元亨燃氣
YUANHENG GAS

Yuan Heng Gas Holdings Limited
元亨燃氣控股有限公司

(formerly known as Ngai Lik Industrial Holdings Limited (毅力工業集團有限公司*))

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2014

RESULTS

The Board of Directors (the "Directors") of Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial 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 2014, together with the comparative figures, as follows:

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Turnover		**9,815,676**	6,152,787
Costs to fulfil contracts		**(9,807,372)**	(6,142,664)
Net income from oil and gas contracts and consultancy service		**8,304**	10,123
Other income	5	**148**	84
Administrative expenses		**(13,170)**	(10,170)
Finance costs	6	**—**	(2,747)
Other loss		**(1,280)**	—
Loss before tax		**(5,998)**	(2,710)
Income tax expense	7	**(232)**	(220)
Loss for the year	8	**(6,230)**	(2,930)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation		**125**	45
Total comprehensive expense for the year		**(6,105)**	(2,885)
Loss per share	9		
— basic		**(HK$0.61)**	(HK$0.29)

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Non-current Assets			
Property, plant and equipment		**543**	461
Interest in an associate		**—**	—
Deposit for acquisition of a subsidiary	13	**70,000**	—
		70,543	461
Current Assets			
Trade receivables	10	**1,596,340**	982,233
Other receivables, deposits and prepayments	11	**316,127**	317
Tax recoverable		**1**	269
Bank balances and cash		**19,079**	101,586
		1,931,547	1,084,405
Current Liabilities			
Trade payables	12	**1,592,913**	986,489
Advance from customer	11	**315,592**	—
Other payables and accruals		**2,968**	1,536
Amount due to an associate		**38**	38
Amount due to a shareholder		**7,750**	7,750
Tax payable		**98**	217
		1,919,359	996,030
Net Current Assets		**12,188**	88,375
Total Assets less Current Liabilities		**82,731**	88,836
Capital and Reserves			
Share capital		**101,959**	101,959
Reserves		**(19,228)**	(13,123)
Total Equity		**82,731**	88,836

III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited) 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 is Room 4102, 41/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Group is principally engaged in the design and sale of electronic and electrical products and entered into a number of oil and gas sales and purchase contracts with a number of counterparties. Upon the completion of the acquisition of a subsidiary and the issue of new share on 16 May 2014, the Group is also engaged in the production and sale of liquefied natural gas.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for as described below, the application of the above new or revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated Financial Statements", HKFRS 11 "Joint Arrangements", HKFRS 12 "Disclosure of Interests in Other Entities", HKAS 27 (as revised in 2011) "Separate Financial Statements" and HKAS 28 (as revised in 2011) "Investments in Associates and

Joint Ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements " that deal with consolidated financial statements and HK-SIC Int–12 "Consolidation — Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income". The amendments introduce new terminology for the statement of profit or loss and other comprehensive income. Under the amendments to HKAS 1, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[6]
Amendments to HKFRS 16 and HKFRS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 14	Regulatory Deferred Accounting[5]
HK(IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2016

The directors anticipate that the application of the above new and revised HKFRSs will not have material impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

Reportable and operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the chairman and chief executive officer) for the purpose of allocating resources to segments and assessing their performance.

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

EMS business — Design and sale of electronic and electrical products.
Oil and gas transactions — Entering into oil and gas sales and purchase contracts and provision of consultancy services in relation to such contracts.

Segment results

For the year ended 31 March 2014

	EMS business *HK$'000*	**Oil and gas transactions** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**—**	**9,815,676**	**9,815,676**
Segment results	**—**	**8,304**	**8,304**
Unallocated income			**148**
Unallocated expenses			**(13,170)**
Unallocated other loss			**(1,280)**
Loss before tax			**(5,998)**

For the year ended 31 March 2013

	EMS business *HK$'000*	Oil and gas transactions *HK$'000*	Consolidated *HK$'000*
Turnover	1,499	6,151,288	6,152,787
Segment results	30	7,346	7,376
Unallocated income			84
Unallocated expenses			(10,170)
Loss before tax			(2,710)

Segment assets and liabilities

No segment assets and liabilities are presented as the chief operating decision maker does not review them for the purpose of allocating resources and assessing performance.

Geographical segments

The following table provides an analysis of the Group's segment turnover from oil and gas transactions and revenue (EMS business) by geographical location of customers and the Group's non-current assets by geographical location of the assets, irrespective of the origin of the goods delivered or services rendered:

	Segment turnover from oil and gas transactions		Revenue (EMS business)		Non-current assets	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK'000*
Singapore	**5,713,570**	527,346	**—**	—	**—**	—
Malaysia	**2,749,057**	1,117,381	**—**	—	**—**	—
The PRC, other than Hong Kong	**799,415**	4,336,638	**—**	—	**15**	20
Japan	**—**	30,208	**—**	—	**—**	—
Taiwan	**—**	139,715	**—**	—	**—**	—
Philippines	**553,634**	—	**—**	—	**—**	—
The Middle East	**—**	—	**—**	1,499	**—**	—
Hong Kong	**—**	—	**—**	—	**70,528**	441
	9,815,676	6,151,288	**—**	1,499	**70,543**	461

Information about major customers

Segment turnover from five (2013: five) customers, including a company established in PRC (the "PRC Entity") and its subsidiaries established in Singapore and Hong Kong, which Mr. Wang Jianqing, the chairman and chief executive officer of the Company and the ultimate shareholder of the Group, is a general manager of the PRC Entity, in the oil and gas transactions amounted to approximately HK$8,135,479,134 (2013: HK$6,091,664,000) in aggregate, which individually represents more than 10% of the segment turnover from oil and gas transactions.

5. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Interest income	**123**	82
Sundry income	**25**	2
	148	84

6. FINANCE COSTS

The amount represented interest on discounting bills with recourse.

7. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Current year		
Hong Kong Profit Tax	**232**	220

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Enterprise Income Tax is made as the Company's PRC subsidiaries have no assessable profit in both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25%.

At the end of the reporting period, the Group had unused tax losses of approximately HK$11,988,000 (2013: HK$4,441,000) as at 31 March 2014 available for offset against future profits and those can be carried forward indefinitely. No deferred taxation assets have been recognised in relation to tax loss due to the unpredictability of future profit streams.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000*
Loss before tax	**(5,998)**	(2,710)
Tax at domestic income tax rate of 16.5% (2013: 16.5%)	**(990)**	(447)
Tax effect of expenses not deductible for tax purpose	**2**	—
Tax effect of income not taxable for tax purpose	**(17)**	(9)
Tax effect of tax losses not recognised	**1,245**	672
Utilisation of tax losses previously not recognised	**—**	(46)
Others	**(8)**	50
Income tax expense for the year	**232**	220

8. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Directors' emoluments	**1,977**	2,151
Contributions to retirement benefit scheme of other staff	**533**	395
Salaries and other staff benefits	**2,287**	1,841
Total staff costs	**4,797**	4,387
Depreciation of property, plant and equipment	**110**	12
Auditor's remuneration	**1,300**	800
Loss on disposal of property, plant and equipment	**16**	—

9. LOSS PER SHARE

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

	2014	2013
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	**(6,230)**	(2,930)

	Number of ordinary shares	
	2014	2013
Number of shares		
Number of ordinary shares for the purposes of basic loss per share	**1,019,592,858**	1,019,592,858

Diluted loss per share are not presented as the Company does not have any potential ordinary shares during the years ended 31 March 2013 and 2014.

10. TRADE RECEIVABLES

Trade receivables arise from oil and gas sales contracts which are settled either by letter of credit or bills issued by banks with high credit-ratings assigned by international credit-rating agencies and are receivable with an average credit period ranging from seven days to six months after the date of delivery of commodity to customers or by telegraphic transfer.

The following is an aged analysis of these receivables presented, based on the invoice date, at the end of the reporting period.

	2014	2013
	HK$'000	*HK$'000*
Current–30 days	**—**	385,413
31–60 days	**1,596,340**	583,207
> 90 days	**—**	13,613
	1,596,340	982,233

No receivables had been past due at the end of the reporting period.

Trade receivables denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2014	2013
	HK$'000	*HK$'000*
RMB	**—**	385,805

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Prepayments for purchase of oil *(note)*	**315,561**	—
Utility deposits	**312**	317
Other receivables	**215**	—
Other prepayments	**39**	—
	316,127	317

Note: At 31 March 2014, the Group has entered into one sales and one purchase oil contracts and the delivery was made in early April 2014. At the end of the reporting period, full purchase amount has been paid to the supplier and the corresponding sales amount of HKD 315,592,000 has been received from the customer and included in the advance from customer in the consolidated statement of financial position.

12. TRADE PAYABLES

Trade payables arise from oil and gas purchase contracts and which are granted by suppliers with an average credit period ranging from seven days to six months after the bills of lading date of delivery.

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

	2014	2013
	HK$'000	*HK$'000*
Current–30 days	**550,632**	384,532
31–60 days	**1,042,281**	584,940
> 90 days	**—**	17,017
	1,592,913	986,489

Trade payables denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2014	2013
	HK$'000	*HK$'000*
RMB	**—**	392,241

13. POST BALANCE SHEET EVENT

On 28 October 2013, the Group entered into an agreement with Ying Hui Limited ("Vendor") and Vendor's shareholders, pursuant to which the Group conditionally agreed to acquire and the Vendor conditionally agreed to dispose of the sales shares, representing the entire issued share of Union Honor Limited ("UHL"), a wholly-owned subsidiary of the Vendor, at the total consideration of HK$2,861,775,000. Both the Vendor and UHL are limited liability companies incorporated in the BVI. Mr. Wang Jianqing, the ultimate shareholder of the Company, has equity interest of 62.89% of the Vendor and is controlled by Mr. Wang Jianqing. The Vendor is therefore a connected person of the Company.

On 17 March 2014, the Group entered into a supplemental agreement ("Supplemental SPA") with the Vendor and the Vendor's shareholders pursuant to which the consideration of the acquisition has been revised to approximately HK$3,068,246,000. The acquisition was approved by the shareholders of the Company in a special general meeting held on 8 May 2014 and the acquisition was completed on 16 May 2014.

According to the Supplemental SPA, the total consideration of the acquisition is satisfied by (i) cash consideration of HK$70,000,000; (ii) HK$2,998,246,000 by procuring the Company to issue and allot to the Vendor's shareholders of a total 4,283,209,057 shares ("Consideration Shares") at an issue price of HK$0.70 per Consideration Share. As at 31 March 2014, cash consideration of HK$70,000,000 has been paid and presented as "Deposit for acquisition of a subsidiary" in the consolidated statement of financial position.

Mr. Wang Jianqing has been the controlling party of the Company since the completion of mandatory unconditional cash offer on 3 January 2011 and obtained the control of the Vendor and UHL on 11 January 2013. The acquisition of UHL is considered as a combination of businesses under common control and will be accounted for by using merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations".

14. COMPARATIVE INFORMATION

During the year, the directors of the Company re-assessed the presentation of the oil and gas contracts by reference to the practice of certain industry peers on the presentation of such oil or gas contracts, and determined to change the presentation of turnover and related costs of the Group in the consolidated statement of profit or loss and other comprehensive income and the related notes to the consolidated financial statements. For the current year presentation, "Turnover" and "Costs to fulfil contracts" are presented in the financial statements which includes gross proceeds from entering into oil and gas sales contracts and gross amounts of oil and gas purchase contracts respectively. Whereas, in the previous years' financial statements, "net income from oil and gas contracts and consultancy service" is presented in the financial statements of the Group which was derived from gross amounts of oil and gas sales contracts, gross amount of oil and gas purchase contracts, related costs of oil and gas sales and purchase contracts and consultancy service fee income, net of expense. Comparative figures have been re-presented to achieve consistent presentation.

DIVIDEND

The Board of Directors did not recommend the payment of a final dividend for year ended 31 March 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FINANCIAL REVIEW

Business Review

During the financial year, the Group recorded a loss of approximately HK$6 million, as compared to a loss of approximately HK$3 million in the prior period. Turnover of the Group for the year ended 31 March 2014 increased to approximately HK$9,816 million from approximately HK$6,153 million. The rise was mainly attributable to the continued growth of oil and gas trading business, which was the sole contributor of turnover during the financial year. The oil and gas trading division contributed a turnover of approximately HK$6,151 million for the year ended 31 March 2013.

In view of the critical business environment for export-manufacturing, the management continued to downsize the Group's EMS operation. As a result, no turnover was recognised in the EMS division during the financial year, as compared to approximately HK$2 million for the year ended 31 March 2013.

On 28 October 2013, the Company's wholly-owned subsidiary, Firmwill Investment Limited ("Purchaser"), entered into an agreement with Ying Hui Limited ("Vendor") and Vendor's shareholders, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to dispose of the sales shares, representing the entire issued shares of Union Honor Limited ("UHL"), a wholly-owned subsidiary of the Vendor, at the total consideration of HK$2,861,775,000 (the "Acquisition"). UHL, through 廣州元亨燃氣有限公司 (Guangzhou Circle Gas Corporation Limited, its indirect wholly-owned subsidiary), is principally engaged in processing, distribution, sales, trading and transportation of liquefied natural gas and other auxiliary business in the PRC. On 17 March 2014, the Purchaser, the Vendor and the Vendor's shareholders entered into a supplemental agreement pursuant to which the parties agreed to revise the consideration to HK$3,068,246,340. The Acquisition was completed on 16 May 2014.

The Acquisition was a strategic reinforcement of the Group's existing energy trading business and enabled the Group to expand and integrate into upstream operations of natural gas processing, which would improve the Group's overall operation flexibility and allow the Group to further expand its trading platform. In addition, the Acquisition would broaden the Group's income base and improve the financial flexibility of the Group.

In order to reflect the Company's plan to focus its business in the energy industry, in particular, the sector relating to natural gas, on 19 May 2014, the Company changed the English name of the Company from "Ngai Lik Industrial Holdings Limited" to "Yuan Heng Gas Holdings Limited" and adopted and registered the Chinese name "元亨燃氣控股有限公司" as its secondary name. The Company's Chinese name "毅力工業集團有限公司" was no longer in use for identification purpose.

Going forward, the Group will devote its resources to seize larger market share and further penetrate into the PRC energy market. Save for the Acquisition, the Group endeavors to continue to explore new business opportunities in order to create value for its shareholders.

Financial Review

Turnover

The Group's turnover increased to approximately HK$9,816 million for the year ended 31 March 2014, an increase of approximately 59.53% as compared to the preceding financial period. The rise was mainly attributable to the continued growth of oil trading business which reported a turnover of approximately HK$9,816 million during the year.

Gross Profit

The gross profit was about HK$8.3 million for the year ended 31 March 2014, a decrease of approximately 18% as compared to the preceding financial period. The gross profit margin for the current financial period decreased to approximately 0.08% (31 March 2013: approximately 0.16%). Such drop in gross profit margin was mainly caused by fierce competition with continuous challenges from peer competitors. In order to improve price perception, the Group narrowed down its finance cost instead of increasing the selling prices, leading to a decrease in gross profit margin for the year ended 31 March 2014.

Expenses

The Group's administrative expenses for the year ended 31 March 2014 totalled to approximately HK$14.5 million, representing an increase of approximately 42.1% as compared to the preceding financial period mainly due to professional fees of approximately HK$2.9 million incurred by acquisition of Union Honor Limited

There were no finance costs incurred for the year ended 31 March 2014 (31 March 2013: approximately HK$2.7 million). The decrease is mainly due to less reliance on bank financing as a result from the enlarged working capital after the completion of open offer in March 2012.

Working Capital Management

As at 31 March 2014, the Group maintained bank balances and cash of approximately HK$19.1 million (31 March 2013: approximately HK$101.6 million), representing a decrease of approximately 81.2% as compared to the preceding financial period mainly due to a refundable deposit of HK$70 million paid for the acquisition during the financial period.

Financing and Capital Structure

There was no borrowing during the financial year ended 2014 and 2013.

There was no change to the Group's capital structure for the year ended 31 March 2014.

Capital Expenditure on Property, Plant and Equipment

Total capital expenditure for the year was approximately HK$214,000 (31 March 2013: approximately HK$463,000).

Liquidity and Financial Resources

The net assets of the Group as at 31 March 2014 were HK$82.7 million (31 March 2013: HK$88.8 million). The current ratio was approximately 1 (31 March 2013: approximately 1.1). Shareholders' equity was approximately HK$83 million (31 March 2013: approximately HK$89 million) because of the loss of approximately HK$6.2 million for the period.

Gearing ratio had not been presented (2013: nil) as there was no bank borrowings as at 31 March 2014 (31 March 2013: HK$ nil).

Pledge of Assets

As at 31 March 2014, none of the Group's assets were pledged.

Capital Commitments

As at 31 March 2014, the Group had no material capital commitments.

Treasury Policy

The majority of the Group's sales and purchases are denominated in US Dollars and Renminbi. As Hong Kong Dollars and US Dollars are pegged, the Group had minimum exposure to foreign exchange fluctuation in this respect. The exposure of exchange fluctuation in respect of Renminbi is also limited, as there are no significant differences of the carrying amount of the monetary assets and liabilities which are denominated in Renminbi. The Group still monitors the overall currency and interest rate exposures.

Employee Information

As at 31 March 2014, the Group had approximately 20 employees (31 March 2013: 20). The remuneration packages are generally structured with reference to market conditions and the individual qualifications. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Code on Corporate Governance Practices ("the CG Code") in Appendix 14 of the Listing Rules throughout the year ended 31 March 2014, except for the deviations discussed below.

Code provision A.2.1

Pursuant to A.2.1 of the 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.1.2

Pursuant to F.1.2 of the 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 of the Group for the year ended 31 March 2014. The Audit Committee comprises three independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2014 set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 2014.

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.hkex.com.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
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 30 June 2014

As at the date of this announcement, the executive Directors are Mr. Wang Jianqing, Mr. Pan Junfeng and Mr. Bao Jun; and the Independent non-executive Directors are Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie.

* *For identification purpose only*