元亨燃氣
YUANHENG GAS

YUAN HENG GAS HOLDINGS LIMITED
元 亨 燃 氣 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2024

RESULTS

The Board (the "**Board**") of Directors (the "**Directors**") of Yuan Heng Gas Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2024, together with the comparative figures, as follows:

I. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 RMB'000	2023 RMB'000
Gross amounts from operations		**4,969,879**	7,446,796
Gross amounts of oil and gas sales contracts		**3,942,794**	5,500,617
Gross amounts of oil and gas purchase contracts		**(3,918,362)**	(5,415,994)
Other revenue		**1,027,085**	1,946,179
	4	**1,051,517**	2,030,802
Cost of sales and services		**(974,791)**	(1,779,107)
Gross profit		**76,726**	251,695
Other income	5	**4,334**	2,942
Other gains and losses	6	**35,270**	53,817
Impairment loss under expected credit loss model, net		**(156,385)**	(1,310)
Impairment loss of property, plant and equipment		**–**	(144,869)
Impairment loss of intangible asset		**–**	(5,808)
Distribution and selling expenses		**(8,320)**	(12,179)
Administrative expenses		**(85,469)**	(85,882)
Share of results of associates		**32,600**	10,171
Finance costs	7	**(72,573)**	(75,106)
Loss before tax		**(173,817)**	(6,529)
Income tax credit (expense)	8	**2,935**	(21,738)
Loss for the year	9	**(170,882)**	(28,267)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**1,052**	(1,251)
Other comprehensive income (expense) for the year		**1,052**	(1,251)
Total comprehensive expense for the year		**(169,830)**	(29,518)

	Note	**2024**	2023
	Note	***RMB'000***	*RMB'000*
(Loss) profit for the year attributable to:			
Owners of the Company		**(164,910)**	27,385
Non-controlling interests		**(5,972)**	(55,652)
		(170,882)	(28,267)
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(163,858)**	26,134
Non-controlling interests		**(5,972)**	(55,652)
		(169,830)	(29,518)
(Loss) earnings per share *(RMB cents)*	10		
– Basic		**(2.52)**	0.42
– Diluted		**(2.52)**	0.42

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Note	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**379,646**	415,601
Right-of-use assets		**31,603**	33,809
Goodwill		**34,070**	34,070
Intangible asset		**–**	–
Interests in associates		**166,213**	133,613
Derivative financial instrument		**2,500**	2,500
Long-term receivable		**–**	–
Deferred tax assets		**1,102**	298
		615,134	619,891
CURRENT ASSETS			
Inventories		**21,260**	22,000
Trade and other receivables	11	**2,631,875**	2,763,702
Contract assets		**57**	78
Amount due from an associate		**380**	380
Amount due from a non-controlling equity owner of a subsidiary		**1,204**	1,204
Financial asset at fair value through profit or loss		**–**	6,517
Tax recoverable		**5,706**	5,932
Pledged bank deposits		**16**	315,578
Bank balances and cash		**10,688**	71,662
		2,671,186	3,187,053

	Note	**2024** *RMB'000*	2023 *RMB'000*
CURRENT LIABILITIES			
Trade payables and other liabilities	12	**448,146**	859,386
Contract liabilities		**71,710**	84,786
Amount due to an associate		**142**	142
Tax payable		**76,495**	86,454
Bank borrowings due within one year		**1,187,720**	1,119,410
Lease liabilities		**498**	710
Guaranteed notes		**169,094**	9,870
		1,953,805	2,160,758
NET CURRENT ASSETS		**717,381**	1,026,295
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,332,515**	1,646,186
CAPITAL AND RESERVES			
Share capital		**551,378**	551,378
Reserves		**678,726**	842,584
Equity attributable to owners of the Company		**1,230,104**	1,393,962
Non-controlling interests		**80,775**	93,370
TOTAL EQUITY		**1,310,879**	1,487,332
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**13,136**	11,153
Bank borrowings due after one year		**8,500**	–
Lease liabilities		**–**	516
Guaranteed notes		**–**	147,185
		21,636	158,854
		1,332,515	1,646,186

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Yuan Heng Gas Holdings Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section in the annual report.

The immediate holding company and ultimate holding company of the Company was Champion Ever Limited ("**Champion Ever**"), which is a limited liability company incorporated in the British Virgin Islands and wholly-owned by Mr. Wang Jianqing ("**Mr. Wang**"), the chairman and a director of the Company.

The Group is principally engaged in trading of oil and gas contracts, production and sale of liquefied natural gas ("**LNG**"), sales of vehicle gas at refuelling station, sales of piped gas, LNG transportation and construction of gas pipeline infrastructure.

The consolidated financial statements are presented in Renminbi ("**RMB**") which is also the presentation currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors of the Company continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Going concern basis

During the year ended 31 March 2024, the Group recorded a net loss of approximately RMB170,882,000 and a net operating cash outflow of approximately RMB406,395,000. As at 31 March 2024, the Group's total bank borrowings of approximately RMB1,187,720,000 and guaranteed notes of approximately RMB169,094,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to approximately of RMB10,688,000. In addition, as at 31 March 2024 and as of the date of approval of these consolidated financial statements, the Group had defaulted or cross-defaulted certain bank borrowings and guaranteed notes.

The above events and conditions indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the directors of the Company implemented or are in the process of implementing the following measures:

(i) The Group has been actively negotiating with existing financial institutions for renewal and/or extension of bank loans and credit facilities. The directors of the Company are confident that agreements with the financial institutions will be reached in due course. As outstanding loans were secured by the Group's assets, management is confident that these financial institutions will not enforce their rights to request for immediate repayment of such loans;

(ii) The Group is also negotiating with various financial institutions and identifying options for financing the Group's working capital and commitments in the foreseeable future;

(iii) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group has made relevant provisions for litigations and claims and will seek to reach an amicable solution on the charges and payment terms to the claims and litigations which have not yet reached a definite outcome;

(iv) The Group has been reviewing and improving follow up measures on receivable collection to speed up the collection of outstanding trade debts proceeds;

(v) The Group will continue to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and constrain unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending; and

(vi) The Group has been actively exploring potential strategic investors to increase the fund reserves and liquidity for, inter alia, repayment of the borrowings.

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 31 March 2024 and consider that multiple material uncertainties exist as to whether the Group will be able to achieve the plans and measures as described above. Specifically, whether the Group will be able to continue as a going concern will depend on the following:

(i) Successfully negotiate with the existing lenders on the renewal or extension of the Group's borrowings and maintenance of the relationship with the Group's current finance providers so that they will continue to provide finance for the Group;

(ii) Successfully obtain additional or new sources of financing;

(iii) Successfully improve its liquidity position, generate sufficient cash flows to meet its obligations, and collect outstanding trade and other receivables, to address the Group's debt obligations within a reasonable timeframe;

(iv) Successfully implement the Group's business strategy plan and cost control measures so as to improve the Group's working capital and cash flow position; and

(v) Successfully reach an amicable solution on the charges and payment terms in respect of the claims and litigations which have not yet reached a definite outcome.

The directors of the Company are of the opinion that, assuming the success of all the above mentioned assumptions, plans and measures, the Group will have sufficient working capital for its operations and can meet its financial obligations as and when they fall due. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 March 2024 on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 March 2024.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning 1 April 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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

Excepted as described below, the application of the new and amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the consolidated financial statements.

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions, but has affected the disclosures of accounting policies.

Impact on application of Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the consolidated financial statements of the Group.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

There was no impact on the consolidated statement of financial position because the related deferred tax balances qualify for offsetting under HKAS 12. There was no impact on the opening retained profits as at 1 April 2023. The amendments had no material impact to the consolidated financial statements to the Group.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5(2020); Amendments to HKAS 1 – Non-current Liabilities with Covenants

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current issued in 2020 (the "**2020 Amendments**") clarify the requirements on determining if a liability is current or non-current, in particular the determination over whether an entity has the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments specify that an entity's right to defer settlement must exist at the end of the reporting period. Classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement. The amendments also clarify the classification of liabilities that will or may be settled by issuing an entity's own equity instruments.

Amendments to HKAS 1 Non-current Liabilities with Covenants issued in 2022 (the "**2022 Amendments**") further clarify how an entity determines the current or non-current classification of a liability when its right to defer the settlement is subject to compliance with covenants.

The amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

The amendments are effective for annual periods beginning on or after 1 April 2024 and shall be applied retrospectively. Earlier application is permitted. However, an entity that applies the 2020 Amendments early is also required to apply the 2022 Amendments, and vice versa.

Based on the Group's outstanding liabilities as at 31 March 2024, the application of the amendments will not result in change in the classification of the Group's liabilities.

4. SEGMENT INFORMATION AND REVENUE

Information reported to the Group's executive directors, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and performance assessment focuses on the nature of operations.

Specifically, the Group's reportable segments are as follows:

Production and sales of LNG	Wholesale of LNG
Oil and gas transactions	Trading of oil and gas contracts
Piped gas	Sales of piped gas and construction of gas pipeline infrastructure

In addition, the operations of sales of vehicle gas at refuelling stations and LNG transportation operation are reported as "other operations".

Segment revenue and results

	Production and sales of LNG *RMB'000*	**Oil and gas transactions** *RMB'000*	**Piped gas** *RMB'000*	**Total reportable segments** *RMB'000*	**Other operations** *RMB'000*	**Total** *RMB'000*
Year ended 31 March 2024						
Segment revenue from external customers	**983,477**	**3,942,794**	**53**	**4,926,324**	**43,555**	**4,969,879**
Segment results	**4,340**	**(132,727)**	**(5,845)**	**(134,232)**	**953**	**(133,279)**
Interest income						**1,368**
Other gains and losses						**22,644**
Share of results of associates						**32,600**
Finance costs						**(72,573)**
Unallocated corporate expenses						**(24,577)**
Loss before tax						**(173,817)**

	Production and sales of LNG *RMB'000*	Oil and gas transactions *RMB'000*	Piped gas *RMB'000*	Total reportable segments *RMB'000*	Other operations *RMB'000*	Total *RMB'000*
Year ended 31 March 2023						
Segment revenue from external customers	1,551,130	5,500,617	364,535	7,416,282	30,514	7,446,796
Segment results	104,516	85,958	(159,461)	31,013	2,478	33,491
Interest income						1,460
Other gains and losses						31,101
Share of results of associates						10,171
Finance costs						(75,106)
Unallocated corporate expenses						(7,646)
Loss before tax						(6,529)

The accounting policies of the reportable segments are the same as the Group's accounting policies except for the gross proceeds from oil and gas contracts are included in segment revenue, whilst revenue from oil and gas contracts is recognised on the net amount of sales and purchase contracts of goods sold. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, share of results of associates, interest income, loss on deregistration of a subsidiary, gain on fair value change of financial asset at fair value through profit or loss ("**FVTPL**"), certain exchange differences and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

Information of the operating segments of the Group reported to the CODM for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities information are presented.

Revenue

For segment reporting purpose, segment revenue include (i) gross proceeds of oil and gas sales contracts and (ii) other revenue from contracts with customers, whilst, the Group's total revenue amounted to approximately RMB1,051,517,000 (2023: RMB2,030,802,000) comprising (i) revenue from oil and gas sales contracts of approximately RMB24,432,000 (2023: RMB84,623,000) and (ii) other revenue from contracts with customers of approximately RMB1,027,085,000 (2023: RMB1,946,179,000). Additional line items are presented in consolidated statement of profit or loss and other comprehensive income to separately show the gross amounts of oil and gas sales and purchase contracts.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Wholesale of LNG	**983,477**	1,551,130
Trading of oil and gas contracts	**24,432**	84,623
Sales of piped gas	**–**	352,015
Construction of gas pipeline infrastructure	**53**	12,520
Sales of vehicle gas at refuelling stations	**31,552**	16,853
LNG transportation	**12,003**	13,661
	1,051,517	2,030,802

5. OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Bank interest income	**1,368**	1,460
Government grants	**295**	630
Others	**2,671**	852
	4,334	2,942

6. OTHER GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Net foreign exchange gains	**29,525**	53,599
Write-back of other payables *(note)*	**7,108**	–
Gain on fair value change of financial asset at FVTPL	**146**	171
Gain on disposal of property, plant and equipment	**506**	47
Loss on deregistration of a subsidiary	**(2,015)**	–
	35,270	53,817

Note: During the year ended 31 March 2024, a former shareholder company has been dissolved and the amount due included in other payables was written-back accordingly.

7. FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on bank borrowings	**57,229**	55,579
Interest on guaranteed notes	**15,302**	19,451
Interest on lease liabilities	**42**	76
	72,573	75,106

8. INCOME TAX (CREDIT) EXPENSE

	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
– Current year	**–**	22,692
– (Over) under provision in prior year	**(4,114)**	1,455
	(4,114)	24,147
Deferred taxation	**1,179**	(2,409)
	(2,935)	21,738

9. LOSS FOR THE YEAR

	2024	2023
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging:		
Auditors' remuneration	**932**	943
Amortisation of intangible asset (included in administrative expenses)	**–**	393
Depreciation of right-of-use assets	**2,206**	2,480
Cost of inventories recognised as an expense	**964,373**	1,759,286
Depreciation of property, plant and equipment	**42,351**	62,953
Write-off of property, plant and equipment	**18**	–
Directors' emoluments	**2,806**	3,013
Salaries and other benefits (excluding directors' emoluments)	**41,885**	46,922
Contributions to retirement benefit schemes (excluding directors' emoluments)	**8,714**	8,562
	50,599	55,484

10. (LOSS) EARNINGS PER SHARE

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

	2024	2023
	RMB'000	*RMB'000*
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share		
(Loss) profit for the year attributable to owners of the Company	**(164,910)**	27,385

Number of shares

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**6,545,621**	6,545,621

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share. There were no potential ordinary shares in issue for the years ended 31 March 2024 and 2023.

11. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,217,427**	1,412,692
Less: Allowance for credit losses	**(169,171)**	(12,786)
	1,048,256	1,399,906
Other receivables	**6,636**	4,843
Prepayments	**1,576,983**	1,358,953
	2,631,875	2,763,702

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the dates of delivery of goods or rendering of services:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**80,177**	112,395
31 – 90 days	**144,630**	354,933
91 – 180 days	**148,970**	198,580
181 – 365 days	**77,140**	595,219
Over 365 days	**597,339**	138,779
	1,048,256	1,399,906

12. TRADE PAYABLES AND OTHER LIABILITIES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**180,145**	544,799
Other payables	**107,777**	78,133
Other handling fee payables	**19,095**	–
Other tax payables	**28,976**	36,606
Payroll payables	**3,313**	1,089
Receipt from exercise of put option	**2,500**	2,500
Consideration payable	**–**	600
Receipts in advance	**106,340**	195,659
	448,146	859,386

The following is an aged analysis of trade payables presented, based on the invoice date, at the end of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**155,295**	80,766
91 – 180 days	**654**	22,881
181 – 365 days	**261**	439,096
Over 365 days	**23,935**	2,056
	180,145	544,799

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the independent auditor of the Company:

Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 March 2024. Because of the potential interaction of the multiple uncertainties, relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of opinion

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company (the "**Directors**"), which states that during the year ended 31 March 2024, the Group recorded a net loss of approximately RMB170,882,000 and a net operating cash outflow of approximately RMB406,395,000. As at 31 March 2024, the Group's total bank borrowings of approximately RMB1,187,720,000 and guaranteed notes of approximately RMB169,094,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to approximately RMB10,688,000. In addition, as at 31 March 2024 and as of the date of approval of these consolidated financial statements, the Group had defaulted or cross-defaulted certain bank borrowings and guaranteed notes, details of which are set out by the directors of the Company in note 2 to these consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the above mentioned, these consolidated financial statements have been prepared by the directors of the Company on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to the consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of the multiple uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation as adopted by the directors of the Company is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to the consolidated financial statements, it might not be able to operate as going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets as current assets. The effects of these potential adjustments have been reflected in the consolidated financial statements of the Group for the year ended 31 March 2024.

DIVIDEND

The Board of Directors did not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

BUSINESS REVIEW

Group results

For the year ended 31 March 2024 and at present, the Group has been principally engaged in (i) trading of oil and gas products and the provision of related consultancy services; and (ii) processing, distribution, sales, trading and transportation of LNG and other auxiliary operations and networks in the PRC.

For the year ended 31 March 2024, the Group recorded gross amounts from operations of approximately RMB4,970 million (2023: approximately RMB7,447 million) with loss after tax of approximately RMB171 million (2023: approximately RMB28 million). The Group's performance for the year ended 31 March 2024 was contributed mainly by the production and sales of LNG (as further elaborated under the section headed "**Production and sales of LNG**").

Production and sales of LNG

During the year ended 31 March 2024, the Group produced approximately 442 million cubic meters of LNG, representing a decrease of approximately 13 million cubic meters or 2.9% compared with the last year. The revenue from the sales of LNG for the year ended 31 March 2024 was approximately RMB983 million representing a decrease of approximately RMB568 million or 36.6% compared with the last year, contributing approximately 19.8% of the total turnover of the Group. Gross profit of the segment, decreased by approximately RMB116 million to approximately RMB53 million (2023: approximately RMB169 million), and the gross profit margin of the segment, decreased from approximately 10.9% to approximately 5.4%.

With the growing gap between LNG consumption and domestic production, coupled with the fierce competitions on the gas market, has led to a significant decrease in the average selling prices of LNG. Meanwhile, there was only little room for the price reduction in the purchase cost of natural gas due to the high and volatile of the import gas prices, hence both revenue and gross profit margin for the production and sales of LNG eventually declined sharply.

Sales of piped gas and construction of gas pipeline infrastructure

During the year ended 31 March 2024, revenue arising from sales of piped gas and related services decreased to approximately RMB53,000 from approximately RMB365 million, representing a decrease of approximately RMB364 million or 100% compared with the last year, as a result of the termination of the sales of piped gas business in August 2022 due to expiry of the gas operating permit, details of which is set out in the announcement of the Company dated 28 June 2023. Due to the operation suspension of a subsidiary in the sales of piped gas business, a substantial decline in segment revenue for the year ended 31 March 2024 as compared to five months contribution has recorded for the year ended 31 March 2023.

Oil and gas transactions

During the year ended 31 March 2024, gross amounts of oil and gas sales contracts decreased to approximately RMB3,943 million from approximately RMB5,501 million, representing a decrease of approximately RMB1,558 million or 28.3% compared with the last year, contributing approximately 79.3% of the total turnover of the Group. Gross profit of the segment, decreased to approximately RMB24 million from approximately RMB85 million, and gross profit margin decreased from approximately 1.5% to 0.6%. The decrease of revenue and gross profit in 2024 was primarily driven by the decline in the average selling price of oil and gas products.

At present, the combination of geopolitical turmoil and the complexity and volatility is inherent in the global oil market, there are still uncertainties in the trend of international oil and gas prices. The management will continue to enhance efficiency and reduce cost, and adopt cautionary steps while seeking for profitable trading opportunities.

Prospects

Looking ahead, along with intensified competition in the energy market, the Group's energy business will be full of challenges and opportunities. However, under the effective measures imposed by the PRC government, the fundamentals for the long-term improvement of China economy will remain unchanged.

Along with the steady recovery of the domestic economy and a clear low-carbon goal, the PRC government persists in preventing and controlling pollution with full force, being resolute in promoting clean production in enterprises, and steadily implements coal-control objectives in key regions, and as a result the demand of natural gas will maintain steady growth. The Group expects that such policies in the natural gas market would be conducive to the market environment, in which the Group operates.

The management is mindful of the market environment and will continue to adopt cautionary steps and implement various strategies to mitigate the adverse impact on the business arising from challenges as in this market condition. Looking forward, the Group will continue to develop its businesses in natural gas sector and to explore new business opportunities in order to create value for its shareholders.

FINANCIAL REVIEW

Turnover

The Group's turnover for the year ended 31 March 2024 was approximately RMB4,970 million (2023: approximately RMB7,447 million). The decrease in turnover was mainly attributable to the decrease in oil and gas transaction of which reported a turnover of approximately RMB3,943 million during the year ended 31 March 2024 (2023: approximately RMB5,501 million).

Gross Profit

Gross profit for the year ended 31 March 2024 was approximately RMB77 million (2023: approximately RMB252 million). The Group's gross profit margin for the year ended 31 March 2024 decreased from approximately 3.4% (year ended 31 March 2023) to approximately 1.5%.

Other Income

Other income for the year ended 31 March 2024 was approximately RMB4 million (2023: approximately RMB3 million), representing an increase of approximately 47.3% compared with the last year.

Other Gains and Losses

For the year ended 31 March 2024, other gains, net was approximately RMB35 million (2023: approximately RMB54 million). The decrease was mainly due to the decrease in the net foreign exchange gains which was approximately RMB30 million (2023: approximately RMB54 million).

Impairment Loss under Expected Credit Loss Model

For the year ended 31 March 2024, impairment loss on trade receivables under expected credit loss model of approximately RMB156 million (2023: approximately RMB1 million) was recognised. Due to on going global economic slow down which led to debt collection periods have been extended and part of the trade receivables have become overdue, therefore increase in loss allowances for trade receivables.

Impairment Loss of Property, Plant and Equipment and Intangible Asset

For the year ended 31 March 2024, the Group did not record impairment loss of property, plant and equipment and intangible asset (2023: approximately RMB151 million). As mentioned in aforesaid section, in the previous financial year, upon the expiry of the piped gas operation permit, the Group could not recognise any income and corresponding profits of piped gas segment. Accordingly, the Group performed impairment assessment on the relevant cash-generating unit and recognised impairment loss.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2024 amounted to approximately RMB85 million (2023: approximately RMB86 million), representing a decrease of approximately 0.5% as compared to the previous year.

Share of Results of Associates

For the year ended 31 March 2024, a gain of approximately RMB33 million (2023: approximately RMB10 million) in the share of results of associates of the Group was recorded. This is due to the continuous growth of piped gas market, in which the associates of the Group operate.

Finance Costs

The Group incurred finance costs of approximately RMB73 million during the year ended 31 March 2024 (2023: approximately RMB75 million), representing a decrease of approximately 3.4%.

Income Tax Credit (Expense)

The Group is subjected to taxes in Hong Kong and the PRC due to its business operations in these jurisdictions. For the year ended 31 March 2024, income tax credit of the Group was approximately RMB3 million (2023: income tax expense of approximately RMB22 million). The decrease in tax expense was mainly due to a decrease in the taxable income and tax refund of approximately RMB4 million.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2024, the Group maintained bank balances and cash of approximately RMB11 million (2023: approximately RMB72 million). The net current assets of the Group as at 31 March 2024 were approximately RMB717 million (2023: approximately RMB1,026 million). The current ratio was approximately 1.37 (2023: approximately 1.47).

As at 31 March 2024, the Group had borrowings of approximately RMB1,188 million and guaranteed notes of RMB169 million, which are due within one year and approximately RMB9 million which are repayable after one year. The gearing ratio, which is debt-to-equity ratio (total borrowings over total equity), of the Group was approximately 1.04 as at 31 March 2024 compared to approximately 0.86 as at 31 March 2023.

As at 31 March 2024, the Group had defaulted the repayment of certain bank borrowings of approximately RMB600,500,000 and triggered cross-default for other bank borrowings of approximately RMB403,880,000.

A series of plans and measures have been taken to mitigate liquidity pressure and to improve the financial position of the Group. In order to enhance the liquidity and improve the financial position of the Group, the Group has been actively negotiating with existing lenders for renewal and extension of bank loans and credit facilities and exploring potential strategic investor to increase the fund reserves and liquidity for, inter alia, repayment of the borrowings.

Capital Expenditure on Property, Plant and Equipment

Capital expenditure for purchase of property, plant and equipment amounted to approximately RMB7 million (2023: approximately RMB33 million) for the year ended 31 March 2024.

Pledge of Assets

As at 31 March 2024, the Group had pledged assets in an aggregate amount of approximately RMB256 million (2023: approximately RMB600 million) to banks for banking facilities.

Material Acquisition and Disposal of Subsidiaries, Associates or Joint Ventures

During the year ended 31 March 2024, the Group has deregistered a subsidiary, 貴州易能達能源服務有限公司, and resulted in loss on deregistration of a subsidiary of RMB2,015,000, decrease in non-controlling interest of RMB6,216,000 and net cash outflow of RMB6,748,000.

Save as disclosed in this announcement, during the year ended 31 March 2024, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

Capital Commitments

As at 31 March 2024, the Group had no material capital commitments.

Contingent Liabilities

As at 31 March 2023, the Group issued financial guarantee to the bank in respect of a bank loan obtained by an associate of RMB19.5 million (2024: nil) representing the amount that could be required to be paid if the guarantee was called upon in entirety by the bank.

Treasury Policy

The Group mainly operates in China with most of the transactions denominated and settled in RMB, HK Dollar and US Dollar. The exposure of exchange fluctuation in respect of RMB and HK/US Dollar could affect the Group's performance and asset value. However, there are no liquidity problems resulting from currency exchange fluctuations. The Group still monitors the overall currency exposures.

Employee Information

As at 31 March 2024, the Group had about 280 employees (2023: about 330). The remuneration packages are generally structured with reference to market conditions and individual qualifications. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factor.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code on Corporate Governance Practices (the "**CG Code**") in Appendix C1 of the Listing Rules throughout the year ended 31 March 2024, except for the deviations discussed below.

Code provision C.2.1

Pursuant to C.2.1 of the CG Code, the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Wang Jianqing ("**Mr. Wang**") is the chairman of the Company since 27 January 2011 and was appointed the CEO of the Company on 15 September 2011. The Board considers that Mr. Wang possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The present structure is more suitable to the Company because it can promote the efficient formulation and implementation of the Company's strategies. Through the supervision of the Board and the audit committee, balance of power and authority can be ensured and there is no imminent need to change the arrangement.

Code provision F.2.2

Pursuant to F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Wang Jianqing, the Chairman of the Board and the executive Director of the Company, was unable to attend the 2023 annual general meeting of the Company held on 26 September 2023 (the "**2023 AGM**") in person because he was unfit for travel due to medical reasons, but attended via telephone. However, Mr. Bao Jun, the executive Director of the Company, had taken the chair of the 2023 AGM in accordance with the bye-laws of the Company. Mr. Bao was of sufficient calibre and knowledge for communication with the shareholders at the 2023 AGM.

Code provision C.6.2

Pursuant to C.6.2 of the CG Code, the appointment of the company secretary should be dealt with by a physical board meeting rather than a written resolution. The appointment of the current company secretary was dealt with by a written resolution in September 2013. The Board considers that, prior to the execution of the written resolution to appoint the current company secretary, all Directors were individually consulted on the matter without any dissenting opinion and there was no need to approve the matter by a physical board meeting instead of a written resolution.

AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements and this annual results announcement of the Group for the year ended 31 March 2024. The Audit Committee comprises three independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Wong Siu Hung Patrick.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of profit of loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2024 as set out in this announcement of results have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the announcement of results.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "**Model Code**"). Having made specific enquiry of all directors of the Company, the directors of the Company have complied with the required standard set out in the Model Code throughout the year ended 31 March 2024.

EVENTS AFTER THE REPORTING PERIOD

The Company's Guaranteed notes were due on 30 April 2024 and the Group did not repay the outstanding principal amount of approximately RMB169 million and relevant interest payable of approximately RMB14 million up to the date of this announcement.

Save as disclosed in this announcement, there are no other material subsequent events undertaken by the Group after the reporting period.

DEALING IN COMPANY'S LISTED SECURITIES

During the year, there were no purchases, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement of results is available for viewing on the website of Hong Kong Exchange and Clearings Limited at www.hkexnews.hk under "Latest Listed Company Information" and on the website at www.yuanhenggas.com. The annual report of the Company contained all the information required by the Listing Rules will be published on the above websites in due course.

By order of the Board
Yuan Heng Gas Holdings Limited
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 28 June 2024

As at the date of this announcement, the executive directors are Mr. Wang Jianqing and Mr. Bao Jun; and the independent non-executive directors are Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Wong Siu Hung Patrick.