

Continuous growth in
earnings per share

每股盈利持續增長

↑
17%



On behalf of the Board of Directors (the “Board” or the “Directors”) of China Gas Holdings Limited (“China Gas” or the “Company”, together with its subsidiaries, the “Group”), I would like to present to the shareholders the 2006 annual report.

The past financial year embarked a year of vigorous development for the Group. Over the past year, China’s sustainable robust and rapid economic growth has resulted in an explicit energy supply and demand gap. Meanwhile, in light of soaring oil prices and increasingly stringent environmental protection requirements imposed by the State, coupled with the discovery and development of a large number of new natural gas fields on the one hand, and the commissioning of cross-regional natural gas pipelines on the other, the natural gas market recorded an explosively vivid growth. Under favourable external macro-economic environment, and with the joint efforts of the Group and all our staff, the Group had during the past year posted remarkable progress in the aspects of project expansion, customers development, natural gas sales and internal control.

Financial Results

The overall results of the Group in the past financial year ended March 31, 2006 were satisfactory. Turnover amounted to HK\$630,522,000, net profit to HK\$180,068,000 and profit attributable to shareholders to HK\$156,736,000, representing a year-on-year growth of 53.27%, 36.02% and 62.22% respectively. Basic earnings per share was HK6.15 cents, an increase of 17.37%. Over the past financial year, the Group connected 141,543 households users, 20 industrial users and 142 commercial users, representing a year-on-year growth of approximately 7.0%, 122.2% and 283.8% respectively. As at March 31, 2006, the Group’s total connected residential customers came to 806,103 households, total connected industrial customers to 72 users and total connected commercial customers to 1,395 users, representing a year-on-year growth of approximately 96.1%, 105.7% and 185.3% respectively. During the past financial year, the Group sold a total volume of 176,378,710 m³ of piped gas, an approximately 131.2% year-on-year growth, of which 172,319,750 m³ was natural gas and 4,058,960 m³ was other piped gases, representing a year-on-year growth of 364.5% and a year-on-year decrease of 89.6% respectively. This demonstrated a rapid growth in our sale of natural gas.

本人謹代表中國燃氣控股有限公司(以下簡稱「中國燃氣」或「公司」)，與附屬公司「集團」董事會(「董事會」)向股東提呈二零零六年年報。

過去的一個財政年度是本集團快速發展的一年。在過去一年之中，中國經濟繼續保持穩定快速增長，能源供需矛盾進一步突出，石油價格不斷攀升，與此同時，國家對環境保護的要求日趨嚴格；另一方面，隨著中國大陸一批新的天然氣氣田的發現和跨區域的天然氣長輸管線投入運營，天然氣市場呈現爆發性的增長。借助週邊良好的宏觀形勢，在集團管理層及廣大員工的共同努力之下，過去一年集團在項目拓展、用戶開發，天然氣銷售以及集團內部管制等方面都取得了長足的進步。

財務業績

截至二零零六年三月三十一日止的過去一個財政年度，集團整體業績表現令人滿意。營業額、純利及股東應佔溢利分別達到 630,522,000 港元、180,068,000 港元、及 156,736,000 港元，較去年同期分別增長 53.27%、36.02% 及 62.22%。每股基本盈利 6.15 港仙，較去年同期增長 17.37%。集團在過去一個財政年度新增接駁 141,543 戶住宅用戶、20 戶工業用戶及 142 戶商業用戶，新增住宅用戶、工業用戶和商業用戶較去年同期分別增長約 7.0%、122.2% 和 283.8%。截至二零零六年三月三十一日止，集團累計接駁住宅用戶 806,103 戶，累計接駁工業用戶 72 戶，累計接駁商業用戶 1,395 戶，分別較去年同期增長約 96.1%、105.7% 和 185.3%。於過去一個財政年度，集團合計銷售管道燃氣 176,378,710 立方米，較去年同期增長約 131.2%，其中管道天然氣銷售量達到 172,319,750 立方米，其他管道燃氣銷量 4,058,960 立方米，分別較去年同期增長 364.5% 和減少 89.6%，反映集團天然氣銷量迅速增長。

To express our gratitude to our shareholders' support and trust to the Company over the past year, the Board resolved to recommend the payment of a final dividend of HK1 cent per share for the year ended March 31, 2006, marking the first dividend payment by the Company since its establishment.

New Project Development

On the side of new project expansion, the past year was a remarkable year for the Group. We secured 11 new city gas projects in eight provinces/autonomous regions, of which the projects in Liuzhou in Guangxi, Baoji in Shaanxi, Yangzhou in Jiangsu, Fushun and Dalian in Liaoning were in large sized cities with population over a million. The projects in Fushun and Dalian in Liaoning were the Group's first investment in the north-eastern part of China. Dalian is the most economically prosperous city in north-east China. PetroChina Company Limited is planning to construct a liquefied natural gas receiving terminal in Dalian. The acquisition of the Dalian project is a reflection of our competitive strengths in the industry. In addition, the Group has also acquired equity interest in a natural gas company in the Dianjiang County in Chongqing, the only regional gas company which has been given the right to explore and produce natural gas in China. Such company currently owns 40 natural gas wells with annual production capacity of 150,000,000 m³. Such acquisition marked our first step into the upstream natural gas supply market and will further enhance the Group's competitive strengths.

Capital Markets

In the last financial year, the Group has obtained financing from major international and domestic financial institutions. In January 2006, the Company obtained a credit facility of up to RMB20 billion from China Development Bank, which can be drawn within the next five years according to the Group's project development needs. The facility will have a tenor of up to 15 years with a grace period of at least five years. The facility will bear interest at the rate as announced by the People's Bank of China in respect of long-term loans with maturities of over five years, and will be subject to downward adjustment if appropriate. The interest rate for the facility is substantially lower than that of high-yield bonds of similar maturities in the international capital markets. This is attributable to our good credit reputation in and wide-recognition of our business prospects by the financial markets. With such financing, sufficient capital is assured for our future investment in and development of natural gas projects. Furthermore, the Group also obtained a nine-year term loan in the amount of US\$50 million from The Netherlands Development Finance Company (FMO) and PROPARCO in October 2005. Financing supports for our business development from these development capital institutions will allow the Group to formulate more aggressive investment strategies to secure more city gas projects and enable the Group to participate in large city gas projects in the future.

為答謝廣大股東對公司過去一年的支持與信任，董事會議決派付截至二零零六年三月三十一日止年度之末期股息每股 1 港仙，這也是本公司成立以來首次派息。

新項目開發

在新項目拓展方面，集團在過去一年取得了非凡的成績，共在 8 個省／自治區獲得了 11 個新的城市燃氣項目。其中，廣西柳州、陝西寶雞、江蘇揚州、遼寧撫順和大連項目均為城市人口超過百萬的大型城市燃氣項目。遼寧撫順和大連為集團在中國東北地區的首次投資，大連市為中國東北地區經濟最發達之城市，中國石油天然氣股份公司已在該市規劃建設液化天然氣接收碼頭，獲取大連項目反映了集團在行業中的競爭優勢。此外，集團亦收購了一家位於重慶市墊江縣的天然氣開發公司的股本權益，該公司為中國國內唯一一家擁有天然氣勘探開發權的地方性公司，目前擁有四十口天然氣氣井，年天然氣產量達到 150,000,000 立方米。該項收購為本集團參與上游天然氣市場的開發邁出了第一步，並將進一步增強集團的競爭力。

資本市場

本集團在過去一個財政年度取得了國際和國內主要金融機構的融資支持。於二零零六年一月，集團獲得中國國家開發銀行人民幣授信二百億元，未來集團可根據項目發展之需要，在五年內提取該授信項下之資金。該項融資自提款之日起最長期限為十五年，而於動用後最少五年內毋須償還貸款本金，貸款利率按照中國人民銀行公佈的五年期以上長期貸款利率厘定，並可適當下浮。該項融資之利率遠低於國際資本市場類似期限的高息債券利率，顯示出集團在金融界良好的信用以及集團發展前景受到廣泛認可。該項融資為本集團未來投資及發展天然氣項目提供了充足的資金保障。此外，本集團亦於二零零五年十月取得荷蘭國家開發銀行 (FMO) 和法國國家開發銀行 (PROPARCO) 九年期五千萬美元貸款。憑藉此等開發性金融機構的財務支持，本集團可制定更為進取的投資策略以爭取更多城市燃氣項目，並有助本集團日後參與大型城市燃氣項目的開發。

Shareholders' Structure

In the last fiscal year, the shareholders' structure of the Company has been further optimized as well as internationalized. Hai Xia Finance Holdings Limited is the founding and principal shareholder of the Company together with the three international strategic shareholders namely China Petroleum & Chemical Corporation, GAIL (India) Limited and Oman Oil Company, the Company has become a platform to facilitate cooperation among energy companies in Asia. Furthermore, Mackenzie Financial Corporation, a well-known Canada's mutual funds, also holds a substantial stake in the Company. Templeton Asset Management and FMO, being famous institutional investors, also became shareholders of the Company through share subscription in October 2005.

The composition of the Board of the Company has a change in this financial year. Following the completion of the subscription of shares in the Company by GAIL (India) Limited and Oman Oil Company, two of their representatives were appointed as non-executive directors of the Company in January 2006 and March 2006 respectively. On behalf of the Board, I would like to welcome Mr. Suresh Raghavanachari and Mr. Harrison Blacker to join the Board and believe that their participation in the Board will strengthen our team with their considerable ability, rich industry and management experience and quality dynamic ideas. We will continue to ensure that the Board will maintain high corporate governance standards and utilize the skills and experience of its members so as to make the Group a successful international natural gas enterprise.

Business Outlook

We had a steady growth in 2006 fiscal year. With a large portfolio of quality potential projects and sufficient capital support, 2007 fiscal year will be a year of prosperous anticipation. We will continue to move towards our targets according to our plan, invest in piped gas construction projects in medium- to large-sized cities with population over millions, and take active action to participate in upstream natural gas supply market, especially in the areas of natural gas liquefaction. The Group will pursue a more proactive approach in its investment strategy.

In closing, I would like to thank the employees, the management team and the fellow board members for their commitment and endeavors, our shareholders for their full support to our strategy of value creation, and the bankers and investors of their confidence, encouragement and recognition.

Li Xiao Yun

Chairman

July 21, 2006

股東結構

於過去的一個財政年度，公司的股東結構進一步優化，股東基礎更趨於國際化。海峽金融控股有限公司為公司之創辦及主要股東，連同中國石油化工股份有限公司、印度燃氣公司（GAIL (India) Limited）及阿曼石油公司（Oman Oil Company）等三名國際策略股東，使得公司成為亞洲能源公司之間的合作平臺。此外，加拿大知名互惠基金Mackenzie Financial Corporation亦持有本公司大量股份，國際知名的金融機構Templeton Asset Management及FMO亦於二零零五年十月認購本公司新股而成為本公司股東之一。

本財政年度，公司董事會組合也有所改變。印度燃氣公司（GAIL (India) Limited）及阿曼石油公司（Oman Oil Company）完成認購本公司股份後，彼等兩名代表已分別於二零零六年一月及二零零六年三月獲委任為本公司之非執行董事。本人謹代表董事會歡迎Suresh Raghavanachari先生及Harrison Blacker先生加入董事會，並深信憑藉兩人出眾的才幹且豐富的行業及管理經驗，加盟董事會後定能令集團隊伍更添實力並注入更多優質思維。本集團將繼續確保董事會保持高度的管治標準，能充份結合才幹與經驗，從而達致引領本集團成為成功的國際天然氣集團。

展望

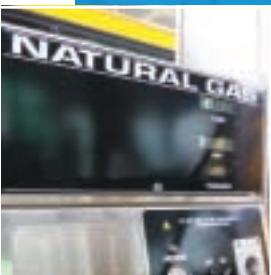
本集團在二零零六年財政年度錄得平穩的增長。在擁有眾多潛在優質項目及充足資金支持的前景下，二零零七財政年度將會是充滿期待的一年。本集團將繼續朝著目標進發，參與人口逾數百萬的大、中型城市的管道燃氣項目建設，並採取較積極的行動參與上游天然氣供應市場，特別是在液化天然氣供應市場方面，本集團將採取更為積極的投資策略。

最後，本人謹在此對全體員工、管理層及所有董事會成員的熱誠及努力表示衷心感謝，也非常感謝股東全力支持我們締造價值的政策，亦感謝銀行家及投資者給予的信心、鼓勵及肯定。

李小雲

主席

2006年7月21日



REACHING NEW MILESTONES OF GROWTH

