under review, a total of US\$2,500,000 of the Outstanding Bonds was being repurchased by the Group and US\$1,000,000 of the Outstanding Bonds was converted into ordinary shares of the Group.

On October 31, 2004, the Company entered into a subscription agreement with Sinopec Corp for the subscription of 210,000,000 shares of the Company at a subscription price of HK\$0.61 per share. Net proceeds of approximately HK\$128,000,000 was received.

In February 2005, the Company entered into a subscription agreement with GAIL (India) Limited for the subscription of 210,000,000 shares of the Company at a subscription price of HK\$1.158 per share. Net proceeds of approximately HK\$242,000,000 was received. Completion of the transaction was taken place in May 2005.

In April 2005, the Company and eleven foreign banks signed a syndicated loan agreement for a five-year international syndicated loan in the amount of US\$60,000,000. The syndicated loan was arranged and underwritten by SG, Commerzbank and OUS together with eight other banks from South Korea, Thailand, Italy, France, Russia, Indonesia and Hong Kong. This is the first time the Group had obtained an unsecured bank loan since engaging in natural gas business and will mainly be used to invest in natural gas projects and of general working capital.

於二零零四年十月，集團與Merrill Lynch International簽訂回購協議(i)以回購價3,850,000美元購回3,500,000美元可換股債券；及(ii)更改餘下3,500,000美元可換股債券條款(「未行使債券」)。根據回購協定，集團有權以現金款項履行換股權，以未行使債券之本金額115%支付。於回顧期內，集團共購回2,500,000美元之未行使債券及共將1,000,000美元之未行使債券兌換集團普通股。

於二零零四年十月三十一日，本公司與中國石化簽署認購協議，中國石化同意以認購價每股0.61港元認購合共210,000,000股本公司股份，所得款項淨額約128,000,000港元。

於二零零五年二月，本公司與GAIL (India) Limited簽署認購協議，GAIL同意以認購價每股1.158港元認購合共210,000,000股本公司股份，所得款項淨額約242,000,000港元。交易已於二零零五年五月完成。

於二零零五年四月，本公司和11家外資銀行簽定銀團貸款協定，獲得五年期計6,000萬美元的國際銀團貸款。銀團貸款由法國興業銀行、德國商業銀行和新加坡華僑銀行協調安排並包銷，其他參與行包括來自南韓、泰國、意大利、法國、俄羅斯、印尼和香港本地的8家銀行，是集團自從事天然氣業務以來首次進行的完全由外資銀行提供無擔保銀團貸款，貸款所得資金將主要用於投資天然氣項目和一般營運資金。



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In June 2005, a subscription agreement was entered into among the Group, CQS Convertible and Quantitative Strategies Master Fund Limited (“CQS”) and Courtenay Enterprise Limited (“Courtenay”) for the subscription of US\$40,000,000 convertible bonds by CQS and Courtenay. CQS will subscribe for an amount of US\$25,000,000 and Courtenay will subscribe for an amount of US\$15,000,000. The conversion price of the Convertible Bonds is HK\$1.731 and the maturity date will be 29 June 2010 with 1 per cent interest. Net proceeds of approximately HK\$301,860,000 will be applied to the investment of natural gas projects and for the general working capital of the Group.

Charge on Assets

As at March 31, 2005, the Group pledged part of fixed assets having a net book value of approximately HK\$399,393,000 (March 31, 2004: HK\$39,682,000) and certain investments in subsidiaries to financial institutions to secure loan facilities granted to the Group.

Contingent Liabilities

As at March 31, 2005, the Group did not have any material contingent liabilities (March 31, 2004: Nil).

Liu Ming Hui
Managing Director

July 8, 2005

於二零零五年六月，集團與CQS Convertible and Quantitative Strategies Master Fund Limited (“CQS”) 和Courtenay Enterprise Limited (“Courtenay”) 簽署認購協定，CQS 和Courtenay認購本公司按面值發行的可轉換債券4,000萬美元，其中CQS認購2,500萬美元，Courtenay認購1,500萬美元。可轉換債券的換股價為1.731港元，債券到期日為二零一零年六月二十九日，發行的票面利率為1%。集團於完成交易後將所得款項淨額約301,860,000港元，將用於投資天然氣項目及本集團一般營運資金。

抵押資產

於二零零五年三月三十一日，本集團抵押部份固定資產，其賬面淨值約399,393,000港元(二零零四年三月三十一日：39,682,000港元)及部份附屬公司之投資予財務機構，以獲得貸款額度。

或然負債

於二零零五年三月三十一日，本集團並無任何重大或然負債(二零零四年三月三十一日：無)。

董事總經理
劉明輝

二零零五年七月八日