



FY2007 Annual Results Briefing

23 July 2007



China Gas Holdings Limited
中國燃氣控股有限公司





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Management Members



- ❖ Mr. Liu Ming Hui – Managing Director
- ❖ Mr. Eric Leung – Chief Financial Officer
- ❖ Mr. Kevin Zhu – Executive Director
- ❖ Mr. Volen He – Assistant General Manager, IR Department



Major FY2007 Milestones

Major FY2007 Milestones



- Acquired 9 city concessions in 6 provinces and territories, including Qingdao and Dezhou in Shandong, Dalian, Fushun and Jinzhou in Liaoning, Hohhot in Inner Mongolia Autonomous Region, Yubei District in Chongqing, Wuwei County in Anhui and Qishan County in Shaanxi.
- Acquired 38.69% equity interest in a natural gas E&P company in Chongqing with 40 natural gas wells and annual capacity of 650m m³.
- Invested RMB800m to build a 100% owned 450m m³ capacity (or 300,000 tons) LNG liquefaction plant with a fleet of 150 LNG trucks in Kaixian, Chongqing.
- Asian Development Bank became a shareholder and provided a US\$150m financing package and corporate governance guidance.
- JV was formed with SK E&S and SK Gas to focus on energy products distribution in China.



Key Financial Highlights

Financial Summary

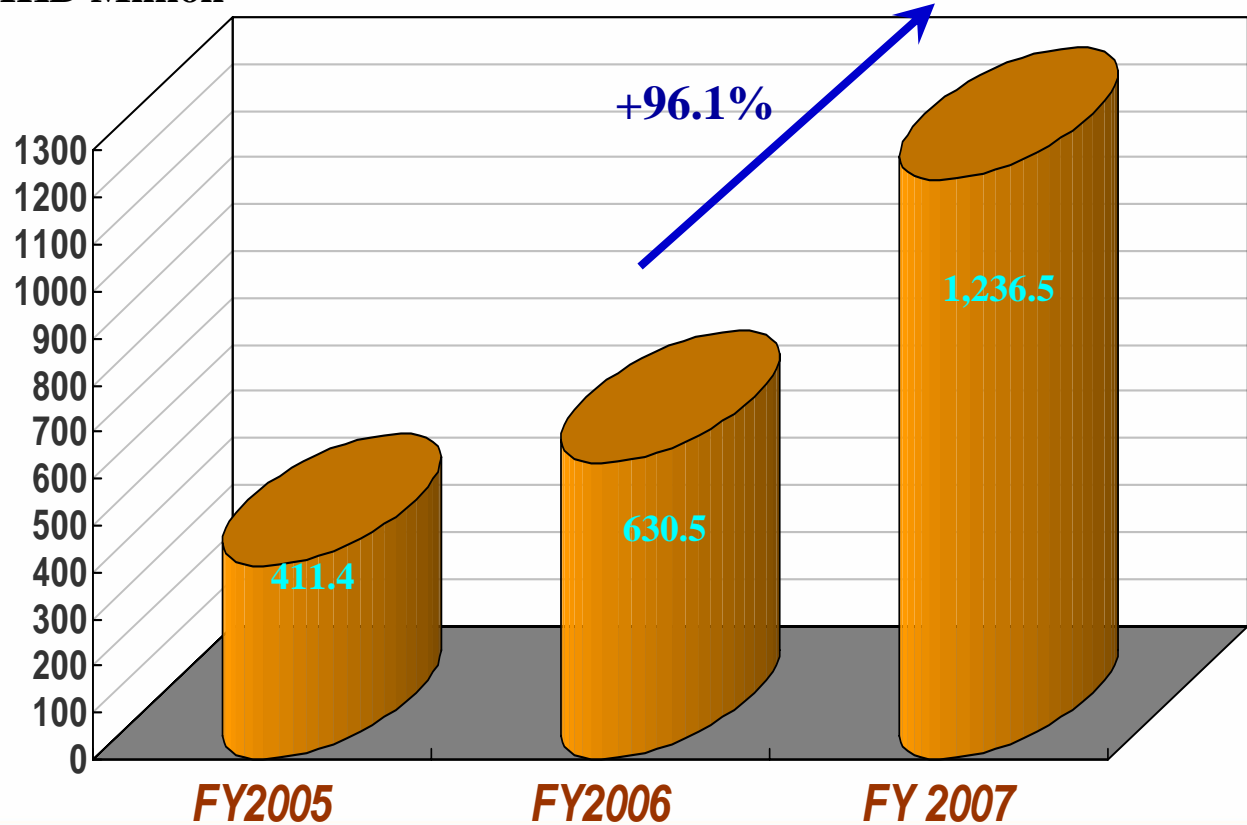


HK\$('000)	FY2007	FY2006	Change
Turnover	1,236,469	630,522	+96.1%
Gross Profit	420,296	305,354	+37.6%
EBITDA	446,047	273,625	+63.0%
Profit for the Year	225,563	180,068	+25.3%
Profit Att'ble to Shareholders	190,103	156,736	+21.3%
EPS (HK cents) (Basic)	6.35	6.15	+3.3%
Total Assets	7,293,402	5,093,888	+43.2%
Shareholder's Equity	2,347,863	1,865,458	+25.9%
Bank Balance and Cash	1,482,930	1,727,130	-14.1%

Turnover



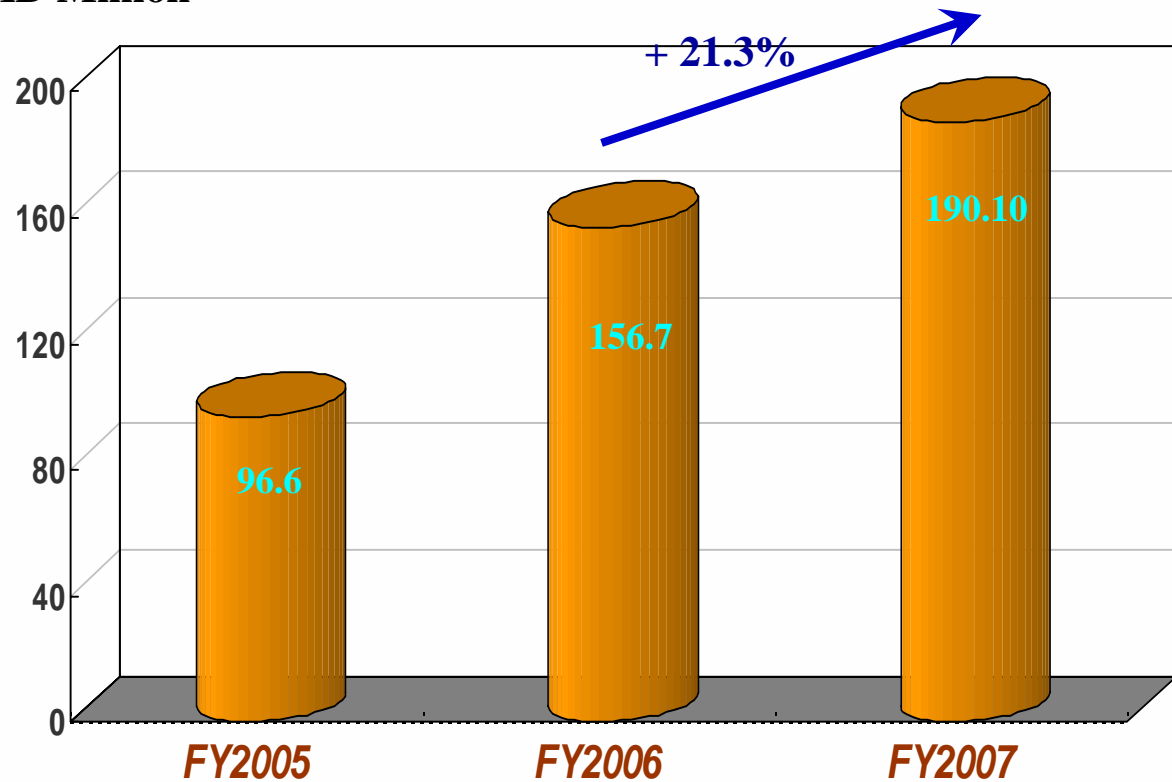
HKD Million



Profit Attributable to Shareholders



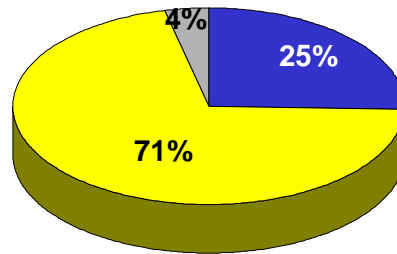
HKD Million



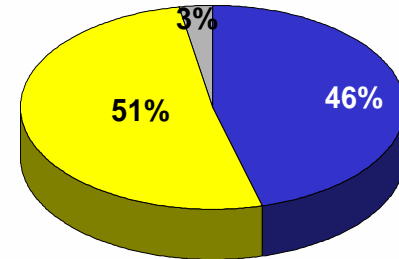
Turnover Breakdown



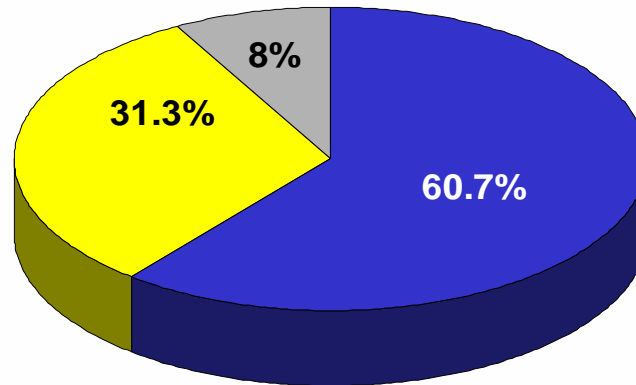
FY2005



FY2006



FY2007

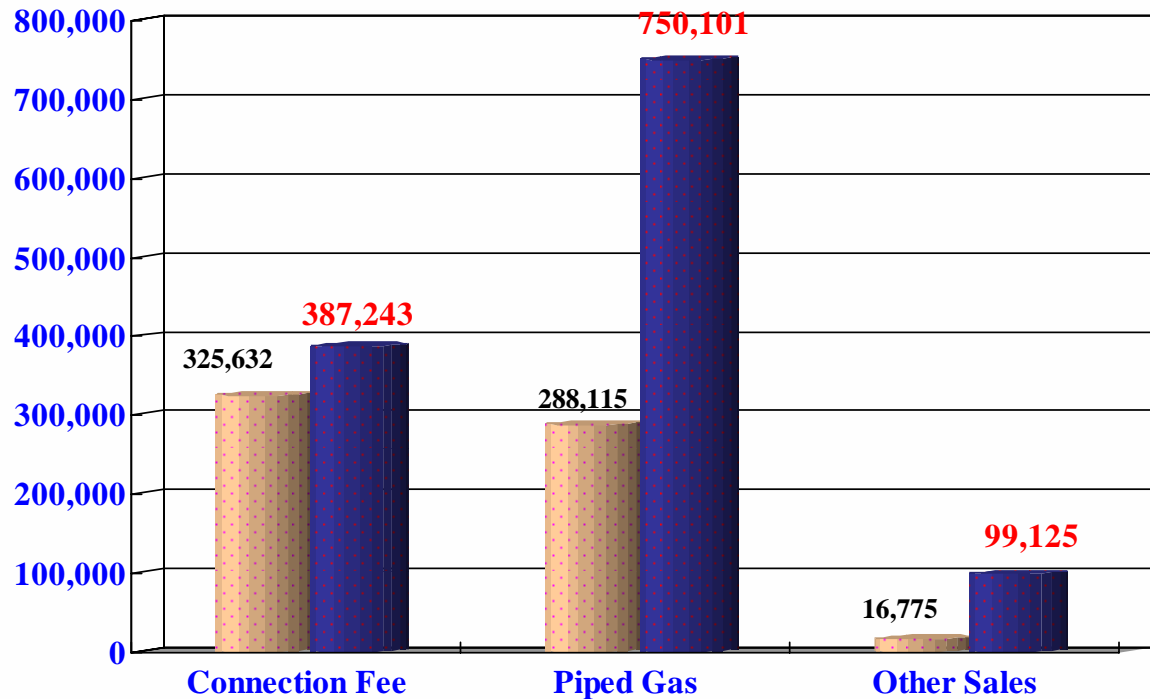


- Connection Fees**
- Sales of Piped Gas**
- Sales of Others**

Segmental Turnover



HKD'000



■ 2006 ■ 2007

Debt Position



HKD'000	FY2007	FY2006
Short-Term Debt	686,781	345,662
Long-Term Debt	2,553,863	1,910,295
Convertible Bond	273,457	272,974
Total	3,514,101	2,528,931

Gross Profit Margin



	FY2007	FY2006
Connection Fee	78.0%	82.0%
Natural Gas Sales	15.0%	15.0%
Other Piped Gas Sales	7.2%	-29.7%
Other Sales	11.4%	16.0%

Profitability Ratios



	FY2007	FY2006
Return on Av. Equity	9.1%	11.0%
EBITDA Margin	36.1%	43.4%
Operating Margin	24.1%	25.5%
Gross Margin	34.0%	48.4%
Net Margin	18.2%	28.6%

Liquidity and Capital Ratios



	FY2007	FY2006
Net Gearing	75.0%	38.0%
Current Ratio	1.65	3.38
EBITDA/Interest	4.14	6.19



Key Operational Highlights

Project Locations



Hebei:

Cangzhou, Cangzhou Economic Development Zone, Nanpi, Qinghe, Leting, Xinle, Gaocheng, Pingshan, Feng Nan, Neiqiu, Wangdu, Nanbao

Sichuan:

Xuanhan LNG

Chongqing:

Dianjiang E&P, Kaixian LNG, Yubei District

Hubei:

Yichang, Xiaogan, Hanchuan, Yingcheng, Yunmeng, Suizhou, Tianmen, Guangshui, Dangyang, Xiaogan Pipeline, Dangyang Pipeline

Guangxi:

Yuling, Qinzhou, Liuzhou, Fongchenggang

Inner Mongolia:

Hohhot, Wushenqi, Wushenqi Pipeline, Changmeng Pipeline, Baotou

Shaanxi:

Baoji, Qishan

Tianjin:

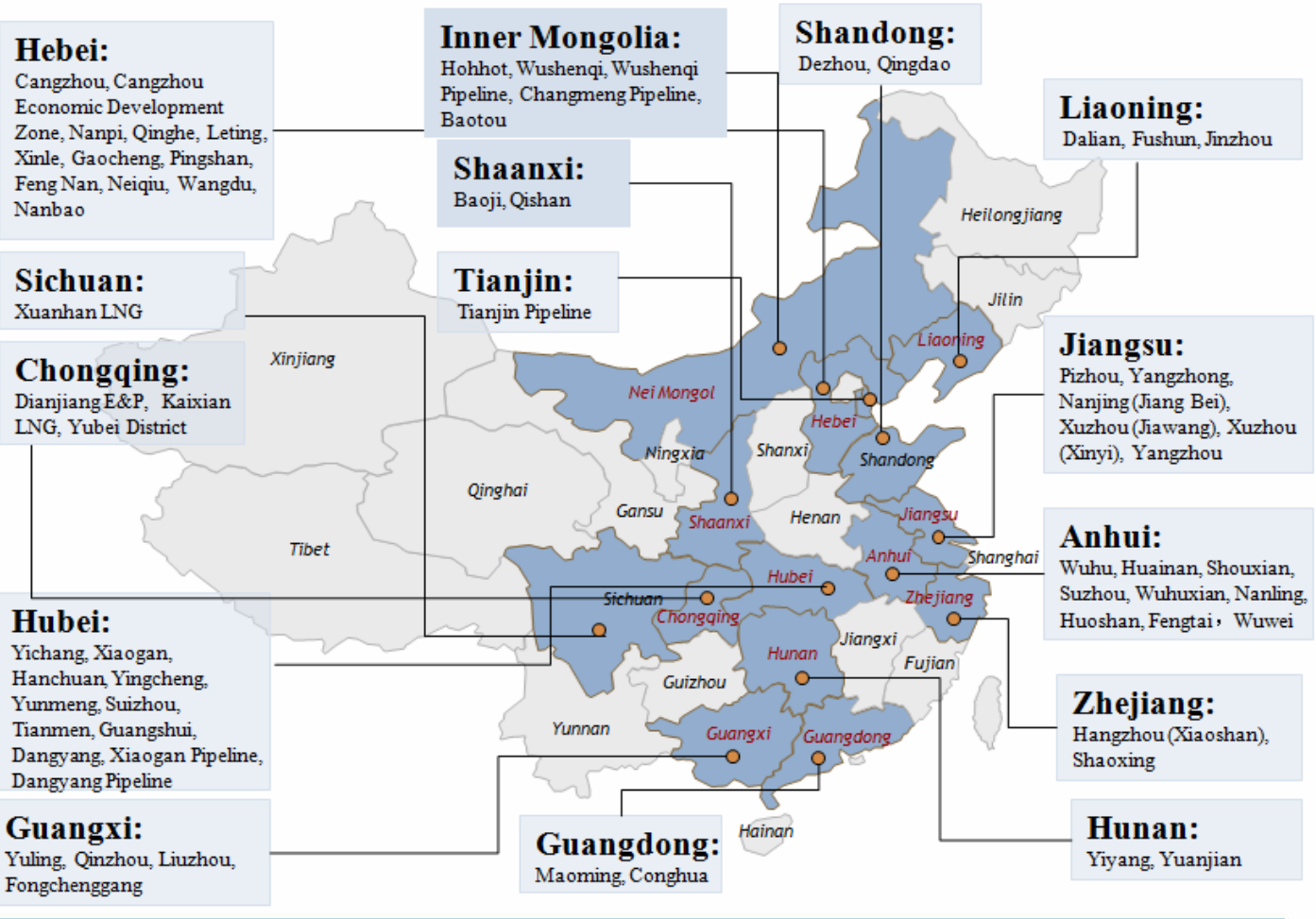
Tianjin Pipeline

Shandong:

Dezhou, Qingdao

Liaoning:

Dalian, Fushun, Jinzhou



FY07 Customers Growth



	Organic	Acquired	FY07 Total	06/07 Change	Portfolio Total
Residential	164,544	379,135	543,679	+37.7%	1,349,782
Industrial	33	5	38	+2.7%	111
Commercial	369	8,688	9,057	+900.0%	10,451
CNG Stations	5	16	21	N/A	21

Natural Gas Volume Growth



Million m ³	FY2007	%	FY2006	%	Growth
Residential	62.03	17.3%	32.02	18.6%	+93.7%
Industrial	233.42	65.2%	126.01	73.1%	+85.2%
Commercial	33.24	9.3%	12.41	7.2%	+167.8%
CNG Stations	22.73	6.4%	0.31	0.2%	+633.2%
Others	6.32	1.8%	1.57	0.9%	+302.5%
Total	357.73	100.0%	172.32	100.0%	+107.6%

Gas Types Mix



Million m ³	FY2007	FY2006	Change
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Natural Gas	357.73	172.32	+107.6%
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Coal Gas & LPG	74.47	4.06	+1,734.2%
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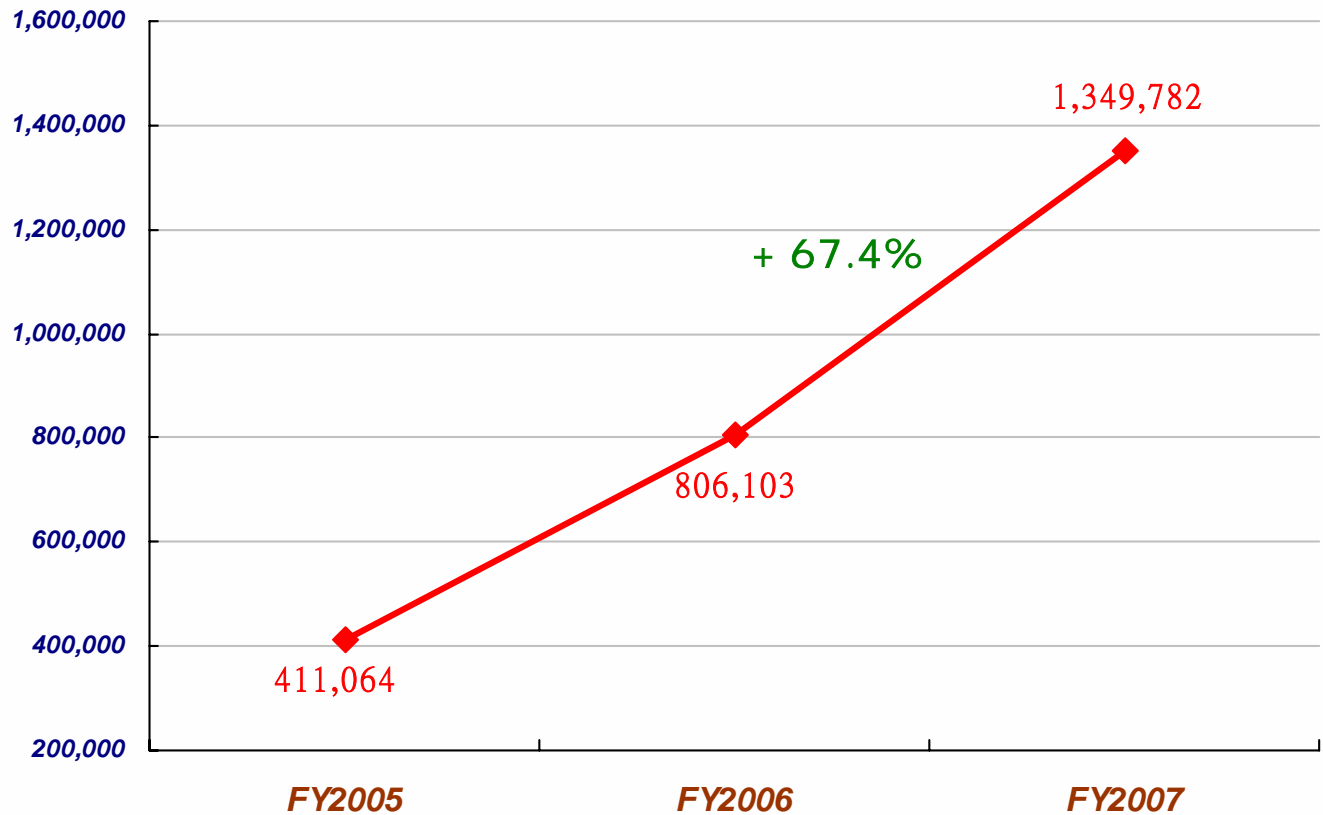
Total	432.20	176.38	+145.0%
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Average Tariffs (ex-tax)



RMB/m ³	FY2007	FY2006	Change
Residential	1.75	1.73	+1.2%
Industrial	1.66	1.57	+5.7%
Commercial	2.31	2.22	+4.1%
CNG Stations	2.23	2.35	-5.1%
Other Users	1.93	2.21	-14.5%

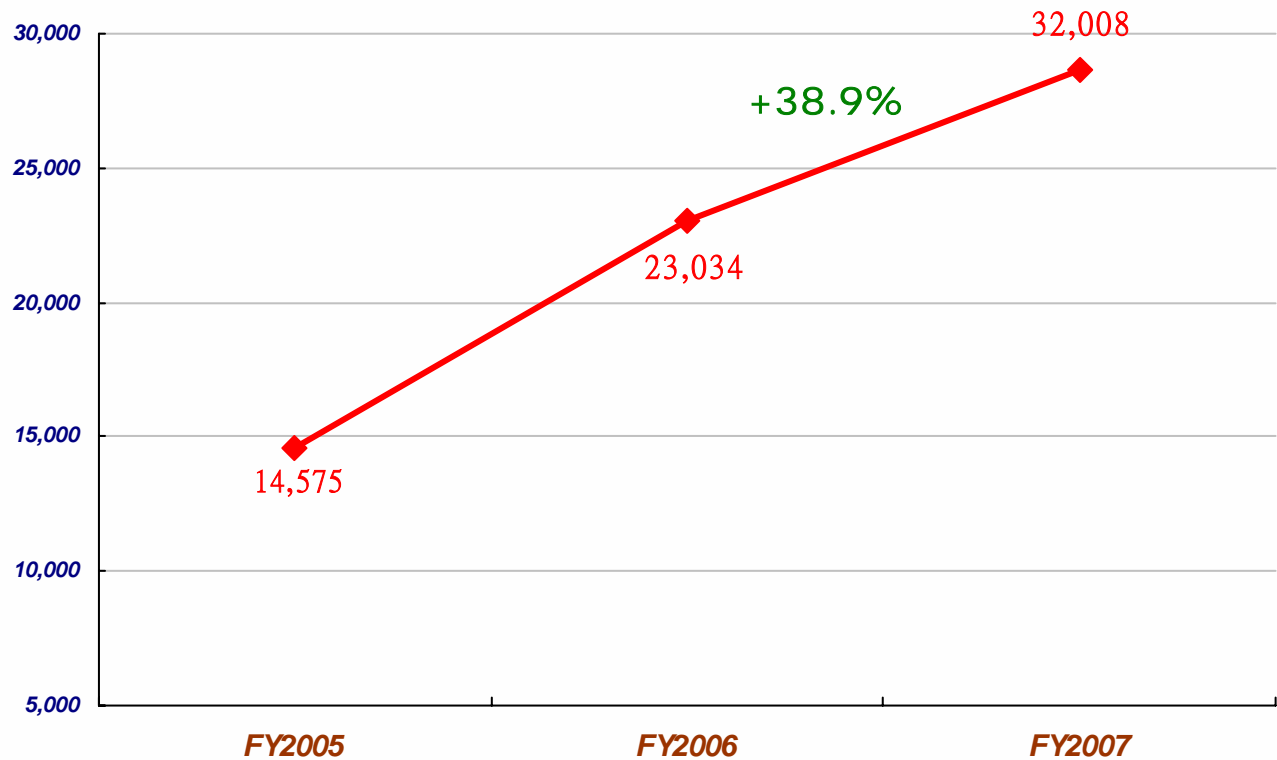
Residential Customers Growth Trend



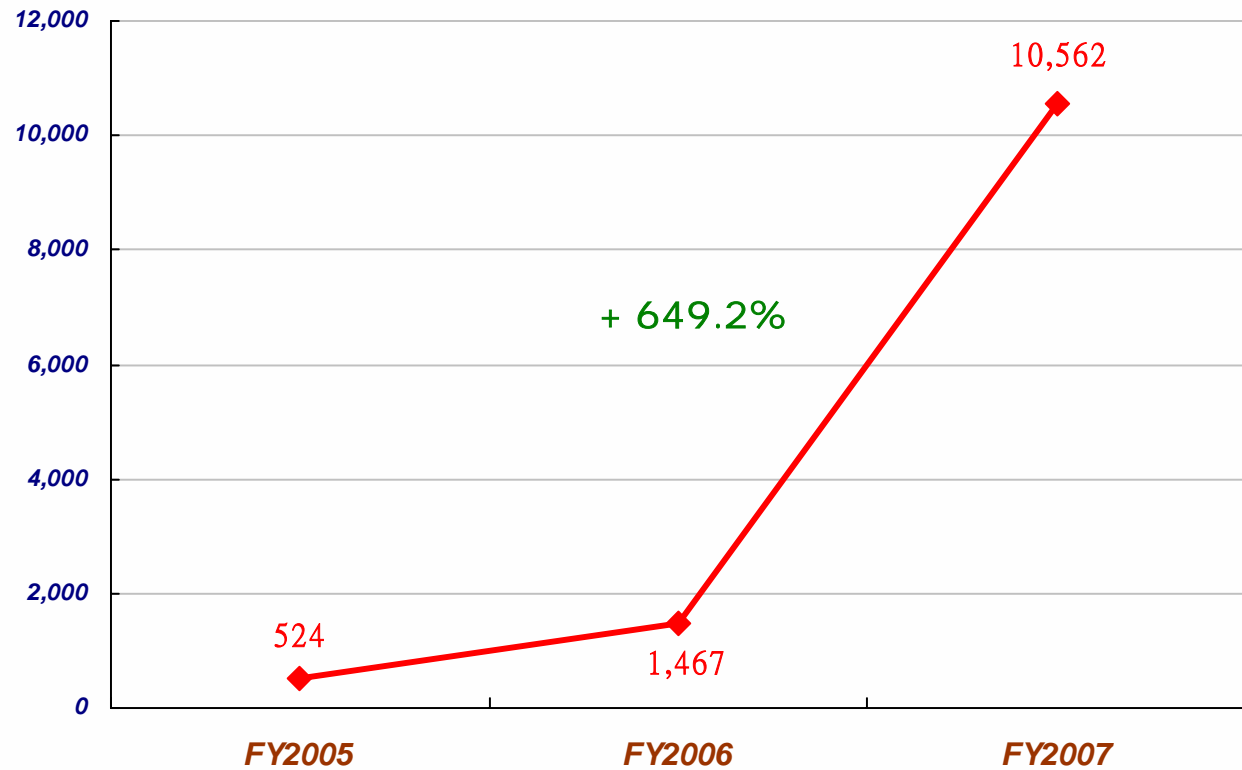
Connectible Population Growth Trend



Unit: '000



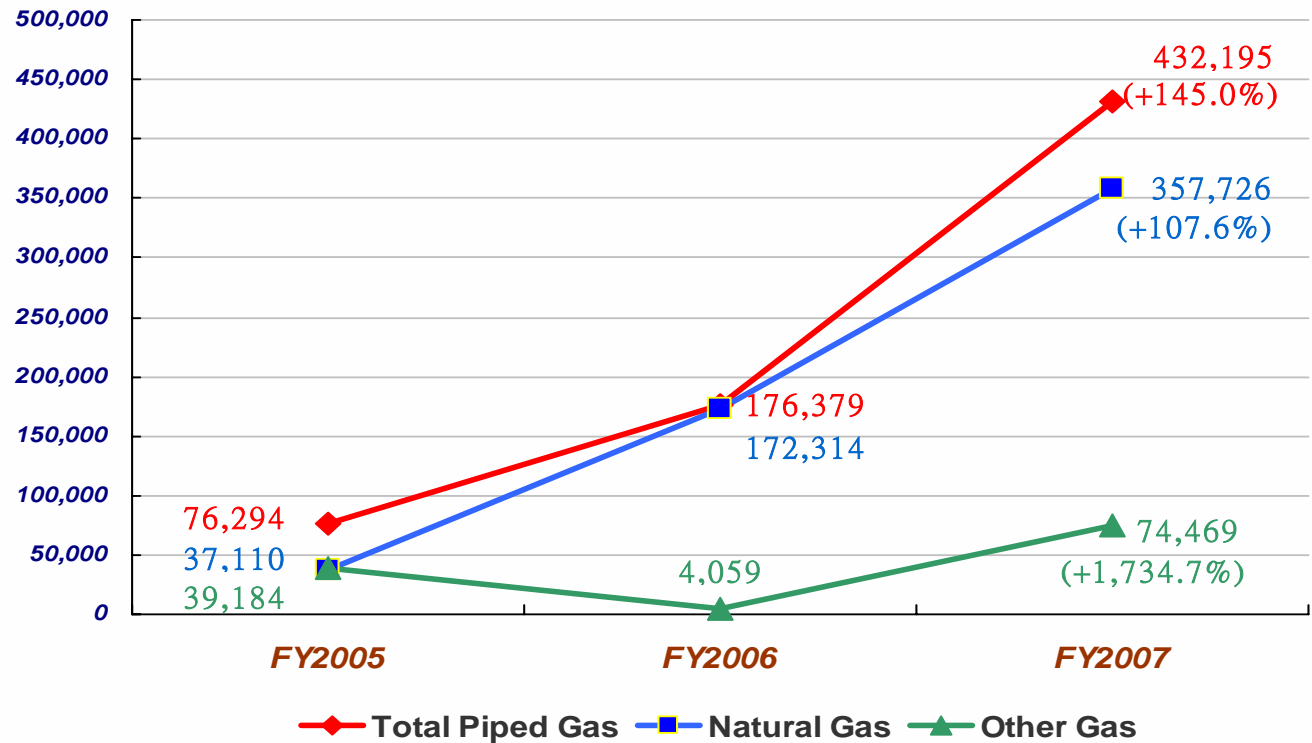
Industrial/Commercial Customers Growth Trend



Gas Volume Trend



Unit: '000m³



Other Operational Data



	FY2007	FY2006	Change
Total Daily NG Consumption (m ³)	1,618,160	756,209	+114.0%
Daily Residential Consumption (m ³)	342,460	111,948	+205.9%
Daily Industrial Consumption (m ³)	758,566	439,873	+72.5%
Daily Commercial Consumption (m ³)	194,929	143,988	+35.4%
Daily CNG for Automobiles (m ³)	192,108	41,843	+259.1%
Total Pipelines (km)	9,843	6,907	+42.4%
Urban Population Covered	32,008,000	23,034,000	+39.0%
Penetration Rate	16.5%	11.20%	+49.1%
Average Connection Fees	2,092	2,372	-11.8%



Major Post Balance Sheet Events

Major Events Since 1 April 2007



□ Joint Venture with Oman Oil

- A JV was formed with strategic shareholder, Oman Oil. The JV will focus on importing energy products from Middle East to China. Each party holds 50% equity interest in the JV.

□ LNG Liquefaction Project, Xuanhua Sichuan

- Invested RMB1,200m to build a 100% owned 700m m³ capacity (or 500,000 tons) LNG liquefaction plant with a fleet of 200 LNG trucks.

Major Events Since 1 April 2007



- ❑ Two High Pressure Intermediate Pipeline in Ordos, Inner Mongolia
 - Invested and completed one 120km pipeline to supply natural gas to a methanol maker with an annual capacity 1 billion m³ . Currently the daily natural gas transportation volume from this pipeline is 1 million m³ .
 - To construct another one 230km pipeline to supply natural gas to a fertilizer maker with an annual capacity 1.2 billion m³. This pipeline will be completed and commissioned in June next year.
- ❑ Baotou Project, Inner Mongolia
 - Invested RMB179m for 80% interest in the Baotou city natural gas network which has a customer base of 70,000 residential, 134 commercial users and 3 industrial users each consuming over 100,000 m³ per day.

Major Events Since 1 April 2007

❑ Joint Venture with GAIL

- Signed a JV agreement with strategic shareholder, GAIL, to expand CNG refilling business in China. The JV will be registered in Bermuda, and each party will hold 50% equity interest.

❑ Convertible Bonds Conversion

- A total of US\$23m out of US\$40m convertible bonds have been converted into about 3.2% of the Company.



Current Portfolio



China Gas' Current Portfolio

- 57 city gas concessions
- 5 intermediary pipeline projects
- 2 LNG liquefaction plants
- CNG refilling projects in Changsha, Baotou, Baoji, Wuhu, Huainan, Hohhot and other cities with a total of 24 refilling stations
- 1 natural gas E&P project
- 2.3 million residential users
- 14,000 industrial and commercial users



Major Business Goals in FY2008

FY2008 Business Goals



- Project portfolio to reach 65 city concessions.
- Gas volume to reach 1 billion m³.
- CNG stations to reach 50.
- Commence import of energy products from the Middle East.



Question & Answer



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