

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
ASSETS IMPAIRMENTS IN THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2025**

The board of directors (the “**Board**”) of Yuan Heng Gas Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) would like to supplement the details in relation to the impairment losses recognized on prepayments and trade receivables (collectively the “**Impairments**”) in the annual report of the Group for the year ended 31 March 2025 (the “**Annual Report**”). Unless the context requires otherwise, terms used herein shall have the same meanings as defined or used in the Annual Report.

For the year ended 31 March 2025 (the “**FY2025**”), the Company recognized impairment loss of RMB1,339.8 million on prepayments and RMB496.8 million on trade receivables.

Impairment loss on prepayments

As set out in Note 9 and Note 26 of the Annual Report, impairment loss of RMB1,339.8 million was recognized on advance payments to a supplier for the procurement of shipload liquefied natural gas (the “**LNG**”). The supplier is owned by an independent third party with which the Group has been trading for more than 10 years (the “**Supplier**”). As the Supplier is a sizable gas/oil-fired power plant located at the Greater Bay Area, it has been leveraging its supply chain advantage to supply LNG to the Group for trading purpose.

In January 2023, a subsidiary of the Group entered into a purchase agreement for the year of 2023, which included a batch of shipload LNG. The subsidiary soon made prepayments thereunder but it delayed in issuing purchase order for the shipload LNG due to unfavorable

market conditions. However, the Supplier delayed in fulfilling the purchase order of the subsidiary in the second half of 2024 and finally admitted it would default on the relevant contracts in a letter sent to the Group in February 2025.

Given the event of default, the prepayments to the Supplier were accounted for as a financial asset and the Expected Credit Loss (the “ECL”) model was applied to assess the collectability of the prepayment balance. As of 31 March 2025, the balance was RMB1,518.99 million and impairment loss of RMB1,339.75 million was recognized based on ECL assessment performed by an external independent professional valuer (the “Valuer”). Key assumptions used by the Valuer included probability of default (“PD”) of 100% and loss given default (“LGD”) of 88.2%.

When the management became aware of the event of default in February 2025, concrete actions were taken to investigate the financial position of the Supplier, to assess its debt repayment ability and to explore options to recover the Group’s prepayments. Based on the assessment result, management concluded that to institute immediate and formal legal proceedings was not an optimal solution given the size of the corporate guarantees the Supplier has provided to its affiliates. Nevertheless, the Group has successfully procured the Supplier to enter into an agreement to allow the Group to monitor the operation and key decisions of the Supplier to pave way for a plan to recover the Group’s prepayments.

Impairment on trade receivables

As set out in Note 9 and Note 26 of the Annual Report, impairment losses of RMB496.77 million were recognized on trade receivables for FY2025. However, based on ECL assessment performed by the Valuer on trade receivables as of 31 March 2025, impairment losses totaling RMB921.31 million should be recognized. The impairment losses totaling RMB424.54 out of the total RMB921.31 million were a result of a correction of accounting error of previous years, therefore, such impairment losses should be accounted for as losses in previous years instead of FY2025 according to the relevant accounting standards. For details, please refer to Note 2.2 of the Annual Report. The impairment losses totaling RMB496.77 were mainly related to four customers of the Group, including the Supplier and the other three customers, detailed as follows:

Trade receivables and ECL allowance as of 31 March 2025

RMB million

Customer	Gross Balance			ECL Allowance			Total	Net balance
	Below 365 days	Over 365 days	Total	Brought forward	Provided for FY2025	Provided for previous years		
1. The Supplier	66.89	285.67	352.56	4.13	180.80	126.03	310.96	41.60
2. Customer A	-	725.42	725.42	161.37	265.54	298.51	725.42	-
3. Customer B	43.57	26.73	70.30	0.65	16.24	-	16.89	53.41
4. Customer C	-	50.43	50.43	0.88	30.24	-	31.12	19.31
5. Others	20.84	9.14	29.98	2.14	3.95	-	6.09	23.89
Total	131.30	1,097.39	1,228.69	169.17	496.77	424.54	1,090.48	138.21

In addition to supplying LNG to the Group, the Supplier has been purchasing from the Group’s LNG factories for resale since 2016. The receivables balance represented LNG sold to the Supplier during the period from April 2023 to March 2024. Upon the occurrence of

the event of default, the PD was deemed as 100% and LGD was set at 88.2% in the ECL assessment as of 31 March 2025.

Customer A was an independent third party and a major customer of the Group's overseas trading business, which started trading with the Group in 2018. The receivable balance related to five contracts under which oil products were delivered during the period from March 2023 to December 2023. Upon the balances became past due in March 2024, the Group's management has been chasing for settlement. Customer A did not raise any dispute about the outstanding balance and made partial settlements. Nevertheless, in March 2025, Customer A informed management in its reply to the Group's demanding letter that it was unable to make further repayment. As such, a 100% PD and 100% LGD were applied in the ECL assessment on the balance due from this customer as of 31 March 2025.

Both Customer B and Customer C were independent third parties and were the customers of the Group's domestic LNG trading business. The Group started business with Customer B and Customer C in 2020 and 2018 respectively. The liquidity of both customers was affected by the COVID-19 pandemic and the downturn in the domestic real estate market. Though efforts were made in pursuit for settlement, collections were minimal. Therefore, PD of 1.57% and 100% with LGD of 58% and 61.7% were applied by the Valuer in assessing the ECL on balance due from Customer B. Different PD and LGD were applied on receivables of different ages. For Customer C, a 100% PD and 61.7% LGD were applied in assessing the ECL on its outstanding balance.

The Group's management will continue to take further actions to recover the overdue receivables. Measures under management's consideration include but are not limited to taking legal action, debt settlement by assets and etc. The Company will make further announcements in relation to the matters set out above as and when appropriate.

On behalf of the Board
Yuan Heng Gas Holdings Limited
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 18 March 2026

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, Dr. Wong Siu Hung Patrick and Ms. Lin Ying.