CHINA GAS HOLDINGS LIMITED
中國燃氣控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 384)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2013

The Board of Directors (the "Board" or the "Directors") of China Gas Holdings Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2013, together with the comparative figures for the year ended 31 March 2012, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2013 HK$'000	Year ended 31 March 2012 HK$'000
Revenue	*4*	**21,250,266**	18,933,565
Cost of sales		**(16,876,300)**	(15,327,831)
Gross profit		**4,373,966**	3,605,734
Other income		**459,525**	384,018
Other gains and losses		**226,936**	132,427
Selling and distribution costs		**(849,816)**	(733,202)
Administrative expenses		**(1,315,287)**	(938,922)
Finance costs		**(726,989)**	(916,045)
Share of results of associates		**339,614**	86,408
Profit before taxation		**2,507,949**	1,620,418
Taxation	*5*	**(466,631)**	(478,502)
Profit for the year	*6*	**2,041,318**	1,141,916
Other comprehensive income			
Increase (decrease) in fair value on available-for-sale investments		**1,039**	(6,854)
Exchange difference arising on translation		**193,569**	136,640
Other comprehensive income for the year		**194,608**	129,786
Total comprehensive income for the year		**2,235,926**	1,271,702

	Note	**Year ended 31 March 2013** *HK$'000*	Year ended 31 March 2012 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**1,764,264**	953,926
Non-controlling interests		**277,054**	187,990
		2,041,318	1,141,916
Total comprehensive income attributable to:			
Owners of the Company		**1,922,775**	1,058,328
Non-controlling interests		**313,151**	213,374
		2,235,926	1,271,702
Earnings per share	*7*		
Basic		**HK39.37 cents**	HK21.76 cents
Diluted		**HK36.86 cents**	HK20.55 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

	Notes	31 March 2013 HK$'000	31 March 2012 HK$'000 (restated)	1 April 2011 HK$'000 (restated)
Non-current assets				
Investment properties		**244,967**	450,600	408,135
Property, plant and equipment		**17,357,949**	14,423,598	13,799,669
Prepaid lease payments		**1,132,135**	1,093,945	1,128,929
Investments in associates		**2,652,109**	2,286,243	1,009,505
Available-for-sale investments		**78,983**	76,658	85,884
Goodwill		**1,209,279**	1,038,591	1,535,326
Other intangible assets		**1,267,221**	1,281,448	1,444,208
Deposits for acquisition of property, plant and equipment		**165,305**	202,919	600,040
Amount due from an associate		**187,462**	141,932	163,166
Deferred tax assets		**97,236**	94,065	91,466
Deposit for acquisition of an associate		**–**	–	133,627
		24,392,646	21,089,999	20,399,955
Current assets				
Inventories		**1,122,838**	1,743,372	1,076,525
Amounts due from customers for contract work		**305,658**	173,519	166,884
Trade and other receivables	8	**4,019,190**	3,169,928	2,388,040
Amounts due from associates		**185,605**	124,792	92,115
Prepaid lease payments		**34,586**	33,656	34,283
Held-for-trading investments		**11,110**	10,893	11,948
Pledged bank deposits		**650,711**	710,459	1,647,444
Bank balances and cash		**4,298,095**	4,817,767	5,081,589
		10,627,793	10,784,386	10,498,828
Assets classified as held for sale		**347,121**	–	–
		10,974,914	10,784,386	10,498,828
Current liabilities				
Trade and other payables	9	**5,543,696**	4,737,019	4,580,506
Derivative financial instruments		**–**	–	32,122
Amounts due to customers for contract work		**310,280**	244,667	285,728
Taxation		**179,730**	189,339	149,592
Amounts due to associates		**2,907**	2,302	13,254
Amount due to a non-controlling interest of a subsidiary		**4,366**	5,165	5,042
Bank and other borrowings – due within one year		**9,082,138**	8,963,385	7,312,837
		15,123,117	14,141,877	12,379,081
Net current liabilities		**(4,148,203)**	(3,357,491)	(1,880,253)
Total assets less current liabilities		**20,244,443**	17,732,508	18,519,702

	31 March 2013	31 March 2012	1 April 2011
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
Equity			
Share capital	**45,697**	43,831	43,831
Reserves	**11,438,943**	9,698,382	8,643,373
Equity attributable to owners of the Company	**11,484,640**	9,742,213	8,687,204
Non-controlling interests	**1,352,090**	1,056,777	1,575,102
Total equity	**12,836,730**	10,798,990	10,262,306
Non-current liabilities			
Bank and other borrowings – due after one year	**6,862,710**	6,406,777	7,720,327
Deferred taxation	**545,003**	526,741	537,069
	7,407,713	6,933,518	8,257,396
	20,244,443	17,732,508	18,519,702

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values.

2. PRIOR YEAR ADJUSTMENTS

During the year ended 31 March 2013, an executive director of the Company and a member of senior management of the Group were re-appointed and the Remuneration Committee of the Company further concluded and resolved that they were entitled to receive bonus payments for their services rendered for the financial years ended 31 March 2010 and 2011 which amounted to HK$50,721,000 and HK$26,751,000 respectively in accordance with the terms of their services contract and employment contract with the Company. The bonus amounts for each financial year should have been determined in accordance with their contracts and provided in the respective years. The bonus amounts for the financial year ended 31 March 2011 were apportioned to reflect the actual length of time they rendered services for the Group. The term of such bonus entitlement was ended on 31 March 2011.

The bonus payments have not been accounted for in the consolidated financial statements for each of the financial years ended 31 March 2010 and 2011 and accordingly, prior year adjustments have been made to restate certain balances as at 31 March 2012 and 1 April 2011 in the consolidated statement of financial position.

The effects of the adjustments are as follows:

Consolidated statement of financial position

	As at 1 April 2011	**Adjustment**	**As at 1 April 2011**	**As at 31 March 2012**	**Adjustment**	**As at 31 March 2012**
	HK$'000 (originally stated)	*HK$'000*	*HK$'000* (restated)	*HK$'000* (originally stated)	*HK$'000*	*HK$'000* (restated)
Total effects on net assets						
Trade and other payables	4,503,034	77,472	4,580,506	4,659,547	77,472	4,737,019
Total effects on equity						
Accumulated profits	2,047,062	(77,472)	1,969,590	2,856,962	(77,472)	2,779,490

The adjustments have had no effect on the amounts reported in the consolidated statement of comprehensive income for the years ended 31 March 2012 and 2013.

3. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred tax: Recovery of underlying assets; and
Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets.

Amendments to HKAS 12 Deferred tax: Recovery of underlying assets

The Group has applied for the first time the amendments to HKAS 12 "Deferred tax: Recovery of underlying assets" in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The amendments to HKAS 12 have to be applied retrospectively.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company reviewed the Group's investment property portfolios and concluded that the Group has a business model for its investment properties whose objective is to hold all investment properties so as to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, deferred taxation in relation to the Group's investment properties has been measured based on the tax consequences of recovering the carrying amounts entirely through use.

As the Group has previously recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use, the directors of the Company considered that the application of the above amendments has had no material impact on these consolidated financial statements.

The application of the other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker ("CODM"), being the managing directors of the Group, for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold or services rendered which is also consistent with the basis of organization of the Group.

The Group had acquired 56.33% equity interest in Zhongyu Gas Holdings Limtied ("Zhongyu Gas") during the year ended 31 March 2011. On 18 April 2011, Zhongyu Gas ceased to be a subsidiary of the Group and became an associate as a result of share placing by Zhongyu Gas. The Group's effective interest in Zhongyu Gas was reduced from approximately 56.33% to approximately 46.96% as at 18 April 2011. Since then, the CODM reviewed the results of Zhongyu Gas being shared by the Group under equity method of accounting and Zhongyu Gas is a single operating segment.

The Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Sales of piped natural gas;
(ii) Gas connection;
(iii) Sales of liquefied petroleum gas ("LPG");
(iv) Sales of coke and gas appliances; and
(v) Zhongyu Gas

Information regarding the above segments is presented below.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2013

	Sales of piped natural gas	Gas connection	Sales of LPG	Sales of coke and gas appliances	Zhongyu Gas	Segment Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE FROM EXTERNAL CUSTOMERS	**9,348,919**	**3,300,743**	**7,959,214**	**625,404**	**–**	**21,234,280**
SEGMENT PROFIT (LOSS)	**1,271,398**	**1,733,278**	**(13,541)**	**(23,982)**	**99,571**	**3,066,724**
Revenue arising from property investment						**15,986**
Change in fair value of investment properties						**96,865**
Interest and other gains						**82,790**
Unallocated corporate expenses						**(269,891)**
Finance costs						**(726,989)**
Gain on disposal of a subsidiary						**2,421**
Share of results of unlisted associates						**240,043**
Profit before taxation						**2,507,949**

	HK$'000
Reconciliation of revenue	
Total revenue for operating segments	**21,234,280**
Rental income	**15,986**
Group's consolidated revenue	**21,250,266**

For the year ended 31 March 2012

	Sales of piped natural gas *HK$'000*	Gas connection *HK$'000*	Sales of LPG *HK$'000*	Sales of coke and gas appliances *HK$'000*	Zhongyu Gas *HK$'000*	Segment Total *HK$'000*
SEGMENT REVENUE FROM EXTERNAL CUSTOMERS	7,662,537	2,803,721	7,992,816	456,694	–	18,915,768
SEGMENT PROFIT (LOSS)	1,033,390	1,403,733	80,749	(34,052)	53,018	2,536,838
Revenue arising from property investment						17,797
Change in fair value of investment properties						41,491
Interest and other gains						79,253
Unallocated corporate expenses						(148,657)
Finance costs						(916,045)
Change in fair value of financial instruments						32,122
Gain on disposal of a subsidiary						2,035
Loss on deemed disposal of a subsidiary						(60,176)
Gain on deemed disposals of an associate						2,370
Share of results of unlisted associates						33,390
Profit before taxation						1,620,418

	HK$'000
Reconciliation of revenue	
Total revenue for operating segments	18,915,768
Rental income	17,797
Group's consolidated revenue	18,933,565

All of the segment revenue reported above is from external customers and no inter-segment sales are noted for current and prior years.

The accounting policies of the operating segments are the same as the Group's accounting policies. Except for segment profit of Zhongyu Gas, segment profit (loss) for remaining reportable segments represents the profit earned by or loss from each segment without allocation of bank interest income and other gains, property rental income, central administration cost, change in fair value of investment properties, gain on disposal of a subsidiary, share of results of unlisted associates and finance costs. The segment profit of Zhongyu Gas represents share of results of Zhongyu Gas. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

5. TAXATION

	2013	2012
	HK$'000	*HK$'000*
The People's Republic of China ("PRC") Enterprise Income Tax	**462,358**	485,725
Deferred taxation	**4,273**	(7,223)
	466,631	478,502

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit derived in Hong Kong for both years.

The tax rate of the PRC subsidiaries is 25% except for the tax relief explained below.

Certain PRC group entities are entitled to (i) the preferential tax rate pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC and (ii) an exemption from PRC Enterprise Income Tax for the two years starting from their first profit-making year, followed by a 50% tax deduction in the three years thereafter. The applicable tax rates of those PRC group entities ranged from 7.5% to 15% for the year ended 31 March 2013 (2012: 7.5% to 15%).

6. PROFIT FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**6,800**	6,500
Depreciation of property, plant and equipment	**695,669**	556,969
Release of prepaid lease payments	**31,863**	33,945
Amortisation of intangible assets included in cost of sales	**46,834**	46,264
Minimum lease payments for operating leases	**109,626**	121,194
Loss on disposal of property, plant and equipment	**9,771**	7,646
Gain on disposal of prepaid lease payments	**–**	(1,450)
Share of tax of associates (included in share of results of associates)	**151,119**	31,404
Staff costs	**1,006,178**	802,943
Cost of inventories recognised as expenses	**15,973,949**	14,599,068
Rental income from investment properties less outgoings	**(14,464)**	(14,436)

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	**1,764,264**	953,926

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,481,353**	4,383,055
Adjustment for effect of dilutive potential ordinary shares:		
Share options	**305,089**	258,977
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,786,442**	4,642,032

8. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**1,854,957**	1,535,691
Less: Accumulated allowances	**(257,873)**	(245,779)
Trade receivables	**1,597,084**	1,289,912
Deposits paid for construction and other materials	**449,756**	308,784
Deposits paid for purchase of natural gas and LPG	**506,931**	410,945
Advanced payments to sub-contractors	**652,696**	430,058
Tender deposits	**26,020**	610
Rental and utilities deposits	**39,990**	25,567
Other tax recoverable	**126,053**	127,989
Other receivables and deposits	**244,045**	210,908
Prepaid operating expenses	**214,691**	198,998
Amounts due from non-controlling interests of subsidiaries	**30,157**	26,062
Amounts due from shareholders of jointly controlled entities	**131,767**	140,095
Total trade and other receivables	**4,019,190**	3,169,928

Other than certain major customers with good repayment history which the Group allows a longer credit period or settlement by instalment basis, the Group generally allows an average credit period of 30 to 180 days to its trade customers.

The following is an aged analysis of trade receivables net of impairment losses presented based on invoice date at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
0-180 days	**1,405,322**	1,083,664
181-365 days	**121,817**	127,931
Over 365 days	**69,945**	78,317
	1,597,084	1,289,912

The trade receivables with carrying amount of HK$1,405,322,000 (2012: HK$1,083,664,000) are neither past due nor impaired at the reporting date for which the Group believes that the amounts are considered recoverable.

The Group has policies for allowance of bad and doubtful debts which are based on the evaluation of collectability and age analysis of accounts and on the management's judgment including the credit creditworthiness and the past collection history of each customer.

During the year ended 31 March 2013, the Group made an allowance of HK$5,949,000 (2012: HK$2,290,000) in respect of the trade receivables related to the gas pipeline construction business, which was past due at the reporting date with long age and slow repayments were received from respective customers since the due date. The directors of the Company considered the related receivables may be impaired and specific allowance is made.

9. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The following is an aged analysis of trade and other payables presented based on the invoice date at the end of the reporting period:

	31 March 2013	31 March 2012	1 April 2011
	HK$'000	*HK$'000*	*HK$'000*
		(restated)	(restated)
0 – 90 days	**1,359,905**	1,201,760	1,368,367
91 – 180 days	**257,624**	302,054	220,427
Over 180 days	**973,444**	736,944	606,434
Trade and bill payables	**2,590,973**	2,240,758	2,195,228
Other payables and accrued charges	**329,077**	313,635	299,595
Construction fee payables	**364,459**	271,344	263,178
Other tax payables	**55,872**	36,813	62,013
Accrued staff costs	**72,948**	53,204	79,672
Loan interest payables	**58,741**	60,519	46,659
Advance payments from customers for gas supplies	**887,771**	669,464	494,281
Deposits received from other customers	**79,755**	46,549	61,271
Advances received from customers for contract works that have not yet been started	**966,084**	939,156	929,962
Amounts due to non-controlling interests of subsidiaries	**85,016**	95,639	69,705
Amounts due to shareholders of jointly controlled entities	**53,000**	9,938	17,399
Obligation on capital injection to Fujian Anran by Zhongmin Zhongran	**–**	–	23,448
Obligation on acquisition of additional interest in a subsidiary	**–**	–	38,095
	5,543,696	4,737,019	4,580,506

Included in the amounts due to non-controlling interests of subsidiaries and shareholders of jointly controlled entities are trade payables amounting to HK$22,478,000 (2012: HK$7,671,000) and nil (2012: HK$3,273,000) respectively. All of the balances were aged within 90 days based on invoice date and the average credit period is 90 days.

The non-trade balances of amounts due to non-controlling interests of subsidiaries and shareholders of jointly controlled entities are unsecured, non-interest bearing and repayable on demand.

FINAL DIVIDEND

The Board of Directors recommended to pay a final dividend of HK6.28 cents per share on 30 September 2013 to shareholders whose names appear on the register of members of the Company on 26 August 2013 (the record date for determining the entitlement of the shareholders to receive the proposed final dividend). Together with the interim dividend of HK2.2 cents per share paid to the shareholders on 31 January 2013, total dividend payout for the year 2013 amounted to HK8.48 cents per share. (total dividend payout for the year 2012: HK3.92 cents per share)

CLOSURE OF REGISTER OF MEMBERS

To be eligible to attend and vote at the forthcoming annual general meeting

The register of members of the Company will be closed from 16 August 2013 (Friday) to 20 August 2013 (Tuesday) (both days inclusive), during which period no transfer of shares in the Company will be registered, for the purpose of determining the identity of the shareholders entitled to attend and vote at the 2013 Annual General Meeting. In order to qualify for attending and voting at the 2013 Annual General Meeting to be held on 20 August 2013 (Tuesday), all transfers of shares accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 August 2013 (Thursday).

To qualify for the proposed final dividend

The register of members of the Company will be closed from 26 August 2013 (Monday) to 28 August 2013 (Wednesday) (both days inclusive), during which period no transfer of shares in the Company will be registered, for the purpose of determining the entitlement of the shareholders to receive the proposed final dividend for the year ended 31 March 2013. Subject to approval of the shareholders at the 2013 Annual General Meeting, the proposed final dividend will be payable to the shareholders whose names appear on the register of members of the Company on 26 August 2013 (Monday). In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 August 2013 (Friday).

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction to the Group

The Group is a gas operator and service provider primarily engaged in the investment, construction and operation of city gas pipeline infrastructure facilities, gas terminals, storage and transportation facilities, gas logistics systems, transmission of natural gas and liquefied petroleum gas ("LPG") to residential, industrial and commercial users, construction and operation of gasoline and CNG refilling stations as well as the development and application of technologies relating to petroleum, natural gas and LPG in China.

Business Review

For the year ended 31 March 2013, the revenue of the Group amounted to HK$21,250,266,000 (for the year ended 31 March 2012: HK$18,933,565,000), increased by 12.2% over the same period last year. Gross profit amounted to HK$4,373,966,000 (for the year ended 31 March 2012: HK$3,605,734,000), increased by 21.3% over the same period last year. Overall gross profit margin was 20.6% (for the year ended 31 March 2012: 19.0%). Profit for the year increased by 78.8% year-on-year to HK$2,041,318,000 (for the year ended 31 March 2012: HK$1,141,916,000). Basic earnings per share increased by 80.9% year-on-year to HK39.37 cents (for the year ended 31 March 2012: HK21.76 cents).

New Projects Expansion

During the financial year, the Group secured 22 additional city piped gas projects. As of 31 March 2013, the Group has secured 179 piped gas projects with exclusive concession rights (excluding 11 city piped gas projects owned by Fortune Gas), 9 long-distance natural gas pipeline projects (excluding 1 long-distance natural gas pipeline owned by Fortune Gas), 170 CNG/LNG refilling stations for vehicles, 1 natural gas development project and 44 LPG distribution projects in 22 provinces and autonomous regions and municipalities in China.

The Group secured 5 additional new city piped gas projects during the period from 1 April 2013 to 15 June 2013, increasing the total number of its city piped gas projects to 184 (excluding 11 city piped gas projects owned by Fortune Gas), the largest city piped gas project portfolio in China.

The new projects secured since 1 April 2012 are located as follows:

Provinces/Autonomous Regions/Directly Administered Cities	**Municipalities/Districts**
Heilongjiang Province	Tangyuan County, Huanan County, Suibin County, Tongjiang City, Mudanjiang Jiangnan Development Zone
Hubei Province	Wuhan Jiangnan District, Danjiangkou City, Laohekou City, Yuan'an County
Hebei Province	Handan Jinan New Zone
Guangxi Zhuang Autonomous Region	Guiping City, Chongzuo City, Beihai City
Jiangsu Province	Nanjing Jingqiao Town (Zhongyu Gas)
Gansu Province	Huating County, Jingning County, Chongxin County, Huachi County
Jiangxi Province	Wuyuan County, Le'an County
Inner Mongolia Autonomous Region	Alashanmeng Wusitai Industrial Zone, Wuhai City
Ningxia Hui Autonomous Region	Guyuan City
Liaoning Province	Liaoyang Taizi River Zone, Xinbin County
Shandong Province	Leling City
Fujian Province	Shaowu City (Zhongyu Gas)

As of 31 March 2013, the connectable urban population covered by the Group's gas projects has increased to 65,715,564 (approximately 20,099,214 households).

Gas Business Review

The principal businesses of the Group are natural gas and LPG, the customer bases and market strategies of which are different from each other. The performance of each segment for the year ended 31 March 2013 is discussed below.

Natural Gas Business

As a major supplier and service provider specialized in natural gas business, the Group has established its unique and well-fit operating and management system in the domestic gas industry after eleven years of rapid development. Being optimised on an ongoing basis, this system has played a positive role in enhancing the Group's management efficiency and operating results.

Construction of Piped Gas Networks

City piped gas networks are fundamental to the operation of gas supplying corporations. By constructing urban arterial and branch pipe networks, the Group connects natural gas pipelines to residential as well as industrial and commercial users, to whom connection fees and gas usage fees are charged.

As at 31 March 2013, the Group supplied piped gas in 128 cities, and had intermediate and arterial pipeline networks of 37,408 km in length and 135 processing stations. Designed gas supply capacity of the processing stations reached 27,980,000 m^3 per day.

Natural Gas Users

The customers for natural gas supplied by the Group are residential users, industrial and commercial users and CNG/LNG refilling stations for vehicles.

Residential Customers

During the financial year, the Group completed natural gas connections for 1,225,863 domestic households (2012: 1,104,640 households), an increase of approximately 11.0% over the same period last year. The average piped gas connection fee for residential customers during the financial year was RMB2,550.

As at 31 March 2013, the accumulated connected residential customers of the Group grew by approximately 17.4% over the same period last year to 8,438,991 domestic households (2012: 7,187,894 households), representing 42.0% of the total connectable domestic households in the areas in which the Group operates.

Industrial and Commercial Customers

The Chinese Government has continued to encourage industrial customers with high energy consumption to gradually adopt clean energy such as natural gas to replace highly polluting coal and oil with a view to facilitating energy conservation and emission reduction. Industrial and commercial customers have higher demand for natural gas and lower operating expenses for unit gas sales as compared with residential customers. As such, in addition to fulfilling the demand of residential customers for natural gas, the Group stepped up gas connection for industrial and commercial customers. As the advancement of the Group's "hub-satellite cities" development strategy continues, the Group expects to secure more piped natural gas projects in industrial cities, economic development zones and industrial zones. It is expected that these new projects will become one of the Group's growth momentum for the sale of natural gas in the future.

During the financial year, the Group connected 518 industrial customers and 6,389 commercial and public welfare customers. As at 31 March 2013, the number of industrial customers and commercial customers of the Group reached 2,155 and 49,895, representing an increase of approximately 32.3% and 15.2% respectively as compared with the same period last year. The average connection fee for industrial customers (calculated on the basis of the contracted daily gas supply volume) was RMB88 per m^3 and the average connection fee paid by commercial customers was RMB66,334 per customer.

During the financial year, the Group's gas connection income grew by approximately 17.7% over the same period last year to HK$3,300,743,000 representing approximately 15.5% of the Group's total revenue for the year.

Compressed Natural Gas/Liquefied Nature Gas Refilling Stations

Natural gas, as clean energy, is a preferred choice of vehicle and vessel fuels, given the promotion of the Chinese Government's policies of energy conservation and emission reduction, and gradual easing of the shortage of natural gas supply. On 14 October 2012, the National Development and Reform Commission of China ("NDRC") issued the Natural Gas Utilisation Policy. Taking into account of factors including the social, environmental and economic benefits of natural gas utilisation and the consumption characteristics of different users on the whole, the NDRC categorised natural gas users into "preferred" users, "allowed" users, "restricted" users and "prohibited" users with an aim to further optimizing the consumption structure of natural gas and enhancing its utilisation efficiency with explicit national policies as well as for the first time highlighting the prioritised use of natural gas in the transport sector, including vehicles as well as vessels on rivers, lakes and sea.

The Group considers the development of CNG/LNG and clean energy as one of the important momentums for its sustainable growth. As an integrated trans-regional energy service provider, the Group enjoys favorable conditions in developing CNG/LNG and clean energy. In order to develop the natural gas refilling business for vehicles and vessels in an effective manner, China Gas Clean Energy (Shenzhen) Limited ("CGCE"), a wholly-owned subsidiary of the Group, will make joint efforts with the city piped gas project companies of the Group to step up efforts in the development and construction of CNG/LNG refilling projects for vehicles and vessels and expand the Group's market share in the natural gas refilling industry in an efficient and effective manner. Through the investment platform of CGCE, the Group is accelerating the investment in provincial clean energy and the market distribution of counties' and cities' clean energy companies. The Group formulates a series of development strategies, business models, marketing strategies and pricing strategies which are well-suited for the development of the Group. The project companies of the Group will speed up the construction of CNG/LNG vehicles gas refilling stations comprehensively so as to strive to complete as much as possible the construction of 1,000 gas refilling stations for vehicles and vessels by the end of the "Twelfth Five-Year Plan".

Besides, the Group entered into a share purchase agreement for acquisition of the entire equity in Fortune Gas on 16 December 2012. In addition to its 11 city piped natural gas projects and 1 coalbed methane development project, Fortune Gas is equipped with sophisticated experience in LNG project development and abundant source of customers. It possesses a number of patents and intellectual property rights of LNG vessel engines and advanced technology in vessel conversion and renovation, generating strategic synergies with the Group's CNG/LNG development.

The Group currently owns 165 CNG and 5 LNG refilling stations for vehicles, representing an increase of 27.8% as compared with the same period last year. Sales volume of CNG for vehicles took up 8.6% of the Group's total sales volume of natural gas during the financial year.

Sale of Natural Gas

The operating revenue of natural gas is generated from connection fee (a one-off income) and sale of natural gas (based on volume sold).

During the financial year, the Group sold a total of 6,824,853,000 m^3 of natural gas, an increase of 22.7% as compared to the same period last year, of which 835,857,000 m^3 was sold to residential customers, 4,558,702,000 m^3 to industrial customers, 845,702,000 m^3 to commercial and public welfare customers and 584,592,000 m^3 to CNG/LNG vehicle drivers.

During the financial year, gas sold to residential users accounted for approximately 12.2% of the total sales volume of natural gas, industrial users approximately 66.8%, commercial users approximately 12.4% and CNG/LNG vehicle drivers approximately 8.6%. With a large proportion of industrial and commercial users in the customer mix, the Group enjoys enormous potential in its future gas sales. In addition, the less stringent control on gas tariffs for industrial and commercial users enables the Group to pass through the fluctuation in upstream natural gas prices more easily.

During the financial year, the Group's natural gas sales income grew by approximately 22.0% over the same period last year to HK$9,348,919,000, representing approximately 44.0% of the Group's total revenue for the year.

The Group's average selling price (pre-tax) of natural gas was RMB2.18 per m^3 for residential users, RMB2.45 per m^3 for industrial users, RMB2.48 per m^3 for commercial users, and RMB2.73 per m^3 for CNG/LNG vehicle drivers for the period.

The core business of the Group is piped natural gas supply. However, for some projects in areas such as Fushun, Liuzhou and Mudanjiang where piped natural gas is not yet accessible, piped coal gas or LPG blended with air is sold as a transitional fuel. A total of 189,334,000 m^3 piped coal gas and LPG blended with air were sold during the financial year. With the introduction of upstream natural gas to such cities, the sale of transitional fuels by the Group is likely to scale down gradually.

Liquefied Petroleum Gas (LPG) Business

The Group currently has 8 LPG terminals and 44 LPG distribution projects (excluding those LPG distribution projects owned by Panva Gas Holdings Limited ("Panva Gas") in which the Group owns 49%).

During the financial year, the group sold 889,342 tons of LPG (excluding the LPG sold by Panva Gas in the retail market during the period), decreased by 0.5% over the same period last year. Revenue amounted to HK$7.96 billion, decreased by 0.4% over the same period last year, of which 689,342 tons were wholesale volume, representing an increase of 1.7% year-on-year, and 200,000 tons were retail sales volume, representing a decrease of 7.4% year-on-year. Gross profit for the period amounted to HK$451,378,000 (2012: HK$437,954,000). Operating loss amounted to HK$13,541,000 (2012: operating profit of HK$80,749,000). Contractual sales accounted for more than 65% of the total sales for the year, enabling the Group to avoid to some extent the negative impacts caused by the volatility of the global LPG price and to mitigate the operational risks associated with the LPG wholesale business.

The development of downstream retail operation is the focus and a key factor in determining the market competitiveness and profitability of the Group's LPG business. As such, stepping up on the construction of retail networks to tap the idle assets of midstream operations is the development strategy for the Group's LPG business in the near term. The Group will maintain its focus on enhancing its downstream retail capacity and dispose of or monetize its non-core assets with an aim to improving the overall profitability of the LPG business.

Value-Added Services for End Users

Developing value-added services is a core strategy of the Group to transform itself from a mere gas distributor to a gas operator and service provider. It is also an objective requirement for market and corporate development within the industry. The Group will strive to complete the transformation from a mere gas product provider to a one-stop service provider of diversified integrated energy services and customer services through the provision of more value-added services, enhancement of marketing capacities, and gradually uplifting the percentage of revenue contribution from value-added services to the Group's overall revenue, with an aim to further enhancing the profitability and overall competitive edge of the Group's operational network.

During the financial year, the Group continued to create value by promoting the value-added advertising business and the sales of gas appliances, as well as providing other value-added services such as city gas insurance services in joint efforts with various partners including China Ping An Insurance, New China Life Insurance, Huatai Insurance and Pacific Life.

Human Resources

A team of excellent employees is vital to the success of a corporation. Adhering to the management concept of "people come first", the Group clings to the philosophy of "cultivating talents within the Group while recruiting potential talents from outside" with regards to personnel training and team construction. The Group constantly upgrades the professionalism and competence of its staff at all levels through the establishment of a sound recruitment and internal training mechanism. We created a platform for knowledge exchange and sharing of experience among our staff, and also recruited and retained capable personnel by enhancing job satisfaction and providing attractive remuneration packages.

As at 31 March 2013, the Group including Zhongyu Gas and Panva Gas had approximately 28,000 employees. More than 99.9% of the Group's employees are based in China. Remuneration is determined with reference to the qualification and experience of the staff concerned and according to the prevailing industry practice in the respective regions where it operates. Apart from basic salary and pension fund contribution, individual employees may be rewarded with discretionary bonuses, merit payments and share options depending on the Group's financial results and the performance of such employees.

Corporate Management and Corporate Governance

It has been a long-standing tradition of the Group to adhere to a "systemised, standardised and institutionalised" management philosophy in enhancing its level of management and operation. Along with its growing scale, expanding operational region and improving staff structure, as well as a maturing gas industry, the Group keeps improving its management policies to remain a well-managed corporate enterprise. During the financial year, the Group continued to implement the management and control model of "shifting the operational focus to a lower level and moving the management platform to the frontend" to promote region-based coordination and management. Regional coordination and management centres were established to take over the responsibilities of the respective functional departments of the headquarters to supervise, instruct and serve the project companies in each specific region, and negotiate on behalf of the project companies with the local authorities regarding gas supply and gas price. The functional departments of the headquarters may then focus on the overall management of budgeting, standardisation, performance targets assessment and future development strategies, thereby forming an integrated management system featuring "the headquarters as the decision-making body, regional centers as the management platform and project companies as the implementation body". The implementation of this regional management plan is an important reform of the Group's management model, which is essential for the Group to achieve more standardised, efficient and safe development, and effectively improve the expediency of decision-making.

In terms of production and operation management, the Group actively refines its operating system, continues to invest in its information technology system, and actively encourages innovation. In addition to continuously improving the standards of operation management, the Group is also gradually shifting its focus from standardising the management of the production and operation system to the application of information technology in its management system, thereby strengthening the overall operational standards of the Group on an ongoing basis. The Group remains one of the leaders in the industry in terms of gas loss management, which is an important indicator gauging a gas company's overall management standards. This achievement has significantly reduced operating costs and enhanced the safety standard of its operations, with no major accident happened during the financial year.

In terms of construction management, the Group, through the establishment of a standardised system, focuses on the classification and management of construction projects and bidding process, and gives full play to the functions of the regional management centres in terms of on-site coordination, supervision and services. While accelerating the construction of projects, the Group has also continuously reinforced the management of investment in the projects. Adhering to the principle of "setting stringent standards on efficiency to improve investment returns", the Group rationally limits its investment in construction projects which are not essential to production and thus utilises core assets in an efficient manner to maximise returns.

At the same time as it grows, the Group is committed to improving its corporate governance and internal control on an ongoing basis. Through internal review and adoption of opinions provided by independent third parties, the Group undertakes to incorporate effective and sustainable corporate governance and internal control measures into its corporate development strategies and risk management system, with an aim to ensuring higher standard of corporate governance and internal control.

Financial Review

Liquidity

The principal business of the Group is featured with a steady growing cash flow. Coupled with an effective and well-established capital management system, the Group is able to maintain stable and healthy operations amidst uncertainties in the macro-economy development and capital market operation.

As at 31 March 2013, the total assets of the Group was HK$35,367,560,000, increased by approximately 11.0% as compared to that as at 31 March 2012. Cash on hand was HK$4,948,806,000 (31 March 2012: HK$5,528,226,000). The Group had a current ratio of approximately 0.73 (31 March 2012: 0.76). After deducting the import letter of credit and trust receipt loan in relation to LPG business amounting to HK$4,805,303,000, the Group's current ratio was approximately 1.06. The net gearing ratio was 0.48 (31 March 2012: 0.44), as calculated on the basis of the net borrowings of HK$6,190,739,000 (total borrowings of HK$15,944,848,000 less the acceptance bills and trust receipts loan in relation to LPG business amounting to HK$4,805,303,000 and bank balances and cash of HK$4,948,806,000) and net assets of HK$12,836,730,000 as at 31 March 2013.

The Group has always been adopting a prudent financial management policy. The majority of the cash available were deposited with credible banks as demand and time deposits.

Financial Resources

The Group has long-standing relationships with Chinese (including Hong Kong) and foreign banks. As the Group's principal cooperating bank, China Development Bank (CDB) provided the Group with a long-term RMB and foreign currencies integrated facility of RMB20 billion under a term of up to 15 years, giving a strong financial backing to the Group's project investments and stable operations. In order to further develop the Group's gas projects, the Group entered into a syndicated loan agreement in Taiwan with 23 banks including Bank of Taiwan and Nomura Securities International, Inc. on 29 April 2013, securing a facility of US$450 million. In addition, the Group also received long-term credit support from major domestic and overseas banks such as Asian Development Bank (ADB), Industrial and Commercial Bank of China, Bank of Communications, China Construction Bank, The Netherlands Development Finance Company, Postal Savings Bank of China, The Agricultural Bank of China and China Merchants Bank. As at March 2013, over 30 banks had extended syndicated loans and credit facilities to the Group and most of the syndicated loans were under terms of over five years with an average maturity of nine years. Bank loans are generally used as the working capital and project investments of the Group.

As at 31 March 2013, the Group's portfolio of bank loans and other loans is as follows:

	2013	2012
	HK$'000	*HK$'000*
Less than one year	**9,082,138**	8,963,385
After one year but not more than two years	**1,169,263**	911,073
After two years but not more than five years	**2,546,844**	2,737,790
After five years	**3,146,603**	2,757,914
	15,944,848	15,370,162

* of these, the acceptance bills and trust receipt loan in relation to LPG business amounted to HK$4,805,303,000 (2012: HK$5,097,563,000)

As at 31 March 2013, bank loans and other loans of the Group amounted to HK$15,944,848,000, representing an increase of 3.7% over that of 2012, of which HK$4,805,303,000 was the trade finances relating to LPG business.

The operating and capital expenditures of the Group are financed by operating cash income, indebtedness and financing of share capital. The Group has sufficient funding to satisfy its future capital expenditures and working capital requirements.

Foreign Exchange and Interest Rate

No significant foreign exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in Hong Kong dollars, RMB and US dollars.

Charge on Assets

As at 31 March 2013, the Group pledged certain properties, plants and equipment and prepaid lease payments with net carrying value of HK$259,282,000 and HK$16,123,000 (31 March 2012: HK$282,593,000 and HK$17,349,000) respectively, investment properties with net carrying value of HK$54,000,000 (31 March 2012: HK$42,350,000), trade receivables with net carrying value of HK$25,994,000 (31 March 2012: HK$31,056,000), inventories with net carrying value of HK$153,750,000 (31 March 2012: nil) and pledged bank deposits of HK$650,711,000 (31 March 2012: HK$710,459,000) and certain subsidiaries pledged their equity investments in other subsidiaries to banks to secure loan facilities.

Capital Commitments

The Group had capital commitments in respect of the acquisition of property, plant and equipment and construction materials contracted but not provided in the financial statements as at 31 March 2013 amounting to HK$107,821,000 (31 March 2012: HK$173,183,000) and HK$13,009,000 (31 March 2012: HK$42,337,000) respectively, and such commitments would require the utilisation of the Group's cash on hand and external borrowings. The Group has undertaken to acquire shares in certain Chinese enterprises and set up Sino-foreign joint ventures in China.

On 16 December 2012, the Group has entered into an acquisition agreement with Fortune Oil PRC Holdings Limited ("Fortune Oil") and Wilmar International Limited ("Wilmar International"), pursuant to which the Group will acquire entire issued share capital of Fortune Gas Investment Holdings limited ("Fortune Gas"), at consideration US$400,000,000 (approximately HK$3,120,000,000) ("Acquisition"). Fortune Oil is an investment holding company which holds 85% issued share capital of Fortune Gas. Each of Mr. Liu Ming Hui ("Mr. Liu") (the Managing Director of the Company) and Fortune Oil owns 50% interest in the total issued share capital of China Gas Group Limited ("CGGL"). CGGL owns 419,478,000 shares, representing approximately 9.18% of the total issued shares of the Company. In addition, Mr. Liu had been involved in the discussions with Fortune Oil in respect of the Acquisition. As such, Fortune Oil is considered as a connected person of the Company with respect to the Acquisition pursuant to Rule 14A.11(4)(a) of the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and is subject to the independent shareholders' approval and the reporting and announcement requirements thereunder. Wilmar International is an investment holding which holds 15% issued share capital of Fortune Gas and its controlling shareholders are independent third parties of the Company. Subsidiaries of Forture Gas are engaged in the business of natural gas, wholesale and retail distributions, natural gas refuelling, upstream coal bed methane business, liquefied natural gas supply to public transit vehicles and developing liquefied natural gas dual fuel vessel refuelling business along the Yangtze River. The transaction was approved by the independent shareholders of the Company in the special general meeting on 8 February 2013. The transaction is also subject to the substantive approvals by Anti-Monopoly Bureau of the Ministry of Commerce of the PRC. As at 31 March 2013, no deposit was paid and the transaction has not been completed.

Contingent Liabilities

As at 31 March 2013, the Group did not have any material contingent liabilities (31 March 2012: nil).

CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year, except for Code Provision A.4.1, the requirement that non-executive directors should be appointed for a specific term and be subject to re-election. All the existing non-executive directors of the Company are not appointed for a specific term, but are subject to retirement and re-election at the Company's annual general meeting in accordance to the bye-laws of the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and all of the directors of the Company confirmed that they have complied with the required standards set out in the Model Code throughout the financial year ended 31 March 2013.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Board has reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 March 2013.

PURCHASE, SALE AND REDEMPTION OF SHARES

For the year ended 31 March 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

This results announcement is required to be published on the website of The Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkex.com.hk under "Latest Listed Company Information" and the Company at www.chinagasholdings.com.hk under "Announcements" respectively. The annual report of the Company for the year ended 31 March 2013 will be dispatched to the shareholders around 19 July 2013 and will be published on the websites of the HKEX and the Company accordingly.

On Behalf of the Board of
CHINA GAS HOLDINGS LIMITED
Liu Ming Hui
Executive Chairman

Hong Kong, 26 June 2013

As at the date of this announcement, Mr. LIU Ming Hui, Mr. LEUNG Wing Cheong, Eric, Mr. PANG Yingxue, Mr. ZHU Weiwei, Mr. MA Jinlong and Mr. CHEN Xinguo are the executive Directors, Mr. FENG Zhuozhi, Mr. P K JAIN and Mr. YU Jeong Joon (his alternate is Mr. KIM Yong Joong) are the non-executive Directors and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. WONG Sin Yue, Cynthia, Mr. HO Yeung and Ms CHEN Yanyan are the independent non-executive Directors.

* *for identification purpose only*