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 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 March		
	2024	2023	**Change**
	HK$'000	*HK$'000*	*%*
Revenue	**81,410,133**	91,988,445	(11.5)
Gross profit	**11,304,123**	12,034,675	(6.1)
Non-HKFRS measure: Adjusted net profit attributable to owners of the Company#	**3,965,514**	4,144,052	(4.3)
Net cash flow from operating activities	**11,340,195**	10,027,284	13.1
Free cash flow	**4,288,773**	2,519,991	70.2
Annual Dividend (HK cents per share)	**50**	50	–

Please refer to Note 1 on page 20 and the section headed "Reconciliation of Non-HKFRS Measure to the Nearest HKFRS Measure" for details.

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 2024, together with the comparative figures for the year ended 31 March 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 March 2024** *HK$'000*	Year ended 31 March 2023 *HK$'000*
Revenue	*3*	**81,410,133**	91,988,445
Cost of sales		**(70,106,010)**	(79,953,770)
Gross profit		**11,304,123**	12,034,675
Other income		**1,212,899**	1,373,913
Other gains and losses		**(763,954)**	344,502
Selling and distribution costs		**(2,551,377)**	(2,950,007)
Administrative expenses		**(3,163,135)**	(3,153,578)
Finance costs		**(2,121,753)**	(1,855,358)
Share of results of associates		**297,253**	344,838
Share of results of joint ventures		**398,389**	(100,983)
Profit before taxation		**4,612,445**	6,038,002
Taxation	*4*	**(759,558)**	(923,578)
Profit for the year	*5*	**3,852,887**	5,114,424

	Note	Year ended 31 March 2024 HK$'000	Year ended 31 March 2023 HK$'000
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		**(4,424,886)**	(6,858,730)
Decrease in fair value of investments in equity instruments at fair value through other comprehensive income		**(169,551)**	(84,144)
Gain on revaluation of properties, net of deferred tax		**–**	73,137
		(4,594,437)	(6,869,737)
Items that may be reclassified subsequently to profit or loss:			
Fair value gain on hedging instruments designated as cash flow hedge		**32,936**	–
Reclassification to profit or loss on realisation of cash flow hedge		**(25,181)**	–
		7,755	–
Other comprehensive expense for the year		**(4,586,682)**	(6,869,737)
Total comprehensive expense for the year		**(733,795)**	(1,755,313)
Profit for the year attributable to:			
Owners of the Company		**3,184,939**	4,293,484
Non-controlling interests		**667,948**	820,940
		3,852,887	5,114,424
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(1,000,398)**	(1,890,761)
Non-controlling interests		**266,603**	135,448
		(733,795)	(1,755,313)
Earnings per share			
Basic	*6*	**HK$0.59**	HK$0.80
Diluted		**HK$0.59**	HK$0.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024	2023
		HK$'000	*HK$'000*
Non-current assets			
Investment properties		**2,596,454**	2,881,831
Property, plant and equipment		**67,521,253**	66,891,255
Right-of-use assets		**2,420,802**	3,792,673
Investments in associates		**10,005,754**	10,245,589
Investments in joint ventures		**12,033,619**	12,045,110
Equity instruments at fair value through other comprehensive income		**753,585**	922,498
Goodwill		**3,078,353**	3,230,141
Other intangible assets		**3,244,551**	3,601,304
Deposits for acquisition of property, plant and equipment		**240,822**	342,457
Deposits for acquisition of subsidiaries, joint ventures and associates and other deposits		**96,315**	105,643
Deferred tax assets		**1,459,037**	1,012,269
		103,450,545	105,070,770
Current assets			
Inventories		**4,731,280**	5,655,445
Contract assets		**10,260,982**	12,706,697
Trade and other receivables	*8*	**15,519,598**	16,702,411
Amounts due from associates	*9*	**76,172**	474,088
Amounts due from joint ventures	*10*	**6,314,715**	5,959,576
Derivative financial instruments		**36,512**	–
Held-for-trading investments		**27,585**	104,536
Pledged bank deposits		**185,999**	178,696
Cash and cash equivalents		**8,094,336**	10,438,990
		45,247,179	52,220,439

	Notes	**2024** *HK$'000*	2023 *HK$'000*
Current liabilities			
Trade and other payables	*11*	**17,628,751**	19,557,328
Amounts due to associates	*9*	**81,760**	72,050
Amounts due to joint ventures	*10*	**366,502**	156,108
Contract liabilities		**8,568,261**	9,080,132
Derivative financial instruments		**28,757**	–
Tax payable		**606,660**	806,268
Lease liabilities		**58,146**	200,709
Bank and other borrowings – due within one year		**23,043,420**	21,907,608
		50,382,257	51,780,203
Net current (liabilities) assets		**(5,135,078)**	440,236
Total assets less current liabilities		**98,315,467**	105,511,006
Equity			
Share capital		**54,356**	54,403
Reserves		**53,873,299**	57,846,181
Equity attributable to owners of the Company		**53,927,655**	57,900,584
Non-controlling interests		**6,819,698**	6,889,795
Total equity		**60,747,353**	64,790,379
Non-current liabilities			
Bank and other borrowings – due after one year		**36,021,935**	38,103,193
Lease liabilities		**114,904**	1,175,335
Deferred tax liabilities		**1,431,275**	1,442,099
		37,568,114	40,720,627
		98,315,467	105,511,006

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**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 (the "**Listing Rules**") and by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

As at 31 March 2024, the Group's net current liabilities amounted to HK$5,135,078,000. The consolidated financial statements have been prepared on a going concern basis because the directors of the Company believe that the Group has sufficient funds to finance its current working capital requirements taking account of the cash flows from operations and assuming the continuing ability to utilise the available bank facilities. As at 31 March 2024, the Group had available unutilised bank facilities of HK$91,255,455,000.

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 at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except for the Amendments to HKAS 1 and HKFRSs Practice Statement 2 "**Disclosure of Accounting Policies**" which has affected the disclosure of the Group's accounting policies in the consolidated financial statements, the application of the other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue arises from contracts with customers for the sales of natural gas, gas connection, engineering design and construction, sales of liquefied petroleum gas ("**LPG**"), value-added services and other businesses by the Group.

Information reported to the Group's chief operating decision maker ("**CODM**"), being the Chairman and President 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 Energy Holdings Limited ("**Zhongyu Energy**"), an associate of the Group, being accounted for under equity accounting separately and thus Zhongyu Energy is presented as a single operating and reportable segment.

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

(i) Sales of natural gas;

(ii) Gas connection;

(iii) Engineering design and construction;

(iv) Sales of LPG;

(v) Value-added services;

(vi) Other businesses; and

(vii) Zhongyu Energy.

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 2024

	Sales of natural gas *HK$'000*	Gas connection *HK$'000*	Engineering design and construction *HK$'000*	Sales of LPG *HK$'000*	Value-added services *HK$'000*	Other businesses *HK$'000*	Zhongyu Energy *HK$'000*	Segment total *HK$'000*
Total segment revenue	52,444,694	4,014,539	5,217,659	17,980,918	3,654,898	1,777,457	–	85,090,165
Inter-segment revenue	–	–	(3,680,032)	–	–	–	–	(3,680,032)
External segment revenue	52,444,694	4,014,539	1,537,627	17,980,918	3,654,898	1,777,457	–	81,410,133
Segment profit	3,062,678	681,461	622,741	120,064	1,582,032	426,410	215,837	6,711,223
Changes in fair value of investment properties								(94,639)
Changes in fair value of held-for-trading investments								(76,951)
Interest and other gains and losses								(119,407)
Unallocated corporate expenses								(747,211)
Finance costs								(1,139,162)
Exchange gain on translation of foreign currency monetary items into functional currency								30,033
Gain on disposal of interest/partial interests in associates and deemed acquisition of additional interests in an associate								187,831
Loss on disposal and winding up of subsidiaries								(14,282)
Share of results of associates (other than Zhongyu Energy)								81,416
Share of results of joint ventures								398,389
Share-based payment expense								(2,813)
Gain arising on lease modifications								83,616
Impairment losses recognised on trade receivables and contract assets, net								(685,598)
Profit before taxation								4,612,445

For the year ended 31 March 2023 (restated)

	Sales of natural gas *HK$'000*	Gas connection *HK$'000*	Engineering design and construction *HK$'000*	Sales of LPG *HK$'000*	Value-added services *HK$'000*	Other businesses *HK$'000*	Zhongyu Energy *HK$'000*	Segment Total *HK$'000*
Total segment revenue	57,550,916	5,686,604	6,582,647	22,499,530	3,455,031	1,706,902	–	97,481,630
Inter-segment revenue	–	–	(5,493,185)	–	–	–	–	(5,493,185)
External segment revenue	57,550,916	5,686,604	1,089,462	22,499,530	3,455,031	1,706,902	–	91,988,445
Segment profit	2,919,829	938,795	708,650	67,889	1,496,217	444,622	64,985	6,640,987
Changes in fair value of investment properties								133,850
Changes in fair value of held-for-trading investments								(102)
Gain on transfer from inventories to investment properties								254,020
Interest and other gains and losses								(284,721)
Unallocated corporate expenses								(481,342)
Finance costs								(980,491)
Exchange gain on translation of foreign currency monetary items into functional currency								219,706
Gain on loss of significant influence in an associate								320,217
Loss on disposal and winding up of subsidiaries								(5,370)
Gain on disposal of investment properties								10,639
Share of results of associates (other than Zhongyu Energy)								279,853
Share of results of joint ventures								(100,983)
Share-based payment expense								(345)
Impairment losses reversed on trade receivables and contract assets, net								32,084
Profit before taxation								6,038,002

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 Energy, segment profit for the remaining reportable segments represents the profit earned by each segment without allocation of changes in fair value of investment properties, changes in fair value of held-for-trading investments, gain on transfer from inventories to investment properties, certain interest and other gains and losses, corporate expenses, gain on disposal/deemed disposal of interests/partial interests in associates, gain on loss of significant influence in an associate, loss on disposal and winding up of subsidiaries, gain on disposal of investment properties, share of results of associates (other than Zhongyu Energy), share of results of joint ventures, share-based payment expense, net impairment losses (recognised) reversed on trade receivables and contract assets, gain arising on lease modifications, certain exchange gain on translation of foreign currency monetary items into functional currency and certain finance costs. The segment profit of Zhongyu Energy represents share of results of Zhongyu Energy. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Impairment losses on trade receivables and contract assets, net are not allocated into segments when reporting to the CODM for performance evaluation and resource allocation for the year ended 31 March 2024. Accordingly, the comparative information for the year ended 31 March 2023 has been restated.

4. TAXATION

	2024	2023
	HK$'000	*HK$'000*
The People's Republic of China (the "**PRC**")		
Enterprise Income Tax	**1,192,547**	1,235,969
Deferred tax credit	**(432,989)**	(312,391)
	759,558	923,578

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

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and the Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for certain PRC subsidiaries that are subject to tax relief explained below.

Certain PRC subsidiaries 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 rate of those PRC subsidiaries is 15% for both years.

5. PROFIT FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**10,200**	10,500
Depreciation of property, plant and equipment	**2,430,372**	2,283,191
Depreciation of right-of-use assets	**298,720**	339,565
Amortisation of intangible assets	**181,405**	189,408
Staff costs	**4,320,091**	4,333,831
Cost of inventories recognised as expenses	**67,729,632**	78,178,611
Rental income from investment properties less outgoings of HK$5,333,000 (2023: HK$1,327,000)	**(28,091)**	(22,985)

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:

	2024	2023
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**3,184,939**	4,293,484

	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,383,521**	5,387,551
Effect of dilutive potential ordinary shares in respect of share awards granted	**12**	7
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,383,533**	5,387,558

The weighted average number of ordinary shares is arrived at after deducting the treasury shares held by the trustee under the share award scheme.

During the years ended 31 March 2024 and 2023, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the adjusted exercise price of those share options is higher than the average market price of the shares for the years ended 31 March 2024 and 2023.

7. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Final dividend paid in respect of year ended 31 March 2023 of HK$0.40 (2023: HK$0.45 in respect of the year ended 31 March 2022) per share	**2,176,134**	2,448,151
Interim dividend paid in respect of six months ended 30 September 2023 of HK$0.15 (2023: HK$0.10 in respect of the six months ended 30 September 2022) per share	**815,336**	544,034
	2,991,470	2,992,185

A final dividend of HK$0.35 in respect of the year ended 31 March 2024 (2023: final dividend of HK$0.40 in respect of the year ended 31 March 2023) per share in an aggregate amount of HK$1,902,451,000 (2023: HK$2,176,134,000) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

8. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables from contracts with customers	**6,684,417**	7,271,886
Less: Allowance for credit losses	**(1,060,618)**	(989,259)
Trade receivables, net	**5,623,799**	6,282,627
Deposits paid for construction and other materials	**1,474,578**	1,497,602
Deposits paid for purchase of natural gas and LPG	**3,067,304**	3,860,858
Advance payments to sub-contractors	**1,046,921**	1,071,346
Rental and utilities deposits	**521,239**	617,013
Other tax recoverable	**663,550**	562,078
Other receivables and deposits	**1,675,697**	1,450,126
Prepaid operating expenses	**1,376,951**	1,225,351
Amounts due from non-controlling interests of subsidiaries	**69,559**	135,410
Total trade and other receivables	**15,519,598**	16,702,411

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 allowance for credit losses presented based on invoice date at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
0–180 days	**2,400,788**	3,229,635
181–365 days	**576,011**	708,738
Over 365 days	**2,647,000**	2,344,254
	5,623,799	6,282,627

The Group has policies for allowance for credit losses which are based on the evaluation of collectability and aged analysis of trade receivables and on the management's judgment including the current creditworthiness, the past collection history of customers as well as relevant forward-looking information.

9. AMOUNTS DUE FROM (TO) ASSOCIATES

Included in the balance of amounts due from associates are balances of trade nature of HK$44,971,000 (2023: HK$84,671,000) and aged within 180 days based on invoice date. A credit period of 30 to 180 days is granted to the associates for trade amounts.

As at 31 March 2024, amounts due to associates are balances of trade nature and aged within 180 days based on invoice date.

10. AMOUNTS DUE FROM (TO) JOINT VENTURES

Included in the balance of amounts due from joint ventures are balances of trade nature of HK$2,008,153,000 (2023: HK$3,912,023,000) and aged within 180 days based on invoice date. A credit period of 180 days is granted to the joint ventures for trade amounts.

As at 31 Mach 2024, amounts due to joint ventures are balances of trade nature of HK$180,704,000 (2023: HK$156,108,000) and aged within 180 days based on invoice date.

11. 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 bill payables presented based on the invoice date at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
0–90 days	**6,901,648**	9,430,268
91–180 days	**1,731,838**	883,401
Over 180 days	**4,336,448**	4,334,203
Trade and bill payables	**12,969,934**	14,647,872
Other payables and accrued charges	**1,756,140**	1,574,410
Consideration payables	**283,200**	295,278
Construction cost payables	**582,990**	838,162
Retention payables and security deposits received	**1,318,370**	1,600,123
Accrued staff costs	**150,980**	150,221
Loan interest payables	**375,488**	253,297
Amounts due to non-controlling interests of subsidiaries *(Note)*	**191,649**	197,965
Total trade and other payables	**17,628,751**	19,557,328

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

The average credit period on trade purchases and ongoing costs is 90 to 180 days.

FINAL DIVIDEND

The Board resolved to recommend payment of a final dividend of HK35 cents per share to shareholders whose names appear on the register of members of the Company on 29 August 2024 (the record date for determining the entitlement of the shareholders to receive the proposed final dividend). Together with the interim dividend of HK15 cents per share paid to the shareholders on 2 February 2024, the total dividend for the year ended 31 March 2024 amounts to HK50 cents per share (total dividend for the year ended 31 March 2023 amounted to HK50 cents per share).

The proposed final dividend will be payable in cash with an option granted to shareholders to receive new and fully paid shares in lieu of cash in whole or in part under the scrip dividend scheme (the "**Scrip Dividend Scheme**"). The new shares will, on issue, rank pari passu in all respects with the existing shares in issue on the date of the allotment and issue of the new shares except that they shall not be entitled to the proposed final dividend. The circular containing details of the Scrip Dividend Scheme and the relevant election form is expected to be sent to shareholders on or around 5 September 2024.

The Scrip Dividend Scheme is conditional upon the passing of the resolution relating to the payment of the final dividend at the forthcoming annual general meeting and the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the new shares to be issued under the Scrip Dividend Scheme.

It is expected that the cheques for cash dividends and the share certificates to be issued under the Scrip Dividend Scheme will be sent by ordinary mail to shareholders at their own risk on or around 4 October 2024.

The final dividend, if approved by the shareholders at the forthcoming annual general meeting, is expected to be payable on or around 4 October 2024 (Friday).

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 2024 (Friday) to 21 August 2024 (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 2024 (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 2024 (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 2024, the register of members of the Company will be closed from 27 August 2024 (Tuesday) to 29 August 2024 (Thursday) (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 29 August 2024 (Thursday). 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 26 August 2024 (Monday).

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT CHINA GAS

The Group is one of the largest trans-regional integrated energy suppliers and service providers in China. Focusing on the home country, it predominantly specialises in the investment, construction and operation of city and township gas pipelines, gas terminals, storage and transport facilities and logistics systems, delivering natural gas and liquified petroleum gas (LPG) to residential, industrial, and commercial users. The Group also builds and operates compressed natural gas (CNG) and liquefied natural gas (LNG) fuelling stations while developing and applying natural gas and LPG technologies. At China Gas, over two decades of exploration and growth were translated into a full-fledged business portfolio centred around piped gas, stretching across LPG, LNG, integrated energy services and grid-based new retail in the private domain backed by stores.

BUSINESS REVIEW AND OUTLOOK

The past year, injected with headwinds and setbacks as well as opportunities and silver linings, has been a year of resilience, progress, innovation and reform.

The international arena, where geopolitical conflicts raged on, posed instabilities to the global energy transportation and supply. Benchmark interest rates of the Federal Reserve sit at a 23-year high for almost a year, which put the global economic and financial system on a bumpier path and the economy under greater downward pressure. The intensified competition among countries and their respective development challenges have led to prevalent trade protectionism, restraining the free flow of capital and trade across borders and leading to depressed demand. The world economy, in the bigger picture, featured weak impetus for rebounds, unstable momentum for growth, widening economic gaps among countries and more. Such risks put a cap on growth worldwide.

The story at home, likewise, was in the shadow where post-pandemic growth engines looked lackluster and uncertainties mounting, brewing with cyclical and structural issues amid weak growth worldwide. The city gas industry, hit by the sluggish macro-economy, climate change, energy substitution, price fluctuations and beyond, felt the pain from squeezed consumption in the industrial sector, something shaped by the shrinking growth of industrial output, and thus recorded lower gas consumption. Meanwhile, hurt by China's cooling property sector, another player in the game, user acquisition of city gas companies took a nosedive as compared to last year. Albeit in such thorniness over the year, the city gas industry, buoyed by the consumption ramp-up by residential and commercial users, rode out the loss in industrial consumption.

As answers to such an economic landscape in the new normal and moves especially pronounced within this year, China's newly-launched macroeconomic policies, the drivers for booming consumption and stable investment, came along the freshly rolled-out "Three Major Projects" (building affordable housing, renovating urban villages and constructing emergency public facilities), ultra-long special treasury bonds, renovation of ageing pipelines, renovation of old communities, the "bottled-to-piped gas" transition, and more policies turbocharging the gas industry. Such policies, together with China's strong financial backing, drove up demand, stabilised growth, and thus opened new frontiers for this industry. On top of this, on the back of the nationwide proliferation of the price pass-through mechanisms of natural gas step by step and the price pass-through of retail prices in parts of China, there emerged dollar-margins gains in gas sales, which further positioned the gas industry to healthy and sustainable development.

What lies at the heart of the Group's operations is also high-quality and sustainable development, for a business stringent on its capital expenditure ("**CAPEX**") and cash flows for greater intrinsic value and stable return for shareholders. Its FY2023 story was one of stunning cash flows – free cash flow, for instance, hit HK$4.29 billion. And on its corporate administration, lean operation and managerial innovations, its twin priorities, expedited the building and leveraging of digital assets for its management system to go digital. Together, such moves delivered a yet sturdier groundwork for its resilient growth, ever-rising efficiency and thus high-quality growth.

During the year, the Group's turnover went down 11.5% year-on-year to HK$81,410,133,000; profit attributable to owners of the Company dropped by 25.8% to HK$3,184,939,000. Excluding exchange gains and losses and other non-operating or one-time factors, the adjusted net profit[#] attributable to the owners of the Company was HK$3,965,514,000, representing a year-on-year decrease of 4.3%. The proposed dividend for the year was HK50 cents per share, with a payout ratio of 84.7%.

[#] Please refer to Note 1 on page 20 and the section headed "Reconciliation of Non-HKFRS Measure to the Nearest HKFRS Measure" for details.

Looking forward, upholding the commitment of high-quality development, we will further strengthen our safety management in active response to the requirements of raised operational standards regarding gas safety in China, to ensure safe production with zero accidents. Meanwhile, we will capture the opportunity brought by the supportive national policies focusing on the renovation of old pipeline networks and other aspects, with a view to expediting the upgrade and renovation of key infrastructure and enhancing service capability and operations efficiency.

Navigating the headwinds and tailwinds encountered in business development, the Group has been venturing for new growth engines in innovative segments to grow its business presence and its performance. This is how it has been building synergy among its gas business, value-added services ("**VAS**") and integrated energy, the pillars of the Group. Regarding the natural gas segment, we will further enhance our operations efficiency through delicacy management to provide premium services for customers. In addition, the Group will promote the implementation of policies such as price pass-through mechanisms of natural gas, cost review of distribution returns and beyond, achieving price pass-through for residential users as soon as possible.

Regarding the LPG segment, we will further promote the pooling of upstream and downstream resources along the industrial chain with innovative business model, building synergy within the industrial chain.

On the VAS segment, we will capture the opportunities of development of the home renovation industry, quickly crafting its offerings on kitchen renovation and renewing its operating model of community stores. Besides, riding on our efforts in technology innovation and business innovation, we will proliferate the development of products and services with high added value, further diversifying the VAS business portfolio. We believe that the new development initiatives will be able to strengthen the profitability of the VAS segment, while offering a wider spectrum of choices and more premium service experience.

Digital transformation is considered as the key to our future development. The Group will speed up digital transformation to enhance operations efficiency and optimize the decision-making process. Meanwhile, the Group will also construct a digital platform, with a view to achieving the interconnection of business data, facilitating best resources allocation, and enhancing operations efficiency in general. In addition, leveraging big data, cloud computation and other cutting-edge information technology, we managed to step up our data analytical capability and optimize resources allocation, strengthening the Group's core competitiveness.

SAFETY MANAGEMENT

At China Gas, where safe operations always come as a priority, well embedded in all actions is the management philosophy of "all safety issues matter and responsibility rules", with "safety as the keystone of all" at the heart of everything it offers. By virtue of its risk overhauls, solid rectifications of hidden hazards, ever-escalating safety control, and proliferating renovations and maintenance of aging pipelines, its safety management has been on the rise, meaning a safe and stable climate for its high-quality development.

FY2023 registered how its safety management platform for the gas industry emerged more rounded, a leap from flat workplace safety to multidimensional and integrated management matrix of workplace safety based on its multi-layered architecture. On the platform, node data of workplace safety from the Group, regional companies and operational groups to project-specific companies are all interconnected, pooling up the interplay of safety-inspection management, fulfilment of safety responsibility, workplace safety incorporated in supervision, hidden-hazard management, corporate safety profiling and more. This is how its workplace safety went more digital, convenient, visualised, and platform-based.

FY2023 also saw its intelligent platform for gas supervision take shape. Designed for the "joint creation and operations for shared access and use" between companies and governments, this digitalisation-backed platform serves as a trailblazer in management mechanisms of connectivity and collaboration between companies and governments. This enabled its gas safety supervision to move from reactive responses into proactive management, from post-event solutions into prevention, from static supervision isolated into constant prevention and control all dynamic. On this platform, proudly offered are overall coordination, commands and allocations, supervision and assessment, monitoring and early warnings, analysis and investigations as well as overall evaluation in city gas management, all weaved together as one, as strong powerhouses for vital urban safety projects exemplified by smart gas.

Another highlight of the financial year was the Group's digital twins well at play in the Hangzhou Asian Games Village, the bedrocks for visualised operations and maintenance of the underground pipe racks there. This very digital-twin platform, which went hand in hand with authorities of operations and management, enabled government-led pipe racks co-operated by governments and businesses, upgraded from the previous ones built and operated solely by governments, something that could fuel the digital and information-based planning, construction and management of gas infrastructure.

Financial and Operational Highlights
for the year ended 31 March

	2024	2023	Change
Turnover *(HK$'000)*	**81,410,133**	91,988,445	(11.5%)
Gross profit *(HK$'000)*	**11,304,123**	12,034,675	(6.1%)
Profit attributable to owners of the Company *(HK$'000)*	**3,184,939**	4,293,484	(25.8%)
Non-HKFRS measure: Adjusted net profit attributable to owners of the Company *(HK$'000) (Note 1)*	**3,965,514**	4,144,052	(4.3%)
Basic earnings per share *(in HK$)*	**0.59**	0.80	(25.8%)
Net cash flow from operating activities *(HK$'000)*	**11,340,195**	10,027,284	13.1%
Free cash flow *(HK$'000)*	**4,288,773**	2,519,991	70.2%
Operational performance			
Number of piped-gas projects	**662**	661	0.2%
Connectable residential users for city gas projects *(million households)*	**54.4**	53.9	0.9%
Penetration rate of residential users for city gas projects *(%)*	**70.9%**	68.6%	2.3 pts
Total natural gas sale volume ***(million m^3)***	**41,698.4**	39,249.1	6.2%
Natural gas sold through city and township gas projects	**23,513.1**	23,004.3	2.2%
Natural gas sold through direct-supply pipelines and trade	**18,185.3**	16,244.8	12.0%
Sales of natural gas in city and township gas projects (customer breakdown) ***(million m^3)***			
Residential	**8,666.6**	8,382.8	3.4%
Industrial	**11,249.3**	11,211.5	0.3%
Commercial	**3,127.5**	2,887.2	8.3%
CNG/LNG stations	**469.7**	522.8	(10.2%)
New connections			
Residential	**1,656,570**	2,299,452	(28.0%)
City gas projects	**1,588,358**	2,072,089	(23.3%)
Township gas projects	**68,212**	227,363	(70.0%)
Industrial	**2,368**	2,300	3.0%
Commercial	**30,263**	31,671	(4.4%)
Accumulated number of connected customers and gas stations			
Residential	**47,051,267**	45,394,697	3.6%
City gas projects	**38,558,358**	36,970,000	4.3%
Township gas projects	**8,492,909**	8,424,697	0.8%
Industrial	**24,476**	22,108	10.7%
Commercial	**359,598**	329,335	9.2%
CNG/LNG stations	**516**	533	(3.2%)

Note 1: “Adjusted net profit” is defined as the profit for the year excluding other gains and losses of the Group and the Group’s share of exchange losses of Zhongyu Energy for the year. “Adjusted net profit” is a non-HKFRS measure. As items within other gains and losses of the Group and exchange losses of Zhongyu Energy are not directly related to the Group’s business activities and are not reflective of the core operating performance of the Group, the Company considers that presenting the adjusted net profit attributable to the owners of the Company would provide shareholders and potential investors of the Company with supplementary information on the performance of the Group’s core operations. Please refer to the section headed “Reconciliation of Non-HKFRS Measure to the Nearest HKFRS Measure”.

New Projects

During the financial year, in line with prudent investing as always, the Group acquired one new city and township piped gas projects. As of 31 March 2024, the Group had obtained 662 piped gas projects with concession rights in 30 provinces, municipalities, and autonomous regions in China, on top of 32 long-distance natural gas pipeline projects, 516 CNG and LNG refilling stations for vehicles, one coalbed methane development project, and 119 LPG distribution projects.

Natural Gas

Pipeline Construction and Connections

For gas distributors, city gas pipelines stand as the keystone of all. By building major and branch pipelines, the Group connects its gas network to residential, industrial, and commercial users, charging connection fees and gas bills.

As of 31 March 2024, the Group had built a gas pipeline network totalling 554,755 km.

User Acquisition

Given the blow from the sluggish housing market at home, the drop in user acquisition lingered on in the gas industry. During the year, the Group grew residential connections by 1,656,570 households, down by approximately 28.0% year-on-year; as of 31 March 2024, the accumulated connections of residential users was 47,051,267, up by approximately 3.6% year-on-year.

During the year, the Group connected 2,368 new industrial users and 30,263 new commercial users. As of 31 March 2024, the Group had cumulatively connected 24,476 industrial users and 359,598 commercial users, representing a year-on-year increase of approximately 10.7% and 9.2% respectively.

Users in the Transportation Sector (CNG and LNG Refilling Stations for Vehicles and Vessels)

As of 31 March 2024, the Group boasted 516 CNG and LNG refilling stations for vehicles. The speed-up of EV evolutions hurt the market of natural gas vehicles (NGVs), which left the retail consumption and customer bases of CNG and LNG refuelling stations shrinking year by year, despite the still-stable gas consumption by heavy duty trucks and speciality NGVs. To keep itself up with such shifts, the Group has been re-gearing itself promptly – for one thing, moving fast to revitalise assets while partnering with upstream resource providers for quality resources and securing downstream customers; for another, working on and finetuning its portfolio nonstop to evolve some refuelling stations into hybrid-energy stations with “oil and electricity as the main offer supplemented by gas and hydrogen”.

Natural Gas Sales

2023 stood as a milestone for the materialisation of the 14th Five-Year Plan in China, a country prioritised ensuring energy security, enhancing the resilience of energy systems and moving into a green and low-carbon future as its paramount objectives. The country went further in building systems of natural gas production, supply, storage and sales, worked to keep gas supply and prices stable, and boosted the storage and production of natural gas as well as the transmission capabilities, nurturing its economic rebounds. According to the National Energy Administration, the apparent natural gas consumption in China in 2023 amounted to 394.53 billion m^3, up 7.6% year-on-year. The natural gas production in China hit 235.3 billion m^3 (including shale gas, coalbed methane and synthetic natural gas (SNG)), a year-on-year increase of 5.7%, signifying a rise in production of over 10 billion m^3 for seven consecutive years.

The Group rounded off the year with total natural gas sales of 41.70 billion m^3, up by 6.2% year-on-year, which furthered such stable growths. Sales of natural gas is principally through city and township pipelines, trading and direct-supply pipelines. Sales via city and township pipelines accounted for 23.51 billion m^3, up 2.2% year-on-year, while trading and direct-supply pipelines contributed 18.19 billion m^3, up 12.0% year-on-year.

LPG

The proliferating persistently steady climb of LPG use among rural and suburban residents, the persistently steady climb of LPG demand from industrial and commercial users, and the surging demand for LPG as raw materials for petrochemical synthesis and deep processing have been pushing up the LPG demand step by step.

In its LPG segment, single-minded on advancing quality and efficiency of services in the industry, China Gas prides itself with the most extensive network of LPG import and intelligent distribution in China, as the country's largest integrated LPG operator and service provider with the most rounded industrial chain. With an LPG arm stretching across 22 provinces, municipalities and autonomous regions in China, the Group operates five LPG terminals and six large storage and logistics bases for petrochemical products, which come with an annual throughput capacity of over 10 million tons and a total storage capacity of over 800,000 m^3 for LPG. Crafted with its competitiveness in resources at home and abroad, its business, mostly in industrial supplies supplemented by residential ones, spans all the way across the industry chain, from international and domestic resource procurement to international and domestic trading, from ocean shipping, to wharf loading and unloading, from tank farm storage to in-park processing, from road logistics to refuelling-specific retail and store-based distribution.

To arm itself with a stronger foothold in the upstream and a more solid grasp in international trading, the Group rearchitected its international trade team and risk control system for trading. Also carved out were leaps in direct procurement international and international trading. Its midstream initiatives were about market-oriented operation of warehousing and logistics well escalated, along with warehousing and logistics resources pooled for gradual pickups in turnover rates. Augmentation was also embedded in its domestic distribution capabilities through digitalisation, as it unfolded the building of its domestic trading and transportation platform, on which its domestic distribution, warehousing and logistics went smoother and faster. And a close-up of its downstream actions would feature innovative business models blended with asset-light models, the terminal investment model finetuned through constant upgrades and investment tools diversified for higher-quality development of its terminal business.

During the financial year, the Group's LPG sales volume amounted to 3.996 million tons, representing a year-on-year decrease of 3.3%, of which the wholesale volume sit at 3.222 million tons, representing a year-on-year decrease of 5.1%, while end-user retail hit 0.774 million tons, a year-on-year growth of 5.3%. During the financial year, the LPG sales revenue totalled HK$17,980,918,000 (for the year ended 31 March 2023: HK$22,499,530,000), decrease 20.1% year-on-year. Operating profit amounted to HK$120,064,000 (for the year ended 31 March 2023: HK$67,889,000), representing a year-on-year increase of 76.9%.

Value-Added Services

At China Gas, the ever-mounting connection rate has been prompting expansions of its user base, behind which stands substantial added value. In its VAS ecosystem, an ever-growing one, carved out were its business models for VAS and platforms for new retail, all tailored for the gas industry. The day-to-day operations of its VAS also supercharged its burgeoning VAS operations.

Its VAS activities during the year could be epitomised by enhancement in the traditional business mix covering kitchen products, gas safety products as well as other services and products, which reached more customers by virtue of this. Hence, cemented were its main offerings for customers. Such boundary-pushing was also in its innovative businesses, where market opportunities went well seized with its fast moves in offering home renovation, electronic appliances, household services, top product selections and beyond. This is how its VAS segment tapped into fresh growth engines and carved out more user needs.

During the fiscal year, the Group's revenue from value-added services amounted to HK$3,654,898,000, representing a year-on-year increase of 5.8%; and operating profit amounted to HK$1,582,032,000, representing a year-on-year increase of 5.7%. Despite the still-low penetration rate of China Gas's VAS, in the business's growing reach channel-backed and its transition toward online new retail, there lies tremendous potential yet to unleash.

Integrated Energy

A crucial vehicle to move the energy sector to a lower-carbon future, integrated energy serves as a fundamental recipe to carbon peak and carbon neutrality, higher energy efficiency and lower energy costs, which seamlessly catches the present and future energy trends in China.

Over the years, the Group's strong presence in gas projects and its extensive user base have been supercharging the market share of its new energy arm, powered by growth both outward and inward. During FY2023, the Group leaned in to engineer development models of integrated energy services, and defined its orientation and objectives with its development priorities at the core. Its FY2023 actions are also in the investment in and operations of diverse businesses such as energy storage for industrial and commercial users, distributed photovoltaics, energy saving for boilers, energy saving for industrial and commercial users, energy efficiency of buildings, charging piles and biomass energy supply. FY2023 also recorded its electricity sales and the fast expansion of its green electricity certificates, factor libraries, virtual power plants and other offerings. This is how it served customers with efficient integrated energy catering to their diverse needs for gas, heat, electricity and cooling.

As of the end of the fiscal year, the total installed capacity contracted of integrated energy efficiency reached 221.6 MWH, of which the completed energy storage for industrial and commercial users was 112.7 MWH.

Human Resources

Well-trained professionals are what businesses thrive on. Hence, the Group's management has always been human-centred. In talent nurturing and team building, already with a full-fledged talent acquisition and internal training system, it has been growing the share of young employees in its staff, for an ever-younger workforce company-wide. With external-certificate obtainment and internal accreditation schemes rolling in full steam, it has been building duty-oriented expertise for a workforce where one performs better and delivers more. Up and running are also its platforms for vocational training, knowhow and experience exchanges, as engines of career fulfilment and contentment, hence more China Gasers of excellence joining and staying.

In respect of remuneration policies, the Group takes into consideration the personal qualification and professional experience of its employees, as well as the specific remuneration levels of industry peers and the local job market. In addition to basic salaries and pension fund contributions, benefits such as discretionary bonuses, rewards, share options or share awards are also granted to eligible employees based on the Group's financial results and their performance.

For the Group, a firm always places outstanding employees at the heart of sustainable development for businesses, it will continue to pay attention to employees' development and establish more exchange platforms, incentive mechanisms and training programmes to empower employees in achieving personal growth and improvement, thus injecting more doses of contributions and wisdom into the Group's story ahead.

Financial Review

For the year ended 31 March 2024, the Group's turnover amounted to HK$81,410,133,000 (for the year ended 31 March 2023: HK$91,988,445,000), representing a year-on-year decrease of 11.5%. The gross profit amounted to HK$11,304,123,000 (for the year ended 31 March 2023: HK$12,034,675,000), representing a year-on-year decrease of 6.1%. The overall gross profit margin was 13.9% (for the year ended 31 March 2023: 13.1%). Profit attributable to owners of the Company amounted to HK$3,184,939,000 (for the year ended 31 March 2023: HK$4,293,484,000), representing a year-on-year decrease of 25.8%.

Earnings per share amounted to HK59 cents (for the year ended 31 March 2023: HK80 cents), representing a year-on-year decrease of 25.8%.

Reconciliation of Non-HKFRS Measure to the Nearest HKFRS Measure

To supplement our consolidated results which were prepared and presented in accordance with HKFRS, the Group also uses adjusted net profit as an additional financial measure, which is not required by, or presented in accordance with HKFRS. We believe that this non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash or one-off items and exchange losses. The use of this non-HKFRS measure has limitations as an analytical tool, and one should not consider it in isolation from, or as a substitute for analysis of, our results of operations of financial conditions as reported under HKFRS. In addition, this non-HKFRS measure may be defined differently from similar terms used by other companies.

Adjusted net profit represents profit for the year adjusted to exclude (i) other gains and losses of the Group; and (ii) share of exchange losses of Zhongyu Energy by the Group for the reporting period.

The following tables set forth the reconciliation of our non-HKFRS measure for the year ended 31 March 2024 and 2023 to the nearest measures prepared in accordance with HKFRS:

	31 March 2024	31 March 2023
	HK$'000	*HK$'000*
Profit for the year (i.e. nearest HKFRS Measure) attributable to owners of the Company	**3,184,939**	4,293,484
Add (less): other gains and losses of the Group	**763,954**	(344,502)
Add: share of exchange losses of Zhongyu Energy by the Group	**16,621**	195,070
Adjusted net profit (i.e. non-HKFRS measure) attributable to owners of the Company	**3,965,514**	4,144,052

Finance Costs

For the year ended 31 March 2024, the finance costs increased by 14.4% to approximately HK$2,121,753,000 from approximately HK$1,855,358,000 last year. The rise in finance costs for the year was mainly due to the increase in the average financing costs of US dollar and Hong Kong dollar debt.

Share of Results of Associates

For the year ended 31 March 2024, the share of results of associates amounted to HK$297,253,000 (for the year ended 31 March 2023: HK$344,838,000).

Share of Results of Joint Ventures

For the year ended 31 March 2024, the share of results of joint ventures amounted to approximately HK$398,389,000 (for the year ended 31 March 2023: loss of approximately HK$100,983,000).

Income Tax Expenses

For the year ended 31 March 2024, the income tax expenses decreased by 17.8% to HK$759,558,000 (for the year ended 31 March 2023: HK$923,578,000).

Free Cash Flow

During the year, the Group had a net operating cash flow of HK$11,340,195,000 (for the year ended 31 March 2023: HK$10,027,284,000) and a free cash flow of HK$4,288,773,000 (for the year ended 31 March 2023: HK$2,519,991,000), by effectively controlling CAPEX and boosting capital recovery.

Liquidity

The Group's primary business generates cash flow in a steadily growing manner. Coupled with an effective and well-established capital management system, the Group has maintained sound business development and healthy cash flow, despite uncertainties in the macro-economy and capital market.

As of 31 March 2024, the Group's total assets amounted to HK$148,697,724,000 (31 March 2023: HK$157,291,209,000). Bank balances and cash amounted to HK$8,280,335,000 (31 March 2023: HK$10,617,686,000). The Group had a current ratio of 0.90 (31 March 2023: 1.01). The net gearing ratio was 0.79 (31 March 2023: 0.76), as calculated on the basis of net borrowings of HK$48,253,194,000 (total borrowings of HK$59,065,355,000 less the short term trade-related facility of HK$2,531,826,000 and bank balances and cash of HK$8,280,335,000) and net assets of HK$60,747,353,000 as of 31 March 2024.

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

Financial Resources

The Group has actively built lasting ties with Chinese (including Hong Kong) and overseas banks. As the principal banks partnering with the Group Industrial and Commercial Bank of China, Bank of Communications, China Construction Bank, Agricultural Bank of China, Industrial Bank and Postal Savings Bank of China have provided the Group with medium-to-long-term credit facilities of over RMB70 billion under a maximum term of 15 years. Other major domestic and overseas banks, such as Bank of China, Shanghai Pudong Development Bank, China CITIC Bank, Asian Development Bank (ADB), HSBC, Mitsubishi UFJ Financial Group (MUFG), Sumitomo Mitsui Banking Corporation (SMBC), as well as Australia and New Zealand Banking Group (ANZ) have also granted long-term credits to the Group. As of 31 March 2024, over 40 banks offered composite facilities to the Group, such as credit facilities, project loans, syndicated loans, supply chain financing, trade facilities and bond underwriting. Such bank loans are generally applied to finance the Group's operations and project investments and construction.

The Company, acting as an overseas issuer, and the Group's wholly-owned subsidiaries incorporated in China are all active in issuing RMB bonds on stock exchanges and interbank bond markets in China. As of 31 March 2024, the remaining balance of the RMB corporate bonds and medium-term RMB notes issued by the Group amounted to RMB7.70 billion.

As of 31 March 2024, the Group's total bank loans and other loans amounted to HK$59,065,355,000, of which the short term trade-related facility was HK$2,531,826,000.

The Group's operating and CAPEX has been financed by operating cash flow, indebtedness, and equity financing. The Group has maintained a sufficient source of funds to fulfil its future CAPEX and working capital requirements.

Foreign Exchange and Interest Rate

With a focus placed on risk management and control, the Group closely monitors the trends of market interest rates and foreign exchange rates, adjusting its debt structure in a timely and reasonable manner for the purpose of effective risk aversion. In particular, the Group, under strict exchange rate policies, adjusts domestic (RMB) and foreign currency debt structures flexibly and offsets risks from a small portion of foreign currency debt by leveraging exchange rate and interest rate hedging and other derivatives, in order to significantly reduce potential exchange rate risk. In addition, the Group implements rigorous foreign currency debt control measures, which mitigate the effect of exchange rates on its performance to a large extent. These measures have ensured the Group's healthy development under exchange rate fluctuations and bolstered its risk management.

Cash Flows, Contract Assets/Liabilities, Trade Receivables, and Trade and Bill Payables

As of 31 March 2024, the Group had contract assets of HK$10,260,982,000 (31 March 2023: HK$12,706,697,000), contract liabilities of HK$8,568,261,000 (31 March 2023: HK$9,080,132,000), trade receivables of HK$5,623,799,000 (31 March 2023: HK$6,282,627,000), and trade and bill payables of HK$12,969,934,000 (31 March 2023: HK$14,647,872,000).

During the year, the Group further managed investments with prudence by controlling the growth of contract assets and trade receivables while managing its operating and free cash flows effectively to continue to improve its free cash flows throughout the year.

Charge on Assets

As of 31 March 2024, the Group pledged property, plant and equipment and investment properties of HK$8,562,336,000 (31 March 2023: HK$5,907,983,000) and pledged bank deposits of HK$185,999,000 (31 March 2023: HK$178,696,000), and certain subsidiaries pledged their equity investments to banks to secure loan facilities.

Capital Commitments

As of 31 March 2024, the Group had capital commitments in respect of the acquisition of property, plant and equipment, construction materials for property, plant and equipment and properties under development contracted for but not provided in the consolidated financial statements amounting to HK$132,262,000 (31 March 2023: HK$179,574,000), HK$85,156,000 (31 March 2023: HK$134,206,000) and HK$171,213,000 (31 March 2023: HK$235,176,000), respectively, which would require the utilisation of the Group's cash on hand and external financing. It had undertaken to acquire shares of certain Chinese enterprises and set up joint ventures in China.

Contingent Liabilities

As of 31 March 2024, the Group did not have any material contingent liabilities (31 March 2023: nil).

CORPORATE GOVERNANCE

The Company complied with the code provisions (the "**Code Provision**") set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the financial year ended 31 March 2024, except for the deviations for the following:

Code Provision C.2.1

Under the Code Provision C.2.1, the roles of chairman and chief executive should be separate and performed by different individuals. Under the current structure of the Company, the functions of chief executive officer are performed by the Chairman Mr. LIU Ming Hui. Mr. LIU provides leadership for the Board and undertakes the management of the group's business and overall operation, with the support from other executive directors, vice presidents and senior management. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, and has been effective in discharging its functions satisfactorily. The Board will review the reasonableness and effectiveness of the structure from time to time.

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 C3 to 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 2024.

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 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

For the year ended 31 March 2024, the Company and its subsidiaries repurchased a total of 4,762,600 Shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate repurchase cost of HK$43,911,086, inclusive of total consideration paid of HK$43,723,460 and related transaction costs of HK$187,626.

Details of the Shares repurchased by the Company are set out below:

Month	Total number of Shares repurchased	Price per Share		Aggregate consideration paid
		Highest	Lowest	
		HK$	*HK$*	*HK$*
May 2023	4,762,600	9.31	9.01	43,723,460
Total	4,762,600			43,723,460

All the above repurchased Shares had been cancelled. The repurchase aimed to increase the net assets per share and earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Group's listed securities during the year ended 31 March 2024.

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 2024 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
LIU MING HUI
Chairman and President

Hong Kong, 24 June 2024

As at the date of this announcement, Mr. LIU Ming Hui, Mr. HUANG Yong, Mr. ZHU Weiwei, Ms. LI Ching, Ms. LIU Chang and Mr. ZHAO Kun are the executive directors of the Company; Mr. XIONG Bin, Mr. LIU Mingxing, Mr. JIANG Xinhao and Mr. Ayush GUPTA are the non-executive directors of the Company; and Mr. ZHAO Yuhua, Dr. MAO Erwan, Ms. CHEN Yanyan, Mr. ZHANG Ling and Dr. MA Weihua are the independent non-executive directors of the Company.

* *For identification purpose only*