CHINA GAS
中國燃氣

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 2019

The Board of Directors (the "Board") 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 2019, together with the comparative figures for the year ended 31 March 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 March 2019** ***HK$'000***	Year ended 31 March 2018 *HK$'000*
Revenue	*3*	**59,386,062**	52,831,958
Cost of sales		**(45,326,878)**	(41,160,934)
Gross profit		**14,059,184**	11,671,024
Other income		**786,459**	563,903
Other gains and losses		**295,444**	165,328
Selling and distribution costs		**(1,819,914)**	(1,615,916)
Administrative expenses		**(2,442,317)**	(1,987,608)
Share of results of associates		**519,575**	496,822
Share of results of joint ventures		**1,132,056**	758,313
		12,530,487	10,051,866
Share-based payments		**(63,137)**	(644,320)
Finance costs		**(1,284,304)**	(807,781)
Profit before taxation		**11,183,046**	8,599,765
Taxation	*4*	**(2,198,479)**	(1,930,711)
Profit for the year	*5*	**8,984,567**	6,669,054

	Note	**Year ended 31 March 2019** *HK$'000*	Year ended 31 March 2018 *HK$'000*
Other comprehensive (expense) income			
Items that will be reclassified subsequently to profit or loss:			
Deferred loss on swap in hedge accounting relationship		**(21,764)**	—
Decrease in fair value on available-for-sale investments		**—**	(22,959)
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(2,490,256)**	2,945,501
Decrease in fair value of investments in equity instruments at fair value through other comprehensive income		**(8,627)**	—
Other comprehensive (expense) income for the year		**(2,520,647)**	2,922,542
Total comprehensive income for the year		**6,463,920**	9,591,596
Profit for the year attributable to:			
Owners of the Company		**8,224,382**	6,095,153
Non-controlling interests		**760,185**	573,901
		8,984,567	6,669,054
Total comprehensive income attributable to:			
Owners of the Company		**5,965,216**	8,645,772
Non-controlling interests		**498,704**	945,824
		6,463,920	9,591,596
Earnings per share			
Basic	*6*	**HK$1.63**	HK$1.23
Diluted		**HK$1.63**	HK$1.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties		**555,940**	272,929
Property, plant and equipment		**42,964,931**	34,088,413
Prepaid lease payments		**2,148,176**	1,996,978
Investments in associates		**5,746,251**	5,924,790
Investments in joint ventures		**8,021,611**	6,423,615
Equity instruments at fair value through other comprehensive income		**746,766**	—
Available-for-sale investments		**—**	409,176
Goodwill		**3,148,019**	3,079,624
Other intangible assets		**3,594,288**	3,903,024
Deposit for acquisition of property, plant and equipment		**524,239**	663,790
Deposit for acquisition of subsidiaries, joint ventures and associates and other deposits		**596,425**	194,038
Deferred tax assets		**229,960**	224,325
		68,276,606	57,180,702
Current assets			
Inventories		**3,411,922**	3,069,246
Contract assets		**7,185,220**	—
Amounts due from customers for contract work		**—**	3,166,968
Trade and other receivables	7	**10,061,223**	9,019,230
Amounts due from associates		**45,037**	38,347
Amounts due from joint ventures		**7,348,607**	935,161
Prepaid lease payments		**67,025**	63,225
Held-for-trading investments		**1,780**	48,077
Pledged bank deposits		**243,381**	290,729
Bank balances and cash		**13,238,932**	8,246,322
		41,603,127	24,877,305

	Note	2019 HK$'000	2018 HK$'000
Current liabilities			
Trade and other payables	8	**23,698,697**	14,044,970
Amounts due to associates		**40,849**	125
Amounts due to joint ventures		**62,022**	88,441
Contract liabilities		**5,167,594**	—
Amounts due to customers for contract work		**—**	942,632
Derivative financial instrument		**22,566**	2,338
Taxation		**1,244,993**	943,784
Bank and other borrowings — due within one year		**16,407,520**	11,079,288
		46,644,241	27,101,578
Net current liabilities		**(5,041,114)**	(2,224,273)
Total assets less current liabilities		**63,235,492**	54,956,429
Equity			
Share capital		**52,186**	49,685
Reserves		**35,268,865**	28,406,311
Equity attributable to owners of the Company		**35,321,051**	28,455,996
Non-controlling interests		**5,461,357**	4,274,104
Total equity		**40,782,408**	32,730,100
Non-current liabilities			
Bank and other borrowings — due after one year		**21,491,387**	21,293,133
Deferred taxation		**961,697**	933,196
		22,453,084	22,226,329
		63,235,492	54,956,429

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except for the effect of HKFRS 9 and HKFRS 15 on the disclosure of consolidated financial statements, the application of the above new and 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.

Impacts and changes in accounting policies on the adoption of HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provision in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at 31 March 2018** *HK$'000*	**Adjustment** *HK$'000*	**Carrying amounts under HKFRS 15 at 1 April 2018*** *HK$'000*
Current assets				
Contracted Assets	a	—	3,166,968	3,166,968
Amounts due from customers for contract work	a	3,166,968	(3,166,968)	—
Current Liabilities				
Trade and other payables	b	14,044,970	(3,210,630)	10,834,340
Contract liabilities	a, b	—	4,153,262	4,153,262
Amounts due to customers for contract work	a	942,632	(942,632)	—

* *The amounts in this column are before the adjustments from the application of HKFRS 9.*

Notes:

(a) In relation to construction contracts previously accounted for under HKAS 11, the Group has applied input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. HK$3,166,968,000 and HK$942,632,000 of amounts due from/to customers for contract work were reclassified to contract assets and contract liabilities respectively.

(b) As at 1 April 2018, included in trade and other payables HK$3,210,630,000 related to advance payments from customers and advances received from customers for contract work that have not been started. All the relevant contracts have not yet been commenced as at 1 April 2018. These balances were reclassified to contract liabilities upon the initial application of HKFRS 15.

Impacts and changes in accounting policies on the adoption of HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("**ECL**") for financial assets and other items and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provision set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application at 1 April 2018.

	Trade and other receivables	**Contract assets**	**Investments in joint ventures**	**Available-for-sale investments**	**Equity instruments at FVTOCI**
	HK$000	*HK$'000*	*HK$000*	*HK$'000*	*HK$'000*
Closing balance at 31 March 2018 — HKAS 39	9,019,230	N/A	6,423,615	409,176	N/A
Effect arising from initial application of HKFRS 15:	—	3,166,968	—	—	—
Effect arising from initial application of HKFRS 9:					
Reclassification					
From available-for-sale investments	—	—	—	(409,176)	409,176
Remeasurement					
Impairment under ECL model	(368,557)	(60,641)	(119,420)	—	—
Opening balance at 1 April 2018	8,650,673	3,106,327	6,304,195	—	409,176

Notes:

(a) Available-for-sale investments

The Group elected to present in other comprehensive income for the fair value changes of all its investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$409,176,000 were reclassified from available-for-sale investments to equity instruments at fair value through other comprehensive income ("FVTOCI"), of which HK$283,607,000 related to unlisted equity investments previously measured at cost less impairment under HKAS 39, the fair value of those investments are approximate to its carrying amounts at the date of initial application of HKFRS 9.

(b) Impairment under ECL model

The Group applies HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets, including trade related amounts due from associates and joint ventures. To measure the ECL, except for those trade receivables which are credit-impaired, the remaining trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of refundable deposits, other receivables, non-trade related amounts due from associates and joint ventures, amount due from a related company and bank balances and cash are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of HK$429,198,000 has been recognised against opening accumulated profits.

All loss allowances, including trade receivables, contract assets and other financial assets at amortised cost, as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade and other receivables	**Contract assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2018 — HKAS 39	473,333	—	473,333
Amounts remeasured through opening accumulated profits	368,557	60,641	429,198
At 1 April 2018	841,890	60,641	902,531

(c) Investments in joint ventures

The initial application of HKFRS 9 resulted in a decrease in investments in joint ventures of HK$119,420,000 (which is arising from the impact relating to additional loss allowance for trade receivables and contract assets under ECL model within the relevant joint ventures, the Group's share of which amounted to HK$119,420,000) with corresponding adjustment to accumulated profits by debit of HK$119,420,000.

As a result of the changes in the Company's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included.

	31 March 2018	HKFRS 15	HKFRS 9	1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)			(Restated)
Non-current assets				
Equity instruments at FVTOCI	—	—	409,176	409,176
Available-for-sale investments	409,176	—	(409,176)	—
Investments in joint ventures	6,423,615	—	(119,420)	6,304,195
Current assets				
Contract assets	—	3,166,968	(60,641)	3,106,327
Amounts due from customers for contract work	3,166,968	(3,166,968)	—	—
Trade and other receivables	9,019,230	—	(368,557)	8,650,673
Current liabilities				
Trade and other payables	14,044,970	(3,210,630)	—	10,834,340
Contract liabilities	—	4,153,262	—	4,153,262
Amounts due to customers for contract work	942,632	(942,632)	—	—

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2018 as disclosed above.

3. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents the net amounts received and receivable for sales of piped gas, gas connection, engineering design and construction, sales of LPG, and value-added services by the Group for the year.

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

The CODM reviews the results of Zhongyu Gas Holdings Limited ("Zhongyu Gas"), an associate of the Group, being accounted for under equity accounting separately and thus Zhongyu Gas is presented as a single operating and reportable segment.

The Group centralises its engineering design and construction functions. During the year ended 31 March 2019, due to the expansion of the operation and increase in significance of the engineering design and construction functions, the Group separates the engineering design and construction segment which the CODM reviews it individually for better resource allocation and assessment of segment performance. Engineering design and construction segment represents the services rendered by and the individual results of the Group's construction company and design company. Accordingly, the segment information reported below for year ended 31 March 2018 has been restated to conform with the current year presentation.

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

(i) Sales of piped gas;

(ii) Gas connection;

(iii) Engineering design and construction;

(iv) Sales of LPG;

(v) Value-added services; and

(vi) Zhongyu Gas

Information regarding the above segments is presented below.

Segment revenues and results

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

For the year ended 31 March 2019

	Sales of piped gas *HK$'000*	**Gas connection** *HK$'000*	**Engineering design and construction** *HK$'000*	**Sales of LPG** *HK$'000*	**Value-added services** *HK$'000*	**Zhongyu Gas** *HK$'000*	**Segment Total** *HK$'000*
Total segment revenue	27,105,713	11,179,302	12,789,396	15,917,100	3,903,081	—	70,894,592
Inter-segment revenue	—	—	(11,508,530)	—	—	—	(11,508,530)
External segment revenue	27,105,713	11,179,302	1,280,866	15,917,100	3,903,081	—	59,386,062
Segment profit	2,980,679	3,442,093	2,104,120	123,515	1,144,539	259,536	10,054,482
Change in fair value of investment properties							1,281
Interest and other gains							58,151
Unallocated corporate expenses							(435,880)
Finance costs							(326,708)
Exchange loss on translation of foreign currency monetary items into functional currency							(150,334)
Gain on disposal and remeasurement of associates							341,131
Gain on partial disposal of investment in an associate							350,804
Gain on acquisition of a subsidiary							30,018
Impairment loss on goodwill							(68,857)
Share-based payments							(63,137)
Share of results of associates							260,039
Share of results of joint ventures							1,132,056
Profit before taxation							11,183,046

For the year ended 31 March 2018 (restated)

	Sales of piped gas HK$'000	Gas connection HK$'000	Engineering design and construction HK$'000	Sales of LPG HK$'000	Value-added services HK$'000	Zhongyu Gas HK$'000	Segment Total HK$'000
Total segment revenue	22,612,904	8,923,653	7,574,215	15,969,830	2,946,681	—	58,027,283
Inter-segment revenue	—	—	(5,195,325)	—	—	—	(5,195,325)
External segment revenue	22,612,904	8,923,653	2,378,890	15,969,830	2,946,681	—	52,831,958
Segment profit	2,463,320	2,918,910	1,302,017	505,615	774,523	245,671	8,210,056
Change in fair value of investment properties							38,490
Interest and other gains							153,580
Unallocated corporate expenses							(210,915)
Finance costs							(164,319)
Exchange gain on translation of foreign currency monetary items into functional currency							207,729
Share-based payments							(644,320)
Share of results of associates							251,151
Share of results of joint ventures							758,313
Profit before taxation							8,599,765

Inter-segment revenue are charged at prevailing market rates.

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 for remaining reportable segments represents the profit earned by each segment without allocation of interest income and other gains, head office administration costs, change in fair value of investment properties, gain on partial disposal of investment in an associate, gain on disposal and remeasurement of associates, gain on acquisition of a subsidiary, impairment loss on goodwill, share-based payments, share of results of associates, share of results of joint ventures, exchange gain (loss) on translation of foreign currency monetary items into functional currency and certain finance costs. The segment profit of Zhongyu Gas represents share of results of Zhongyu Gas. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

4. TAXATION

	2019	2018
	HK$'000	*HK$'000*
People's Republic of China ("PRC")		
Enterprise Income Tax	**2,168,241**	2,022,350
Deferred taxation	**30,238**	(91,639)
	2,198,479	1,930,711

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit derived from 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 the preferential tax rate pursuant to the relevant regulations applicable to enterprises situated in the western region of the PRC and high-technology enterprises. The applicable tax rates of those PRC group entities is 15% for the year ended 31 March 2019 (2018: 15%).

5. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**10,000**	9,688
Depreciation of property, plant and equipment	**1,203,130**	1,049,946
Release of prepaid lease payments	**66,254**	55,954
Amortisation of intangible assets included in cost of sales	**122,652**	124,340
Minimum lease payments for operating leases	**252,097**	205,962
Losses on disposal of property, plant and equipment	**96,442**	1,663
Share of tax of associates (included in share of results of associates)	**184,929**	186,321
Share of tax of joint ventures (included in share of results of joint ventures)	**372,702**	237,081
Staff costs	**2,790,217**	2,889,505
Cost of inventories recognised as expenses	**39,963,310**	37,453,586
Impairment losses for financial assets and contract assets, net of reversals		
— trade and other receivables	**19,096**	244,248
— amount due from associates and joint ventures	**—**	(8,362)
— contract assets	**67,434**	—
	86,530	235,866
Impairment loss on goodwill	**68,857**	—
Rental income from investment properties less outgoings	**(17,354)**	(21,034)

6. 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:

	2019	2018
	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	**8,224,382**	6,095,153

	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,050,709**	4,968,519
Adjustment for effect of dilutive potential ordinary shares:		
Share options	**1,102**	109,324
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,051,811**	5,077,843

7. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**3,554,884**	3,409,101
Less: accumulated allowances	**(684,415)***	(473,333)
Trade receivables	**2,870,469**	2,935,768
Deposits paid for construction and other materials	**725,380**	448,968
Deposits paid for purchase of natural gas and LPG	**1,885,387**	1,786,991
Advance payments to sub-contractors	**1,491,572**	859,784
Rental and utilities deposits	**464,748**	262,897
Other tax recoverable	**1,245,364**	973,943
Other receivables and deposits	**806,931**	1,256,836
Prepaid operating expenses	**504,065**	460,459
Amounts due from non-controlling interests of subsidiaries	**67,307**	33,584
Total trade and other receivables	**10,061,223**	9,019,230

* The Group has initially applied ECL of HKFRS 9 at 1 April 2018.

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:

	2019	2018
	HK$'000	*HK$'000*
0–180 days	**2,520,722**	2,532,433
181–365 days	**262,870**	211,664
Over 365 days	**86,877**	191,671
	2,870,469	2,935,768

As at 31 March 2019, the trade receivables with carrying amount of HK$2,520,722,000 (2018: HK$2,532,433,000) 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 current creditworthiness, the past collection history of each customer as well as relevant forward-looking information.

Before the application of HKFRS 9 on 1 April 2018, the Group assessed impaired based on incurred loss model.

8. 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:

	2019	2018
	HK$'000	*HK$'000*
0–90 days	**13,256,485**	3,252,218
91–180 days	**3,244,308**	1,177,211
Over 180 days	**1,339,618**	3,040,546
Trade and bill payables	**17,840,411**	7,469,975
Other payables and accrued charges	**1,084,705**	867,813
Consideration payable	**220,897**	482,446
Construction fee payables	**1,596,824**	1,216,433
Other tax payables	**99,995**	156,066
Accrued staff costs	**193,695**	161,593
Loan interest payables	**355,875**	179,437
Advance payments from customers *(Note (a))*	**—**	2,778,969
Advances received from customers for contract work that have not yet been started *(Note (a))*	**—**	431,661
Amounts due to non-controlling interests of subsidiaries	**589,484**	300,577
Amounts due to staff *(Note (b))*	**1,716,811**	—
	23,698,697	14,044,970

Notes:

(a) The Group has initially applied HKFRS 15 at 1 April 2018 that the advance payments from customers and advances received from customers for contract work that have not been started were reclassified to contract liabilities.

(b) The balance represented the amounts due to staff at the end of the reporting period which was the proceeds from sales of Company's shares after the exercise of the employees' share options and the amounts have been substantially settled after the year end date.

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

FINAL DIVIDEND

The Board resolved to recommend payment of a final dividend of HK36 cents per share to shareholders whose names appear on the register of members of the Company on 30 August 2019 (the record date for determining the entitlement of the shareholders to receive the proposed final dividend). Together with the interim dividend of HK8 cents per share paid to the shareholders on 31 January 2019, the total dividend for the year ended 31 March 2019 amounts to HK44 cents per share (total dividend for the year ended 31 March 2018 amounted to HK35 cents per share).

The final dividend, if approved by the shareholders at the forthcoming annual general meeting, is expected to be payable on or around 30 September 2019 (Monday).

CLOSURE OF REGISTER OF MEMBERS

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

For the purpose of determining the shareholders who are entitled to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 16 August 2019 (Friday) to 21 August 2019 (Wednesday) (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on 21 August 2019 (Wednesday), 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 in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 August 2019 (Thursday).

To qualify for the proposed final dividend

For the purpose of determining the shareholders who are entitled to receive the proposed final dividend for the year ended 31 March 2019, the register of members of the Company will be closed from 28 August 2019 (Wednesday) to 30 August 2019 (Friday) (both days inclusive), during which no transfer of shares will be registered. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable to the shareholders whose names appear on the register of members of the Company on 30 August 2019 (Friday). 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 27 August 2019 (Tuesday).

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction to the Company

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

Business Review

In recent years, China's natural gas industry has benefitted from the government's determination to curb smog and haze pollution, adoption of increasingly tightened environmental protection policies, along with effective implementation of "coal to gas conversion" in industrial and commercial sectors and "replacement of coal with gas" in townships in North China. We see tremendous opportunities in this industry.

In order to facilitate the healthy and sustainable development of natural gas industry, the central government unveiled a series of policies on natural gas market reform and environmental protection, including the Clean Winter Heating Plan for North China (2017–2021) (《北方地區冬季清潔取暖計劃(2017–2021)》), the Opinions on Accelerating Gas Storage Facility Construction and Improving Ancillary Service Market Mechanism for Gas Storage and Peaking (《關於加快儲氣設施建設和完善儲氣調峰輔助服務市場機制的意見》), the Notice on Harmonizing Natural Gas City Gate Price for Residential Users (《關於理順居民用氣門站價格的通知》), and the Three-Year Action Plan for Winning the Battle for a Blue Sky (《打贏藍天保衛戰三年行動計劃》). In 2018, with the smooth implementation of pollution prevention and control in key regions, the central government expanded the coverage of priority areas of pollution prevention and control from "2+26" cities to a wider area covering the Yangtze River Delta and the Fenhe-Weihe Plain, so as to further exercise strict control over coal consumption, air pollutants and greenhouse gas emission in those areas. Meanwhile, the central government has set standards for central financial incentives and subsidies, established and improved an industry-wide regulatory regime for natural gas industry. It has also formulated a clear direction on natural gas utilization, demonstrating its commitment to promote natural gas as a main energy source and to continuously facilitate the implementation of coal-to-gas conversion policy. The apparent consumption of natural gas in China reached 280.3 billion m^3 in 2018, representing a year-on-year growth of 18.1%.

In order to actively respond to the national environmental protection policies, the Group strengthened corporate governance and safety operation, deepened internal reforms, optimized management, and firmly facilitated the implementation of its 112N strategy for the development of all forms of business operations, endeavoring to build an integrated energy ecosphere in all aspects through continuous promotion of "coal-to-gas conversion" in industrial and commercial sectors, vigorous development of "replacement of coal with gas" and "beautiful villages" in townships. Meanwhile, the Group also accelerated development of LPG sales network, value-added services, LNG trading, thermoelectric power, distributed energy resources and other new businesses on the basis of maintaining the expansion course of its city gas business.

During the financial year, the Group recorded considerable increases in both financial and operating results. The Group's total natural gas sales volume increased by 32.1% to 24.66 billion m^3. The number of new residential connections amounted to 5,107,836 households, representing a year-on-year increase of 30.1%. Total revenue increased by 12.4% to HK$59,386,062,000. Gross profit amounted to HK$14,059,184,000, representing a year-on-year increase of 20.5%. Meanwhile, profit attributable to owners of the Company increased by 34.9% to HK$8,224,382,000, and basic earnings per share were HK$1.63, representing a significant year-on-year increase of 32.5%.

Financial Highlights
for the year ended 31 March

	2019	2018	Change
Turnover *(HK$'000)*	**59,386,062**	52,831,958	12.4%
Gross Profit *(HK$'000)*	**14,059,184**	11,671,024	20.5%
Profit attributable to owners of the Company *(HK$'000)*	**8,224,382**	6,095,153	34.9%
Basic earnings per share *(in HK dollars)*	**1.63**	1.23	32.5%
Operational Performance			
Number of piped-gas projects	**542**	495	47
Number of comprehensive energy supply projects	**68**	19	257.9%
Connectable residential users for city gas projects (household)	**43,049,175**	40,983,038	5.0%
Penetration rate of residential users for city gas projects (%)	**60.7%**	57.2%	3.5 pts
Total natural gas sale volume ***(million m^3)***	**24,656.4**	18,659.3	32.1%
Natural gas sold through city and township gas projects	**14,744.4**	11,786.5	25.1%
Natural gas sold through direct pipelines and trade	**9,912.0**	6,872.8	44.2%
Sales of natural gas in city and township gas projects (customer breakdown) ***(million m^3)***			
Residential	**3,984.7**	3,088.9	29.0%
Industrial	**7,050.0**	5,419.6	30.1%
Commercial	**2,516.2**	2,054.1	22.5%
CNG/LNG stations	**1,193.5**	1,223.9	–2.5%

	2019	2018	Change
New Connections			
Residential	**5,107,836**	3,926,762	30.1%
City gas projects	**2,716,223**	2,777,629	–2.2%
Township gas projects	**2,391,613**	1,149,133	108.1%
Industrial	**2,686**	2,318	15.9%
Commercial	**30,673**	26,829	14.3%
Accumulated number of connected customers and gas stations			
Residential	**29,678,157**	24,570,321	20.8%
City gas projects	**26,137,411**	23,421,188	11.6%
Township gas projects	**3,540,746**	1,149,133	208.1%
Industrial	**12,407**	9,721	27.6%
Commercial	**199,637**	168,964	18.2%
CNG/LNG stations	**575**	580	–0.9%
Average connection fees *(RMB)*			
City gas projects	**2,508**	2,523	–0.6%
Township gas projects	**3,010**	3,089	–2.6%
Average gas tariffs (ex-tax) *(RMB/m^3)*			
Residential	**2.52**	2.40	5.0%
Industrial	**2.65**	2.50	6.0%
Commercial	**2.79**	2.60	7.3%
CNG/LNG stations	**2.93**	2.63	11.4%

New Projects Expansion

By virtue of its long-established market insights, flexible project development strategies, excellent safety and operation management and good corporate image, the Group has maintained its outstanding performance in securing new projects. During the financial year, the Group secured 15 additional city piped gas projects. As at 31 March 2019, the Group cumulatively secured a total of 542 piped gas projects with concession rights (including 365 city piped gas projects, 177 township "replacement of coal with gas" projects at county or district levels) in 26 provinces, municipalities and autonomous regions in China. The Group also owns 17 natural gas long distance transmission pipeline projects, 575 CNG/LNG refilling stations for vehicles, one coal bed methane development project, 100 LPG distribution projects and 68 comprehensive energy supply projects with multi-energy complementation.

The Group secured 15 additional city piped gas projects from 1 April 2018 to 31 March 2019 in the following locations:

Provinces	**Cities/Districts**
Heilongjiang Province	Acheng District of Harbin City, Jiguan New District of Jixi City, Wuchang City, Anda City, Tailai County, Bin County, Zhaoyuan County, Fangzheng County, Jiansanjiang
Inner Mongolia Autonomous Region	Ganqimaodu Industrial Zone of Urad Zhong Qi, Dengkou County
Hunan Province	Huaihua National Agriculture and Technology Zone
Jiangxi Province	Nancheng County
Jilin Province	Fuyu City
Hubei Province	Chongyang County

As at 31 March 2019, the number of connectable urban population covered by all the Group's gas projects increased to 132 million (approximately 43.05 million households), representing a year-on-year increase of 5.0%.

Responding to the Blue Sky Project formulated by the Chinese government, the Group made active investment in gas supply projects for winter heating in townships i.e. township "replacement of coal with gas" projects, through prudent investigation and study, scientific design, comprehensive layout, efficient construction and safe operation. So far, the Group has established strategic partnerships with Tianjin municipality and Hebei, Shandong, Shanxi, Henan, Shaanxi, Anhui, Yunnan, Hainan, Heilongjiang, Hubei, Jilin, Guizhou, Sichuan and Hunan provinces to carry out projects such as township "replacement of coal with gas", conversion of coal boilers to natural gas boilers, natural gas for vehicles, distributed energy resources, natural gas storage facilities, gas pipeline network and "beautiful villages" in 177 counties and districts in China.

As at 31 March 2019, the Group signed agreements with more than 7 million residential users for township"replacement of coal with gas" projects.

Natural Gas Business Review

Natural Gas Pipeline Network Construction and User Connection

City gas pipeline network is the foundation for the operation of gas suppliers. By constructing trunk and branch pipelines of city gas pipeline network, the Group connects natural gas pipelines to its residential, industrial and commercial users and charges them for connection fees and gas bills.

As at 31 March 2019, the Group completed the construction of a gas transmission pipeline network with a total length of 296,797 kilometers.

Residential Users

While connecting pipelines to new buildings, the Group makes vigorous efforts in connecting pipelines to existing residential users in a continuous manner, and has achieved remarkable success. The proportion of newly connected existing urban residential users in a year against the total number of newly connected urban residential users in the year has been increasing annually, reaching 36% during the financial year.

During the financial year, the Group completed natural gas connections for 5,107,836 (for the year ended 31 March 2018: 3,926,762) new residential households (of which 2,716,223 were connected under city gas projects, and 2,391,613 were connected under "replacement of coal with gas" projects in townships), representing a year-on-year increase of 30.1%. The average connection fees paid by residential households of city gas projects and "replacement of coal with gas" projects in townships were RMB2,508 per household and RMB3,010 per household respectively.

As at 31 March 2019, the accumulated number of connected residential users of the Group was 29,678,157 households (of which 26,137,411 were connected under city gas projects, and 3,540,746 were connected under "replacement of coal with gas" projects in townships), representing a year-on-year increase of 20.8%. Penetration rate of city gas projects reached 60.7%.

Industrial and Commercial Users

Fueled by China's economy restructuring and stringent environmental protection policies, overall natural gas supply and demand presented significant growth in the country. As a result of the implementation of "coal to gas conversion" policy, coal users in industrial and commercial sectors converted from the use of coal to natural gas, and have become one of the significant drivers of the growth in natural gas sales volume.

The Group will continue to play an active role in coordinating with all levels of governments to accelerate the construction of natural gas-fired central heating system and "coal to gas conversion" projects in industrial and commercial sectors according to the requirements of the Action Plan on the Prevention and Control of Air Pollution promulgated by the State Council of the PRC. The Group will also leverage its natural gas logistics fleet to develop township and point-to-point natural gas supply projects, thereby effectively increasing its industrial and commercial gas sales volumes.

During the financial year, the Group connected a total of 2,686 new industrial users and 30,673 new commercial users. As at 31 March 2019, the Group cumulatively connected 12,407 industrial users, representing a year-on-year increase of approximately 27.6%; and 199,637 commercial users, representing a year-on-year increase of 18.2%. The average connection fees for each industrial user and each commercial user were RMB210,978 and RMB27,452 respectively.

Transportation Users (CNG/LNG Refilling Stations for Vehicles and Vessels)

Affected by the policy implemented to strongly develop clean energy vehicles in China during the recent years, CNG refilling station market was still full of challenges in the country. The Group proactively adapted its development strategies for gas refilling stations for vehicles to the changing market. It focused on "upgrading the market development capability of gas refilling stations, enhancing the profitability of gas refilling stations for vehicles and vessels, tapping the potentials of inefficient gas refilling stations and rectifying gas refilling stations involving problems, and optimizing investment strategy".

During the period, the Group made continuous new breakthroughs in industry research, business model, access to channels and network construction, and has achieved active communication between customers and stations in key regions such as Northwest China, North China and Guangxi, enhancing customers' loyalty to and convenience from its refilling business. The Group successively entered into industry strategic alliances with leading domestic automotive and equipment manufacturers through cooperation, and established close cooperative ties with leading domestic LNG suppliers to secure gas supply for vehicle gas projects. The Group has been committed to playing a leading role in promoting the utilization of natural gas in waterway transportation sector in China. With patents and intellectual property rights for LNG vessel engine modifications, the Group successfully renovated China's first LNG-powered vessel and completed the construction of Yangtze River's first shore-based refilling wharf, which has been selected by the Ministry of Transport as a trial project of LNG application to waterway transportation. The Group also worked to build LNG refilling stations for vessels along the Yangtze River, the Xijiang River and the Beijing-Hangzhou Grand Canal to accelerate the development of LNG refilling market for vehicles and vessels, thereby pushing forward the construction and development of "Green Waterway Transportation, Low Carbon Ports" in China.

In December 2018, the State issued the Action Plan for Controlling Diesel Truck Pollution" (《柴油貨車污染治理攻堅戰行動計劃》), requiring the full introduction of refined oil that meets National-VI standards. Facing with such a huge opportunity generated by the implementation of the Plan in developing business involving the provision of LNG for vehicles, the Group will accelerate the promotion and launch of the WeChat marketing platform "China Gas e-refilling" phase II, so as to enhance LNG heavy truck drivers' loyalty through accurate marketing and the use of smart gas refilling cards, thereby increasing gas sales volume.

As at 31 March 2019, the Group had a total of 575 CNG/LNG refilling stations for vehicles.

Township "Replacement of Coal with Gas"

During the financial year, the Group unswervingly expanded its market presence by leveraging on the merits brought about by Township "Replacement of Coal with Gas" initiatives, and adhered to its clear-cut strategy and was resolute to carry through the township "replacement of coal with gas" initiatives till the end. Our Group was overwhelmingly keen to join the township "replacement of coal with gas" initiatives that we brought forth premium, quality and highly efficient facilities and adequate energy supply to allow the rural residents in northern China to access to natural gas. We, therefore, had won wide popularity among all levels of municipal governments and users.

As at the end of the financial year, the Group accumulatively contracted residential users for township "replacement of coal with gas" initiatives amounting to more than 7 million households in total, and completed gas pipeline connections for 3,540,746 township residential users units. During the financial year, the Group provided 605 million cubic meters of natural gas to rural residents for winter heating consumption.

Embarking on township "replacement of coal with gas" initiatives and "defending the blue sky" are not just an occasional game, instead they are a series of enduring never-say-die battles. Since our Group has identified the township "replacement of coal with gas" initiatives as one of its key strategic targets, we are relentless to carry through till the end, so as to contribute to the betterment of environmental protection sector, along with improving the livelihood of local residents all alike across China.

Natural Gas Sales

During the financial year, the Group's total natural gas sales volume were 24.66 billion cubic meters, representing a year-on-year increase of 32.1%. Natural gas was mainly sold through networks of gas pipelines laid in cities and townships, trading business and direct-supply channels. City gas projects recorded sales of gas in 14.74 billion cubic meters (among which piped gas in townships: 605 million cubic meters), representing a year-on-year increase of 25.1%. Trading business and direct-supply channels realized 9.91 billion cubic meters, representing a year-on-year increase of 44.2%.

Among the total natural gas sales volume of the Group's city and township gas projects, 3.98 billion cubic meters were sold to residential users, 7.05 billion cubic meters were sold to industrial users, 2.52 billion cubic meters were sold to commercial users, and 1.19 billion cubic meters were sold to CNG/ LNG vehicle users, representing a year-on-year increase of 29.0%, 30.1%, 22.5% and –2.5% respectively, and accounting for 27.0%, 47.8%, 17.1% and 8.1% of total natural gas sales of the Group's city and township gas projects respectively.

During the financial year, the Group recorded natural gas sales revenue of HK$27,105,713,000, accounting for 45.6% of its total turnover for the year, and representing a year-on-year increase of 19.9%.

Liquefied Petroleum Gas Business

The Group currently has eight LPG terminals and 100 LPG distribution projects. With distribution operations in 19 provinces in China, it has been positioned as the largest vertically integrated LPG business operation service provider in the country.

With LPG becoming popular among rural-urban fringe residents, with industrial and commercial LPG demand growing steadily over the long term, and with LPG developing rapidly as a form of raw material in petrochemical synthesis and deep-processing sectors, LPG industry has been enjoying continuous and rapid development since the end of 2014. The Group makes full use of the strengths yielded from its LPG terminals, storage facilities, vessel and vehicle fleets and networks to boost international and domestic purchasing of LPG, thereby continuously increasing the utilization rate of its LPG assets. The Group exercises unified procurement of LPG for its downstream retail business, so as to draw on the advantages generated by the integration of trading and sales to end users, realize rational placement of gas procurement, storage and distribution resources and market coverage, and effectively integrate wholesale segment and retail segment, thereby maximizing profit margin of the entire supply chain. The Group also capitalizes on its extensive city gas network and resources across China to expand its LPG distribution business from the south to the north of the country.

During the financial year, the Group's total LPG sales volume was 3,993,377 tons, representing a year-on-year decrease of 0.9%. Of which, 2,785,350 tons were sold through wholesale business, representing a year-on-year decrease of 5.4%; and 1,208,027 tons were sold through retail business, representing a year-on-year increase of 11.3%. Wholesale business recorded a slight year-on-year decrease in sales volume. It was mainly attributable to the control of the Group appropriately exercised over its LPG imports to prevent the effect of the substantial volatility of international LPG purchase price on purchase costs and profit. The volatility in international crude oil and LPG prices intensified during the period. Total sales revenue amounted to HK$15,917,100,000 (for the year ended 31 March 2018: HK$15,969,830,000), representing a year-on-year decrease of 0.3%, while core net profit for the year attributable to the owners of the Company amounted to HK$101,766,000 (for the year ended 31 March 2018: HK$550,836,000).

Value-Added Services for End Users

With ever increasing penetration rate, our customer base has been rapidly expanding. Currently, the Group provides natural gas and LPG services to more than 35 million residential, industrial and commercial users, which have given shape to a customer network with enormous potential for conducting value-added activities. Accordingly, it will strive to gradually increase the percentage of its income from value-added businesses in its overall operating income by enriching its value-added services and edging up its marketing efforts, aiming at further enhancing the profitability and overall competitiveness of its operational service network. The Group's value-added business includes sales of wall-mounted gas heaters and kitchen appliances under the brand of "Gasbo (中燃寶)", smart home product line, provision of comprehensive gas insurance agency services, and sales of gas corrugated pipes, gas alarms and other products such as bottled water, each of which recorded significant growth during the financial year. Sales volume of wall-mounted gas heaters and kitchen appliances series under the brand of "Gasbo" reached 830,000 units, representing a year-on-year increase of 84.4%, making the Group a leading manufacturer and distributor of wall-mounted gas heaters and kitchen appliances in China.

During the period, the Group's revenue from value-added business amounted to HK$3,903,081,000, representing a year-on-year growth of 32.5%; gross profit amounted to HK$1,421,005,000, representing a year-on-year growth of 42.0%; and operating profit amounted to HK$1,144,539,000, representing a year-on-year growth of 47.8%.

Comprehensive energy business

Driven by the progress made in implementing environmental protection policies, the changes in energy consumption structure and the transformation in consumption patterns, China's energy industry is witnessing unprecedented transformations towards clean energy, diversifying energy consumption and integrating energy supply. Over the years, the Group has been committed to pushing forward with the extensive deployment of such new business as natural gas-fired distributed energy resources, photovoltaic power generation, distribution and sale of electricity as well as central heating in China, on the basis of the huge market and the large customer base gained by its gas projects. It seeks to carry out integrated utilization of energy resources with years of cumulative experience in market development and technical innovation, in an effort to provide customers with highly efficient integrated energy resources that address their needs for gas, heating, electricity and cooling.

As at 31 March 2019, the Group had a total of 68 comprehensive energy projects in operation.

Human Resources

The Group always places people first as it is aware that a team of excellent employees is vital to the success of an enterprise. Accordingly, in terms of talent development and team building, it follows the philosophy of "cultivating potential talents within the Group and extensively recruiting talents from outside" for the establishment of a sound mechanism of brain gain and in-house training.

The Group constantly upgrades the professionalism and competence of its staff at all levels while proactively creating platforms for its staff to exchange knowledge and share experience, with an intention to attract talents and retain outstanding staff by enhancing their job satisfaction and developing optimal remuneration and welfare system.

As of 31 March 2019, the Group had approximately 51,000 employees. Employees' remuneration is determined with reference to their qualification, experience and prevailing local industry practice. Apart from basic salary and pension fund contribution, eligible employees may be awarded bonuses or share options, based on the Group's financial results and their individual performance.

Corporate Management and Corporate Governance

It has been a long-standing tradition of the Group to adhere to the "normalized, standardized and systematic" management principle to achieve continuous improvement in operational management. Along with its growing scale, expanding operating region, developing new businesses and changing staff structure and the gradually maturing gas industry, the Group keeps on optimizing management policies to achieve scientific corporate management, while progressively establishing strategy implementation mechanism, improving information smart system and facilitating smart transformation to become a strategically-empowering enterprise.

In terms of operational management, the Group vigorously pushes ahead with meticulous operational management, continuously increases investment in the construction of IT-based operating system, and actively encourages innovation, with a view to improving operational management and achieving a shift of operating system from standardized management to IT-based management, thereby raising its overall operational management level on an ongoing basis.

In terms of engineering construction management, the Group emphasizes on classification and hierarchical management of engineering construction and bid invitation through the establishment of a normalized standard system, so as to give full play to the functions of regional management centers in coordination, supervision and services on the spot. While speeding up engineering construction, the Group keeps on strengthening engineering construction investment management, compliance with the principle of "setting strict standards on efficiency and increasing returns on investment", and rational control over the scale of investment in non-productive engineering construction projects, thereby creating maximum returns through efficient utilization of its core assets.

In the course of development, the Group endeavors to improve corporate governance and internal control on an ongoing basis. It has committed to incorporating effective and sustainable measures of corporate governance and internal control into its corporate development strategy and risk control system, through internal review and adoption of professional opinions provided by independent third parties, with an aim to ensuring a higher standard of corporate governance and internal control.

Financial Review

For the year ended 31 March 2019, the Group's sales revenue amounted to HK$59,386,062,000 (for the year ended 31 March 2018: HK$52,831,958,000), representing a year-on-year increase of 12.4%. Gross profit amounted to HK$14,059,184,000 (for the year ended 31 March 2018: HK$11,671,024,000), representing a year-on-year increase of 20.5%. Overall gross profit margin was 23.7% (for the year ended 31 March 2018: 22.1%). Profit for this year attributable to the owners amounted to HK$8,224,382,000 (for the year ended 31 March 2018: HK$6,095,153,000), representing a significant year-on-year increase of 34.9%. Basic earnings per share amounted to HK$1.63 (for the year ended 31 March 2018: HK$1.23), representing a significant year-on-year increase of 32.5%.

Operating Expenses

Operating expenses (including sales and distribution costs and administrative expenses) increased by 18.3% to HK$4,262,231,000 from HK$3,603,524,000 in the same period last year.

Finance Costs

For the year ended 31 March 2019, financial costs increased by 59.0% to HK$1,284,304,000 from HK$807,781,000 in the same period last year.

Share of Results of Associates

For the year ended 31 March 2019, share of results of associates amounted to HK$519,575,000 (for the year ended 31 March 2018: HK$496,822,000), representing a year-on-year increase of 4.6%.

Share of Results of Joint Ventures

For the year ended 31 March 2019, share of results of joint ventures was approximately HK$1,132,056,000 (for the year ended 31 March 2018: HK$758,313,000), representing a year-on-year increase of 49.3%.

Income Tax Expenses

For the year ended 31 March 2019, income tax expenses amounted to HK$2,198,479,000 (for the year ended 31 March 2018: HK$1,930,711,000), which was mainly due to an increase in taxable profit as a result of business growth.

Liquid Funds

The Group's primary business generates steadily growing cash flow. Coupled with an effective and well-established capital management system, the Group has been able to maintain stable business development and healthy cash flow, despite uncertainties in macro-economy and capital market.

As at 31 March 2019, the Group's total assets amounted to HK$109,879,733,000, representing a year-on-year increase of approximately 33.9%. Bank balance and cash amounted to HK$13,482,313,000 (31 March 2018: HK$8,537,051,000). Current ratio was 0.89 (31 March 2018: 0.92). Net gearing ratio was 0.54 (31 March 2018: 0.62), as calculated on the basis of net borrowings of HK$22,175,991,000 (total borrowings of HK$37,898,907,000 less trade facility relating to short-term import letters of credit of the LPG business of HK$2,240,603,000 and bank balance and cash of HK$13,482,313,000) and net assets of HK$40,782,408,000 as at 31 March 2019.

The Group always adopts a prudent financial management policy, under which a majority of available cash of the Group is deposited in reputable banks as current and fixed deposits.

Financial Resources

The Group has been actively building up long-standing cooperation relationships with Chinese (including Hong Kong) and overseas banks. As the Group's principal cooperating bank, China Development Bank has provided the Group with a long-term credit facility of RMB20 billion under a maximum term of 15 years, which has given strong financial support to the Group's project investments and stable operations. Other major domestic and foreign banks such as Asian Development Bank (ADB), Industrial and Commercial Bank of China, Bank of Communications, Bank of China, Agricultural Bank of China, China Merchants Bank, Hong Kong and Shanghai Banking Corporation (HSBC), Mitsubishi UFJ Financial Group, Westpac Banking Corporation, Australia and New Zealand

Banking Group have also granted long-term credit to the Group. As at 31 March 2019, over 20 banks offered syndicated loans and standby credit facilities to the Group. Such bank loans are generally used to fund the Group's operations and project investments.

Both the Company acting as an overseas issuer and the Group's wholly-owned subsidiaries incorporated in China actively participate in the issuance of RMB bonds on stock exchanges and interbank bond market in China. As at31 March 2019, remaining balance of the RMB Panda Bonds and medium-term RMB notes issued by the Group amounted to RMB6.8 billion.

On 26 October 2016, the Group and China Insurance Investment Fund L.P.* (中國保險投資基金(有限合夥)) formed China Insurance Investment China Gas (Shenzhen) Clean Energy Development Investment Fund L.P.* (中保投中燃(深圳)清潔能源發展基金(有限合夥)). The maximum size of the fund can reach RMB10.02 billion in aggregate. As at 31 March 2019, a total of RMB5.8 billion of the fund was utilized.

As at 31 March 2019, the Group's bank loans and other bond portfolios were as follows:

	2019	2018
	HK$'000	*HK$'000*
Less than one year	**16,407,520**	11,079,288
More than one year, but not more than two years	**9,833,244**	13,636,482
More than two years, but not more than five years	**10,018,833**	5,889,718
After five years	**1,639,310**	1,766,933
	37,898,907	32,372,421

As at 31 March 2019, the Group's bank loans and other loans amounted to HK$37,898,907,000 in aggregate, representing a year-on-year increase of 17.1%, among which trade facility relating to short-term import letters of credit of LPG business amounted to HK$2,240,603,000.

The Group's operating and capital expenditure has been financed by operating cash income, indebtedness and financing of share capital. The Group has maintained sufficient source of funds to satisfy its future capital expenditure and working capital requirements.

Foreign Exchange and Interest Rate

Most of the income of the Group is received in RMB while most of the expenses and capital expenditure are also denominated in RMB. However, certain bank loans and other borrowings and bank balances of the Group are denominated in currencies other than the relevant functional currency (RMB) of the entities of the Group. The appreciation or depreciation of RMB against foreign currencies will give rise to exchange gain or loss. Although most of such gain or loss is non-operating in nature, it can make a positive or negative impact on the results of the Group.

Based on the principle of prudence, the Board of the Group has formulated its exchange rate risks management and control policies to closely monitor the trends of market interest rates and foreign exchange rates and adjust its debt structure in a timely and reasonable manner to avoid risks effectively. In accordance with such exchange rate risks management and control policies, the Group actively adjusted the structure of debt in domestic currency (RMB) and foreign currencies and adopted currency hedging derivatives to hedge the currency risk and interest risk of a small portion of existing foreign currency loans, which significantly lowered the potential exchange rate risks. As at 31 March 2019, the proportion of foreign currency debts out of all debts of the Group was 14.7%. The strict control measures on debt in foreign currencies immensely mitigated the effect of exchange gain or loss on the Group's results.

Pledge of Assets

As at 31 March 2019, the Group pledged bank deposit amounting to HK$243,381,000 (31 March 2018: HK$290,729,000), other deposit amounting to HK$63,953,000 (31 March 2018: 68,323,000), and certain subsidiaries have pledged their equity investments in other subsidiaries to banks to secure loan facilities.

Capital Commitments

As at 31 March 2019, the Group had capital commitments amounting to HK$133,916,000 (31 March 2018: HK$134,766,000) and HK$81,404,000 (31 March 2018: HK$54,934,000) respectively in respect of the acquisition of property, plant and equipment and construction materials contracted but not provided for in the financial statements, which would require the utilization of the Group's cash on hand and external financing. The Group has undertaken to acquire shares of certain Chinese enterprises and set up Sino-foreign joint ventures in China.

Contingent Liabilities

As at 31 March 2019, the Group did not have any material contingent liabilities (31 March 2018:nil).

CORPORATE GOVERNANCE

The Company complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Listing Rules throughout the year, except for the deviations for the following:

Code Provision A.4.1

Under the Code Provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. None of the existing non-executive Directors and independent non-executive Directors is appointed for a specific term. However, pursuant to Bye-law 87(1) of the Bye-laws of the Company, one-third of the directors for the time being must retire from the office by rotation at each annual general meeting. The Company has observed the good corporate governance practices. All non-executive Directors and independent non-executive Directors retired from the office by rotation and were re-elected in the past three years. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the relevant Code Provision.

Code Provision A.6.7

Under the Code Provision A.6.7, all independent non-executive directors and non-executive directors of the Company should attend general meeting but certain non-executive directors did not attend the annual general meeting of the Company held on 22 August 2018 due to overseas business commitment or pre-arranged business engagements.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, and all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the financial year ended 31 March 2019.

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 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 March 2019, the Company or its any of its subsidiaries repurchased a total of 9,851,200 Shares on the Stock Exchange at an aggregate consideration of HK$211,710,408. Details of the repurchases are as follows:

Month	Total number of Shares repurchased	Price per Share Highest	Price per Share Lowest	Total consideration
		HK$	*HK$*	*HK$*
September 2018	585,000	22.00	21.95	12,860,750.00
October 2018	9,266,200	22.00	20.00	198,849,658.00
Total	9,851,200			211,710,408.00

Up to the date of this announcement, all of the above repurchased Shares were cancelled.

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

The results announcement is required to be published on the websites of 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 2019 will be dispatched to the shareholders and published on the websites of HKEX and the Company in due course.

On behalf of the Board
CHINA GAS HOLDINGS LIMITED*
Zhou Si
Chairman

Hong Kong, 21 June 2019

As at the date of this announcement, Mr. ZHOU Si, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Mr. MA Jinlong and Ms. LI Ching are the executive directors of the Company; Mr. LIU Mingxing (his alternate being Ms. LIU Chang), Mr. JIANG Xinhao, Mr. Rajeev Kumar MATHUR and Mr. JO Jinho (his alternate being Mr. KWON Woonsang) are the non-executive directors of the Company; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. WONG Sin Yue Cynthia, Ms. CHEN Yanyan and Mr. ZHANG Ling are the independent non-executive directors of the Company.

* *for identification purpose only*