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 2025

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 2025, together with the comparative figures, as follows:

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

For the year ended 31 March 2025

	Notes	**2025**	2024
		RMB'000	*RMB'000*
			(Restated)
Gross amounts from operations		**807,820**	4,969,826
Gross amounts of oil and gas sales contracts		**231,190**	3,942,794
Gross amounts of oil and gas purchase contracts		**(230,450)**	(3,918,362)
Other revenue		**576,630**	1,027,032
	4	**577,370**	1,051,464
Cost of sales and services		**(533,334)**	(969,869)
Gross profit		**44,036**	81,595
Other income	5	**1,922**	4,333
Other gains and losses	6	**(230)**	35,241
Impairment loss under expected credit loss model, net	7	**(1,865,601)**	(507,777)
Distribution and selling expenses		**(4,748)**	(7,344)
Administrative expenses		**(91,871)**	(85,010)
Share of results of associates		**20,536**	32,600
Finance costs	8	**(69,118)**	(67,515)
Loss before tax		**(1,965,074)**	(513,877)
Income tax credit	9	**6,834**	2,935
Loss for the year from continuing operations		**(1,958,240)**	(510,942)
Discontinued operation			
Loss for the year from discontinued operation	10	**(34,741)**	(11,332)
Loss for the year	11	**(1,992,981)**	(522,274)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(2,261)**	1,052
Other comprehensive (expense) income for the year		**(2,261)**	1,052
Total comprehensive expense for the year		**(1,995,242)**	(521,222)

	Note	2025 *RMB'000*	2024 *RMB'000* (Restated)
Loss for the year attributable to owners of the Company			
– from continuing operations		**(1,881,355)**	(491,638)
– from discontinued operation		**(34,741)**	(5,632)
Loss for the year attributable to owners of the Company		**(1,916,096)**	(497,270)
Loss for the year attributable to non-controlling interests			
– from continuing operations		**(76,885)**	(19,304)
– from discontinued operation		**–**	(5,700)
Loss for the year attributable to non-controlling interests		**(76,885)**	(25,004)
		(1,992,981)	(522,274)
Total comprehensive expense attributable to:			
Owners of the Company		**(1,918,357)**	(496,218)
Non-controlling interests		**(76,885)**	(25,004)
		(1,995,242)	(521,222)
Total comprehensive expense attributable to owners of the Company:			
– from continuing operations		**(1,883,616)**	(490,586)
– from discontinued operation		**(34,741)**	(5,632)
		(1,918,357)	(496,218)
LOSS PER SHARE	12		
From continuing and discontinued operations			
Basic *(RMB cents)*		**(29.27)**	(7.60)
Diluted *(RMB cents)*		**(29.27)**	(7.60)
From continuing operations			
Basic *(RMB cents)*		**(28.74)**	(7.51)
Diluted *(RMB cents)*		**(28.74)**	(7.51)

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2025

	Note	**31 March 2025** *RMB'000*	31 March 2024 *RMB'000* (Restated)	1 April 2023 *RMB'000* (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**286,927**	379,646	415,601
Right-of-use assets		**47,077**	31,603	33,809
Goodwill		**34,070**	34,070	34,070
Interests in associates		**185,479**	166,213	133,613
Derivative financial instrument		**2,500**	2,500	2,500
Deferred tax assets		**9,315**	1,102	298
		565,368	615,134	619,891
CURRENT ASSETS				
Inventories		**20,616**	21,260	22,000
Trade and other receivables	14	**1,100,495**	2,207,331	2,690,550
Contract assets		**–**	57	78
Amount due from an associate		**–**	380	380
Amount due from a non-controlling equity owner of a subsidiary		**1,001**	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**	16	315,578
Bank balances and cash		**10,498**	10,688	71,662
		1,132,626	2,246,642	3,113,901

	Notes	**31 March 2025** *RMB'000*	31 March 2024 *RMB'000* (Restated)	1 April 2023 *RMB'000* (Restated)
CURRENT LIABILITIES				
Trade payables and other liabilities	15	**1,234,899**	448,146	859,386
Contract liabilities		**55,707**	71,710	84,786
Amount due to an associate		**142**	142	142
Amount due to a shareholder		**714**	–	–
Tax payable		**77,118**	76,495	86,454
Bank borrowings due within one year	16	**1,117,899**	1,187,720	1,119,410
Financial guarantee contract liabilities	17	**95,320**	–	–
Lease liabilities		**–**	498	710
Guaranteed notes		**184,811**	169,094	9,870
		2,766,610	1,953,805	2,160,758
NET CURRENT (LIABILITIES) ASSETS		**(1,633,984)**	292,837	953,143
TOTAL ASSETS LESS CURRENT LIABILITIES		**(1,068,616)**	907,971	1,573,034
CAPITAL AND RESERVES				
Share capital		**551,378**	551,378	551,378
Reserves		**(1,639,927)**	293,253	789,471
Equity attributable to owners of the Company		**(1,088,549)**	844,631	1,340,849
Non-controlling interests		**5,973**	41,704	73,331
(CAPITAL DEFICIENCY) TOTAL EQUITY		**(1,082,576)**	886,335	1,414,180
NON-CURRENT LIABILITIES				
Deferred tax liabilities		**13,960**	13,136	11,153
Bank borrowings due after one year	16	**–**	8,500	–
Lease liabilities		**–**	–	516
Guarantee notes		**–**	–	147,185
		13,960	21,636	158,854
		(1,068,616)	907,971	1,573,034

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 the executive director of the Company.

The Group is principally engaged in the 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.

2.1 Going concern basis

During the year ended 31 March 2025, the Group recorded a net loss came from continuing operations of approximately RMB1,958,240,000. As at 31 March 2025, the Group's total bank borrowings of approximately RMB1,117,899,000 and guaranteed notes of approximately RMB184,811,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to approximately of RMB10,498,000. In addition, as at 31 March 2025 and as of the date of approval of these consolidated financial statements, the Group had defaulted and cross-defaulted certain bank borrowings and guaranteed notes amounted to RMB1,114,899,000 and RMB184,811,000, respectively.

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

In order to sustain the Group's operation on a going concern basis, the directors of the Company have implemented or are in the process of implementing the following measures to enhance the Group's liquidity as well as to reach settlement with creditors:

(i) Optimizing the Group's operational strategy to improve cash generating capacity and to reduce operating costs. Measures taken include (a) reducing volume of trading business to improve the efficiency of working capital; and (b) increasing the proportion of processing production in the overall production volume of both LNG factories to enhance stability of profit margin. The Group has taken firm and effective measures to control operating costs and to constrain unnecessary capital expenditures to preserve liquidity. The Group will take other additional measures to further improve the Group's liquidity as appropriate;

(ii) Actively communicating and negotiating with the Group's creditors to extend bank loans and credit facilities and to refrain from taking enforcement actions which could lead to the Group's loss of control over main subsidiaries or key assets essential to business operation. Up to the date of this Announcement, none of the Group's creditors have taken enforcement action against the Group for immediate repayment of outstanding loans. The directors of the Company are confident that settlement agreements with creditors will be reached in due course;

(iii) Proactively seeking ways to settle the outstanding litigations of the Group. The Group 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) Restructuring the exiting debts through legal procedure. The Company has filed an ex parte originating summons with the High Court of Hong Kong for the hearing of application by the Company for an order to convene a meeting of the creditors of the Company to consider and, if thought fit, approve, with or without modification, a scheme of arrangement proposed by the Company. At the hearing on 17 June 2025, the Court ordered that the hearing be adjourned sine die with liberty to restore. The Company is working closely with its professional advisers with an aim to restore the hearing as soon as possible; and

(v) Sourcing new fund to increase the Group's liquidity, inter alia, reduce the Group's borrowing level. The Group has been in touch with some potential strategic investors to participate in the financing plan which is part and parcel of the proposed scheme of arrangement. The Group has also been in touch with some potential buyers with the purpose to dispose of some non-core assets to improve the Group's liquidity and to reduce indebtedness.

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 1 April 2025 and take into account of multiple uncertainties as to whether the Group will be able to achieve the plans and measures as described above. The Group will be able to continue on a going concern basis based on the following assumptions:

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

(ii) Successfully negotiate with the existing creditors on the renewal or extension of the Group's borrowings and on the settlement of existing indebtedness in a way sustainable to the Group;

(iii) 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;

(iv) Successfully convene the meeting of creditors and to implement the restructuring plan under the scheme of arrangement; and

(v) Successfully obtain additional financing from the existing creditors or new sources of funding to improve its liquidity position, and fulfill the Group's debt obligations within a reasonable timeframe.

The directors of the Company are of the opinion that, if all the above-mentioned assumptions, plans and measures are realised, the Group will have sufficient working capital for its operations and will be able to meet its financial obligations as and when they fall due. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements of the Group for the ended 31 March 2025 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 2025.

2.2 Restatement adjustments

In accordance with Hong Kong Financial Reporting Standard 9 – Financial Instruments, issued by the HKICPA, the Group is required to recognise a loss allowance for expected credit losses ("**ECL**") on its financial instruments, including trade receivables. HKFRS 9 mandates the use of reasonable and supportable information, incorporating both historical and forward-looking data, with an emphasis on debtor-specific credit risk characteristics where practicable.

In prior years, the Group took into account information generally applicable to all industries around the globe when estimating the ECL of the Group's trade receivables as the directors of the Group considered it was not required to obtain sophisticated statistics and data, including the probability of default, specific to each trade debtor of the Group.

As at 31 March 2024 and 1 April 2023, the trade receivables of two major customers amounted to approximately RMB879,236,000 (representing a gross amount of RMB1,044,728,000, net of ECL of RMB165,492,000) and approximately RMB935,688,000 (representing a gross amount of RMB938,562,000 (net of ECL of RMB2,874,000), respectively.

During the year ended 31 March 2025, in view of the adverse change of market conditions, the Group applied specific data, including the possibility of default of the Group's two major customers when estimating their ECL. Should comparable specific data applied in estimating ECL of the two major customers as at 31 March 2024 and 1 April 2023, the effect of the restatements on those financial statements relevant to the consolidated financial statements for the year ended 31 March 2024 is summarised as follows:

	Previously reported *RMB'000*	**Restatement adjustments** *RMB'000*	**Restated** *RMB'000*
As at 1 April 2023			
Consolidated Statement of Financial Position			
Trade and other receivables	2,763,702	(73,152)	2,690,550
Current assets	3,187,053	(73,152)	3,113,901
Net current assets	1,026,295	(73,152)	953,143
Total assets less current liabilities	1,646,186	(73,152)	1,573,034
Reserve			
– Retained earnings (accumulated loss)	10,527	(53,113)	(42,586)
Equity attributable to owners of the Company	1,393,962	(53,113)	1,340,849
Non-controlling interests	93,370	(20,039)	73,331
Total equity	1,487,332	(73,152)	1,414,180
For the year ended 31 March 2024			
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Impairment loss under expected credit loss model, net	(156,385)	(351,392)	(507,777)
Loss before tax from continuing operations	(162,485)	(351,392)	(513,877)
Loss for the year from continuing operations	(159,550)	(351,392)	(510,942)
Loss for the year	(170,882)	(351,392)	(522,274)
Total comprehensive expense for the year	(169,830)	(351,392)	(521,222)
Loss for the year attributable to the owners of the Company from continuing operations	(159,278)	(332,360)	(491,638)
Loss for the year attributable to owners of the Company	(164,910)	(332,360)	(497,270)
Loss for the year attributable to non-controlling interests from continuing operations	(272)	(19,032)	(19,304)
Loss for the year attributable to non-controlling interests	(5,972)	(19,032)	(25,004)
Total comprehensive expense attributable to owners of the Company	(163,858)	(332,360)	(496,218)
Total comprehensive expense attributable to non-controlling interests	(5,972)	(19,032)	(25,004)
Total comprehensive expense attributable to owners of the Company from continuing operations	(158,226)	(332,360)	(490,586)
From continuing and discontinued operations			
Basic loss per share *(HK cents)*	(2.52)	(5.08)	(7.60)
Diluted loss per share *(HK cents)*	(2.52)	(5.08)	(7.60)
From continuing operations			
Basic loss per share *(HK cents)*	(2.43)	(5.08)	(7.51)
Diluted loss per share *(HK cents)*	(2.43)	(5.08)	(7.51)

	Previously reported *RMB'000*	Restatement adjustments *RMB'000*	Restated *RMB'000*
As at 31 March 2024			
Consolidated Statement of Financial Position			
Trade and other receivables	2,631,875	(424,544)	2,207,331
Current assets	2,671,186	(424,544)	2,246,642
Net current assets	717,381	(424,544)	292,837
Total assets less current liabilities	1,332,515	(424,544)	907,971
Reserve			
– Accumulated loss	(153,481)	(385,473)	(538,954)
Equity attributable to owners of the Company	1,230,104	(385,473)	844,631
Non-controlling interests	80,775	(39,071)	41,704
Total equity	1,310,879	(424,544)	886,335
For the year ended 31 March 2024			
Consolidated Statement of Cash Flows			
Loss before tax from continuing operations	(162,485)	(351,392)	(513,877)
Impairment loss under expected credit loss model, net	156,385	351,392	507,777

The impairment assessments on the ECL of trade receivables as at 31 March 2025 was performed by an external professional valuer based on relevant information.

Therefore, the scope limitation did not impact the consolidated financial position of the Group as of 31 March 2025, nor did it affect its consolidated financial performance and cash flows for the year ended.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
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 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards 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 these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

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	Production and sales 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

	Continuing operations				Discontinued operation	
	Production and sales of LNG *RMB'000*	**Oil and gas transactions** *RMB'000*	**Others operations** *RMB'000*	**Subtotal** *RMB'000*	**Piped gas** *RMB'000*	**Total** *RMB'000*
Year ended 31 March 2025						
Segment revenue from external customers	**524,751**	**231,190**	**51,879**	**807,820**	**–**	**807,820**
Segment results	**(309,899)**	**(1,577,928)**	**(1,043)**	**(1,888,870)**	**(34,741)**	**(1,923,611)**
Interest income				**13**	**–**	**13**
Other gains and losses				**(230)**	**–**	**(230)**
Finance costs				**(69,118)**	**–**	**(69,118)**
Share of results of associates				**20,536**	**–**	**20,536**
Unallocated corporate expense				**(27,405)**	**–**	**(27,405)**
Loss before tax				**(1,965,074)**	**(34,741)**	**(1,999,815)**

	Continuing operations				Discontinued operation	
	Production and sales of LNG	Oil and gas transactions	Others operations	Subtotal	Piped gas	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Restated)	(Restated)		(Restated)		(Restated)
Year ended 31 March 2024						
Segment revenue from external customers	983,477	3,942,794	43,555	4,969,826	53	4,969,879
Segment results	(41,094)	(438,685)	953	(478,826)	(5,845)	(484,671)
Interest income				1,367	1	1,368
Other gains and losses				22,615	29	22,644
Share of results of associates				32,600	–	32,600
Finance costs				(67,515)	(5,058)	(72,573)
Unallocated corporate expense				(24,118)	(459)	(24,577)
Loss before tax				(513,877)	(11,332)	(525,209)

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 RMB577,370,000 (2024: RMB1,051,517,000) comprising (i) revenue from oil and gas sales contracts of approximately RMB740,000 (2024: RMB24,432,000) and (ii) other revenue from contracts with customers of approximately RMB576,630,000 (2024: RMB1,027,085,000). 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:

	Continuing operations		Discontinued operation	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Represented)		(Represented)
Revenue from contracts with customers within the scope of HKFRS 15				
Production and sales of LNG	**524,751**	983,477	**–**	–
Trading of oil and gas contracts	**740**	24,432	**–**	–
Construction of gas pipeline infrastructure	**–**	–	**–**	53
Sales of vehicle gas at refuelling stations	**41,694**	31,552	**–**	–
LNG transportation	**10,185**	12,003	**–**	–
	577,370	1,051,464	**–**	53

5. OTHER INCOME

	Continuing operations		Discontinued operation	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Represented)		(Represented)
Bank interest income	**13**	1,367	**–**	1
Government grants	**1,304**	295	**–**	–
Others	**605**	2,671	**–**	–
	1,922	4,333	**–**	1

6. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operation	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Represented)		(Represented)
Net foreign exchange (losses) gains	**(230)**	29,525	**–**	–
Write-back of other payables *(note)*	**–**	7,108	**–**	–
Gain on fair value change of financial asset at FVTPL	**–**	146	**–**	–
Gain on disposal of property, plant and equipment	**–**	477	**–**	29
Loss on deregistration of a subsidiary	**–**	(2,015)	**–**	–
	(230)	35,241	**–**	29

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. IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET

	Continuing operations		Discontinued operation	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)
Impairment losses recognised on trade receivables	**(496,768)**	(507,777)	**–**	–
Impairment losses recognised on other receivables	**(580)**	–	**–**	–
Impairment losses recognised on prepayment	**(1,339,751)**	–	**–**	–
Impairment losses recognised on amount due from an associate	**(380)**	–	**–**	–
Impairment losses recognised on amount due from a NCI	**(203)**	–	**–**	–
Impairment losses recognised on financial guarantee	**(27,919)**	–	**–**	–
	(1,865,601)	(507,777)	**–**	–

8. FINANCE COSTS

	Continuing operations		Discontinued operation	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Represented)		(Represented)
Interest on bank borrowings	**53,206**	52,171	**–**	5,058
Interest on guaranteed notes	**15,830**	15,302	**–**	–
Interest on lease liabilities	**8**	42	**–**	–
Others	**74**	–	**–**	–
	69,118	67,515	**–**	5,058

9. INCOME TAX CREDIT

	Continuing operations		Discontinued operation	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Represented)		(Represented)
PRC Enterprise Income Tax				
– Current year	**160**	–	**–**	–
– Under (over) provision in prior year	**582**	(4,114)	**–**	–
	742	(4,114)	**–**	–
Deferred taxation	**(7,576)**	1,179	**–**	–
	(6,834)	(2,935)	**–**	–

10. DISCONTINUED OPERATION

Huaheng Energy was established in June 2011 and had been held as to 49%, 1% and 50% directly by Guangzhou Yuanheng Gas Co., Limited* ("**Guangzhou Yuanheng**"), Dazhou Huixin Energy Co., Ltd.* ("**Dazhou Huixin**"), and Guizhou Gas Group Corporation Ltd.* ("**Guizhou Gas**") respectively. Dazhou Huixin is currently owned by Guangzhou Yuanheng as to 69%, and is an indirectly non-wholly owned subsidiary of Guangzhou Yuanheng. The primary business of Huaheng Energy is to supply and sale of LNG and piped natural gas in the Renhuai Winery Region of Guizhou Province, the PRC.

As Guizhou Gas has committed that the control of Huaheng Energy at both board and shareholders' meetings would rest with Guangzhou Yuanheng, Huaheng Energy has been recognised as the principal subsidiary of the Company through which the Company has carried out its businesses under the piped gas segment.

As disclosed in the Company's announcement dated 28 June 2023, and the Company's annual reports for the year ended 31 March 2023 and 2024, the operation of Huaheng Energy was suspended due to the failure to obtain a renewal of its permit from Renhuai Municipal Integrated Administrative Bureau in August 2022. As an emergent transitional arrangement, Guizhou Gas (Group) Renhuai City Gas Co., Ltd.* ("**Renhuai Gas**", a wholly-owned subsidiary of Guizhou Gas) has become responsible for the supply and sale of piped natural gas to wine distiller users to mitigate litigation risk against Huaheng Energy as well as to enable the Group and Guizhou Gas have sufficient time to handle the issue of Huaheng Energy.

During the process of long efforts and follow-up actions to resume the permit of Huaheng Energy, the Group gradually realised that Guizhou Gas had different views regarding the quantity of piped gas supplied through pipes of Huaheng Energy to the users and its related settlement amounts. Therefore, the Group (via Guangzhou Yuanheng as plaintiff) initiated a legal action in an intermediate court in Guizhou Province, the PRC, against Guizhou Gas, Renhuai Gas and related officers designated by Guizhou Gas in late June 2024. Details of the litigation are set out in the Company's announcement dated 18 November 2024.

After having regard to the circumstances and the increasingly strained working relationship with Guizhou Gas despite the prior commitments in connection with the above, the Group had lost control over Huaheng Energy from an accounting perspective and had deconsolidated Huaheng Energy.

Retained interest in the deconsolidated subsidiary represents the fair value of Huaheng Energy at the date of deconsolidation, which is measured using discounted cash flows projection with reference to financial forecasts covering a five-year period.

Since Guangzhou Yuanheng, which is a wholly owned subsidiary of the Group, has issued financial guarantees to the banks for loan borrowings obtained by Huaheng Energy which has defaulted on repayments of the loans, the Group is obligated to repay to the lenders. The Group's total indebtedness amounts to approximately RMB67,401,000, which represents the combined total of the outstanding principals and interests, is accounted for as financial guarantee contract liabilities in the Group's consolidated statement of financial position.

As the results of Huaheng Energy form a separate operating segment of piped gas, it is classified as a discontinued operation in the consolidated statements of the Group. The carrying amounts of assets and liabilities of Huaheng Energy at the date of deconsolidation, and the results of the discontinued operation, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

(a) Results of discontinued operation

The loss for the year from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent the discontinued operation.

	2025	2024
	RMB'000	*RMB'000*
Loss for the year from discontinued operation	**–**	(11,332)
Loss on disposal of discontinued operation	**(34,741)**	–
Loss before tax	**(34,741)**	(11,332)

The results of the discontinued operation for the years ended 31 March 2025 and 2024 which have been included in the consolidated statement of profit or loss and other comprehensive income are as follows:

	For the year ended 31 March	
	2025	2024
	RMB'000	*RMB'000*
Revenue	**–**	53
Cost of sales and services	**–**	(4,922)
Gross profit	**–**	(4,869)
Other income	**–**	1
Other gains or losses	**–**	29
Distribution and selling expenses	**–**	(976)
Administrative expenses	**–**	(459)
Finance costs	**–**	(5,058)
Loss before tax	**–**	(11,332)
Income tax expenses	**–**	–
Loss after tax	**–**	(11,332)

The net cash flows incurred by the discontinued operation are as follows:

	2025 *RMB'000*	2024 *RMB'000*
Net cash inflows from operation activities	**–**	2,475
Net cash outflows used in investing activities	**–**	–
Net cash outflows from financing activities	**–**	(3,754)
Net decrease in cash and cash equivalents	**–**	(1,279)

(b) Assets and liabilities of Huaheng Energy at the date of deconsolidation

	RMB'000
Net liabilities of the deconsolidated subsidiary derecognised:	
Property, plant and equipment	**55,422**
Right-of-use assets	**2,547**
Deferred tax assets	**187**
Inventories	**51**
Trade and other receivables	**2,730**
Contract assets	**57**
Tax recoverable	**5,706**
Bank balances and cash	**376**
Trade payables and other liabilities	**(24,777)**
Contract liabilities	**(3,760)**
Bank borrowings	**(95,269)**
	(56,730)
Loss on deconsolidation of the subsidiary:	
Net liabilities of the deconsolidated subsidiary derecognised	**56,730**
Release of reserve upon deconsolidation	**(24,070)**
	32,660
Assets and liabilities retained from deconsolidation	**(67,401)**
	(34,741)
Assets and liabilities retained from deconsolidation:	
Retained interest in the deconsolidated subsidiary	**–**
Financial guarantee contract liabilities	**(67,401)**
Net cash outflow arising on deconsolidation:	
Bank balances and cash derecognized	**(376)**

11. LOSS FOR THE YEAR

	Continuing operations		**Discontinued operations**	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Represented)		(Represented)
Loss for the year has been arrived at after charging:				
Auditors' remuneration	**850**	932	**–**	–
Depreciation of right-of-use assets	**1,512**	2,206	**–**	–
Cost of inventories recognised as an expense	**756,070**	959,451	**–**	4,922
Depreciation of property, plant and equipment	**38,137**	42,166	**–**	185
Write-off of property, plant and equipment	**–**	18	**–**	–
Directors' emoluments	**2,603**	2,806	**–**	–
Salaries and other benefits (excluding directors' emoluments)	**38,513**	41,706	**–**	179
Contributions to retirement benefit schemes (excluding directors' emoluments)	**8,055**	8,714	**–**	–
	46,568	50,420	**–**	179

12. LOSS PER SHARE

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

	Continuing and discontinued operations		**Continuing operations**	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		(Restated)
Loss for the purposes of basic and diluted loss per share				
Loss for the year attributable to owners of the Company	**(1,916,096)**	(497,270)	**(1,881,355)**	(491,638)

Number of shares

	2025	2024	**2025**	2024
	'000	*'000*	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**6,545,621**	6,545,621	**6,545,621**	6,545,621

The denominators used are the same as those detailed above for both basic and diluted loss per share. There were no potential ordinary shares in issue for the years ended 31 March 2025 and 2024.

13. DIVIDEND

No dividend was paid, declared or proposed by the Company during both years, nor has any dividend been proposed since the end of the reporting period.

14. TRADE AND OTHER RECEIVABLES

	2025	2024	2023
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Trade receivables	**1,228,696**	1,217,427	1,412,692
Less: Allowance for credit losses	**(1,090,483)**	(593,715)	(85,938)
	138,213	623,712	1,326,754
Other receivables	**24,221**	25,561	23,768
Less: Allowance for credit losses	**(19,505)**	(18,925)	(18,925)
	4,716	6,636	4,843
Prepayment	**2,297,317**	1,576,983	1,358,953
Less: Allowance for credit losses	**(1,339,751)**	–	–
	957,566	1,576,983	1,358,953
	1,100,495	2,207,331	2,690,550

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:

	2025	2024	2023
	RMB'000	*RMB'000*	*RMB'000*
		(Restated)	(Restated)
Within 30 days	**3,731**	75,008	111,843
31 – 90 days	**82**	106,512	351,981
91 – 180 days	**–**	176,865	192,787
181 – 365 days	**67,827**	83,737	590,035
Over 365 days	**66,573**	181,590	80,108
	138,213	623,712	1,326,754

15. TRADE PAYABLES AND OTHER LIABILITIES

	2025	2024
	RMB'000	*RMB'000*
Trade payables	**172,945**	180,145
Other payables	**891,146**	107,777
Other handling fee payables	**34,787**	19,095
Other tax payables	**23,951**	28,976
Payroll payables	**6,676**	3,313
Receipt from exercise of put option	**2,500**	2,500
Receipts in advance	**102,894**	106,340
	1,234,899	448,146

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

	2025	2024
	RMB'000	*RMB'000*
Within 90 days	**56,688**	155,295
91 – 180 days	**4,819**	654
181 – 365 days	**29,204**	261
Over 365 days	**82,234**	23,935
	172,945	180,145

16. BANK BORROWINGS

	2025	2024
	RMB'000	*RMB'000*
Bank borrowings	**1,117,899**	1,196,220
Bank borrowings repayable:*		
– Within one year or on demand	**1,117,899**	1,187,720
– More than one year, but not exceeding two years	**–**	8,500
Less: Amount due within one year or on demand and shown under current liabilities	**(1,117,899)**	(1,187,720)
Amount repayable after one year and shown under non-current liabilities	**–**	8,500
Analysed as:		
Secured	**938,119**	950,551
Unsecured	**179,780**	245,669
	1,117,899	1,196,220

* The bank borrowings due for repayment are classified based on the scheduled repayment dates as set out in the relevant loan agreements.

Pursuant to some of the Group's borrowings' agreements, any default under borrowings of the Group will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand. As at 31 March 2025, the Group had defaulted the repayment of certain bank borrowings of approximately RMB1,043,305,000 and triggered cross-default borrowings of approximately RMB71,594,000 became repayable on demand and presented under current liabilities in the Group's consolidated statement of financial position accordingly.

17. FINANCIAL GUARANTEE LIABILITIES

As described in Note 10, the Board considered the Group was unable to control over Huaheng Energy as a subsidiary of the Company from an accounting perspective and had deconsolidated Huaheng Energy. As Guangzhou Yuanheng has issued financial guarantees to the banks for loan borrowings obtained by Huaheng Energy which have defaulted, the Group will account for the liabilities as financial guarantees liabilities in the consolidated statement of financial position.

The Group does not provide financial guarantees except for limited circumstances. All guarantees are approved by the directors and senior management.

The ECL allowance on the financial guarantees were valued by BonVision International Appraisals limited, an independent professional qualified valuer on 1 April 2024 and 31 March 2025. The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the banks for a credit loss that it incurs less any amounts that the Group expects to receive from Huaheng Energy. As at 1 April 2024, the ECL allowance on financial guarantee contracts was of approximately RMB67,401,000. During the year ended 31 March 2025, a ECL allowance of RMB27,919,000 was recognised in the consolidated statement of profit or loss and other comprehensive income due to the deterioration of the financial position of Huaheng Energy. As at 31 March 2025, the financial guarantee liabilities was RMB95,320,000 in the consolidated statement of financial position.

18. LITIGATION

As at 31 March 2025 and up to the date of the consolidated financial statements, the Group has certain litigations regarding the settlement of the overdue/outstanding bank borrowings.

The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

The Group took a legal action in an intermediate court in Guizhou Province, the PRC, against Guizhou Gas, its subsidiary and related officers designated by Guizhou Gas in late June 2024. Details of the litigation are mentioned in Note 10 to the consolidated financial statements. The Group will further update the shareholders and potential investors of the Company about the litigation progress as and when appropriate.

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 2025. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit 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

1. Material uncertainties related to going concern

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company, which states that during the year ended 31 March 2025, the Group recorded a net loss from continuing operations of approximately RMB1,958,240,000. As at 31 March 2025, the Group's total bank borrowings of approximately RMB1,117,899,000 and guaranteed notes of approximately RMB184,811,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB10,498,000 only. In addition, as at 31 March 2025 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 amounted to RMB1,114,899,000 and RMB184,811,000, respectively (the "**Defaulted Loans**"), details of which are set out in note 2 to these consolidated financial statements. These events and conditions, along with the plans and measures implemented by the directors, as set forth in note 2, indicate that material uncertainties exist 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 these consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance.

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the plans and measures underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable, including but not limited to, the reasonableness of the directors' plans regarding on the successful renewal or extension of the Defaulted Loans and securing additional new sources of financing as and when needed. As a result, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the directors of the Company.

Should the Group fail to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has not been reflected in these consolidated financial statements.

2. Opening balances of the other receivables

As further explained in note 14 to the consolidated financial statements, the Group entered into purchase contracts for oil and gas and the production of liquefied natural gas with one supplier. In accordance with the purchase contracts, the Group had paid certain advance payments to the supplier. As at 31 March 2024, the amount of prepayment made to the supplier amounted to approximately RMB1,556,578,000 (the "**Prepayments**"). Under the Group's accounting policies as set forth in note 2, the directors of the Group assessed the impairment loss based on the recoverability of the Prepayments and considered that nil impairment loss should be made to the Prepayments as of 31 March 2024. Due to the unavailability of reliable information, we were unable to obtain sufficient appropriate audit evidence and were unable to carry out alternative audit procedures to satisfy ourselves as to whether any impairment is required against the carrying amount of the Prepayment as at 31 March 2024.

Any impairment against the carrying amount of the Prepayment as at 31 March 2024 that might have been found to be necessary would have a consequential effect on the Group's loss for the years ended 31 March 2024 and 2025, respectively, and its net assets at 31 March 2024, and the related elements making up the consolidated statement of changes in equity, consolidated statement of cash flows, and the related disclosures in these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

BUSINESS REVIEW

Group results

For the year ended 31 March 2025 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 2025, the Group recorded gross amounts from operations ("**turnover**") of approximately RMB808 million (2024: approximately RMB4,970 million), mainly contributed by the production and sales of LNG (as further elaborated under the section headed "Production and sales of LNG"), with loss after tax of approximately RMB1,993 million (2024: approximately RMB522 million).

The unfavorable result for the financial year ended 31 March 2025 was mainly attributable to: (1) a significant increase in provision for impairment loss on prepayments a supplier, amounted to about RMB1,340 million for the financial year ended 31 March 2025 (2024: nil) being recognized under the expected credit loss model as the recoverability of such prepayments had become highly uncertain and remained unpaid as at 31 March 2025; (2) a significant increase in provision for impairment loss on trade receivables due from two customers amounted to about RMB446 million for the financial year ended 31 March 2025 (2024: approximately RMB514 million) being recognized under the expected credit loss model as the recoverability of such trade receivables had become highly uncertain and remained unpaid as at 31 March 2025.

Production and sales of LNG

During the year ended 31 March 2025, the Group produced approximately 484 million cubic meters of LNG, representing an increase of approximately 42 million cubic meters or 9.5% compared with the last year. The revenue from the sales of LNG for the year ended 31 March 2025 was approximately RMB525 million representing a decrease of approximately RMB458 million or 46.6% compared with the last year, contributing approximately 65.0% of the total turnover of the Group. Gross profit of the segment, decreased by approximately RMB12 million to approximately RMB41 million (2024: approximately RMB53 million), and the gross profit margin of the segment, increased from approximately 5.4% to approximately 7.8%.

With the growing supply of imported LNG, the competitions in the gas market became more and more fierce, which led to a significant decrease in the average selling prices of LNG. However, there was only little room for the price reduction in the purchase cost of natural gas due to limited supply source in the Mainland China. As a result, both revenue and gross profit margin for the production and sales of LNG eventually declined sharply.

As a measure to stabilize the profit margin, the Group endeavored to secure more customers and contracts to which the Group provides liquefaction service only.

Sales of piped gas

During the year ended 31 March 2025, no revenue (2024: approximately RMB53,000) was generated from the sales of piped gas, as a result of the termination of the sales of piped gas business in August 2022 due to expiry of the gas operating permit. As the deconsolidation of Huaheng Energy and the results of Huaheng Energy form a separate operating segment of piped gas, the piped gas business is classified as a discontinued operation, which details are set out in the section headed "Significant Investment and Material Acquisitions and Disposals" below and Note 10 to these consolidated financial statements.

Oil and gas transactions

During the year ended 31 March 2025, gross amounts of oil and gas sales contracts decreased to approximately RMB231 million from approximately RMB3,943 million, representing a decrease of approximately RMB3,712 million or 94.1% compared with the last year, contributing approximately 28.6% of the total turnover of the Group. Gross profit decreased to approximately RMB1 million from approximately RMB24 million, and gross profit margin decreased from approximately 0.6% to 0.4%. The decrease of revenue and gross profit in 2025 was primarily driven by the decline in the average selling price of oil and gas products.

Due to intense competition in the domestic market and a slow economic recovery, the average selling prices of oil and gas products are trending downward, ultimately causing gross margin to decline in 2025. The Group has been reducing volume of trading business to reduce business risk and to improve the efficiency of working capital and therefore the sales dropped significantly during the year ended 31 March 2025.

Significant Investment and Material Acquisitions and Disposals

Discontinued Operation

Huaheng Energy was established in June 2011 and had been held as to 49%, 1% and 50% directly by Guangzhou Yuanheng Gas Co., Limited* ("**Guangzhou Yuanheng**"), Dazhou Huixin Energy Co., Ltd.* ("**Dazhou Huixin**"), and Guizhou Gas Group Corporation Ltd.* ("**Guizhou Gas**") respectively. Dazhou Huixin is currently owned by Guangzhou Yuanheng as to 69%, and is an indirectly non-wholly owned subsidiary of Guangzhou Yuanheng. The primary business of Huaheng Energy is to supply and sale of LNG and piped natural gas in the Renhuai Winery Region of Guizhou Province, the PRC.

As Guizhou Gas has committed that the control of Huaheng Energy at both board and shareholders' meetings would rest with Guangzhou Yuanheng, Huaheng Energy has been recognised as the principal subsidiary of the Company through which the Company has carried out its businesses under the piped gas segment.

As disclosed in the Company's announcement dated 28 June 2023, and the Company's annual reports for the year ended 31 March 2023 and 31 March 2024, the operation of Huaheng Energy was suspended due to the failure to obtain a renewal of its permit from Renhuai Municipal Integrated Administrative Bureau in August 2022. As an emergent transitional arrangement, Guizhou Gas (Group) Renhuai City Gas Co., Ltd.* ("**Renhuai Gas**", a wholly-owned subsidiary of Guizhou Gas) has become responsible for the supply and sale of piped natural gas to wine distiller users to mitigate litigation risk against Huaheng Energy as well as to enable the Group and Guizhou Gas have sufficient time to handle the issue of Huaheng Energy.

During the process of long efforts and follow-up actions to resume the permit of Huaheng Energy, the Group gradually realised that Guizhou Gas had different views regarding the quantity of piped gas supplied through pipes of Huaheng Energy to the users and its related settlement amounts. Therefore, the Group (via Guangzhou Yuanheng as plaintiff) initiated a legal action in an intermediate court in Guizhou Province, the PRC, against Guizhou Gas, Renhuai Gas and related officers designated by Guizhou Gas in late June 2024. Details of the litigation are set out in the Company's announcement dated 18 November 2024.

After having regard to the circumstances and the increasingly strained working relationship with Guizhou Gas despite the prior commitments in connection with the above, the Group has concluded that it has lost control over Huaheng Energy from an accounting perspective. Therefore, it is no longer appropriate to account for Huaheng Energy as a subsidiary of the Company.

The Group derecognised the assets and liabilities as well as the non-controlling interests in Huaheng Energy at their carrying amounts at the date when the control was lost, and account for Huaheng Energy's retained interest as a financial asset at fair value through profit or loss when the control was lost. As Guangzhou Yuanheng had issued financial guarantees to the banks for loan borrowings obtained by Huaheng Energy which had defaulted on the repayment of the loans, the Group accounted for the liabilities as financial guarantee contract liabilities in the consolidated statement of financial position. During the Period, the Company recognised an unaudited loss from discontinued operation in the Group's condensed consolidated statement of profit or loss of approximately RMB35 million resulting from an one-off gain from deconsolidation of Huaheng Energy of approximately RMB32 million net off with a loss derived from the recognition of financial guarantee contract liabilities of approximately RMB67 million.

Prospects

Save as the above-mentioned incident in respect of the discontinued operation, despite the instability and volatile market environment, the Board would like to highlight that other business operations of the Group remain as usual.

Looking ahead, the natural gas market in the Mainland China will maintain steady growth benefiting from the booming of China economy in the long run and the China government's resolute to achieve its "30-60" low-carbon targets. The Group expects that the demand for natural gas will continue to grow which will be conducive to the market in which the Group operates.

Although competition in the energy market remains fierce and the Group is in a process to restructure its business and debts for a solid foundation on which a long-term growth will be built, the management is mindful of the market development and opportunities the Group may have a chance to pursuit. Management will continue to adopt cautionary steps and to implement various strategies to mitigate the adverse impact on the business arising from market challenges and internal restructuring.

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 2025 was approximately RMB808 million (2024: approximately RMB4,970 million). The decrease in turnover was mainly attributable to the decrease in oil and gas transaction of which reported a turnover of approximately RMB231 million during the year ended 31 March 2025 (2024: approximately RMB3,943 million).

Gross Profit

Gross profit for the year ended 31 March 2025 was approximately RMB44 million (2024: approximately RMB82 million). The Group's gross profit margin for the year ended 31 March 2025 increased from approximately 1.6% (year ended 31 March 2024) to approximately 5.5%.

Other Income

Other income for the year ended 31 March 2025 was approximately RMB2 million (2024: approximately RMB4 million), representing a decrease of approximately 50.0% compared with the last year.

Other Gains and Losses

For the year ended 31 March 2025, net loss was approximately RMB0.2 million (2024: net gain approximately RMB35 million). The decrease was mainly due to the decrease in the net foreign exchange gains to which was net exchange losses of approximately RMB0.2 million (2024: net exchange gains of approximately RMB30 million).

Impairment Loss under Expected Credit Loss Model

For the year ended 31 March 2025, an impairment loss under expected credit loss model of approximately RMB1,866 million (2024: approximately RMB508 million) was recognised. Due to on going global economic slow down which led to extension of debt collection periods and overdue of certain trade receivables, loss allowances for trade receivables increased.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2025 amounted to approximately RMB92 million (2024: approximately RMB85 million), representing an increase of approximately 8.2% as compared to the last year.

Share of Results of Associates

For the year ended 31 March 2025, a gain of approximately RMB21 million (2024: approximately RMB33 million) in the share of results of associates of the Group was recorded.

Finance Costs

The Group incurred finance costs of approximately RMB69 million during the year ended 31 March 2025 (2024: approximately RMB68 million), representing an increase of approximately 1.5%.

Income Tax Credit

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 2025, income tax credit of the Group was approximately RMB7 million (2024: income tax credit of approximately RMB3 million). The increase in tax credit was mainly due to an increase in the tax refund of approximately RMB4 million.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2025, the Group maintained bank balances and cash of approximately RMB10 million (2024: approximately RMB11 million). The net current liabilities of the Group as at 31 March 2025 were approximately RMB1,634 million (2024: net current assets of approximately RMB293 million). The current ratio was approximately 0.41 (2024: approximately 1.15).

As at 31 March 2025, the Group had borrowings of approximately RMB1,118 million and guaranteed notes of RMB185 million. The gearing ratio, which is debt-to-equity ratio (total borrowings over total equity), of the Group was approximately -1.20 as at 31 March 2025 compared to approximately 1.54 as at 31 March 2024.

As at 31 March 2025, the Group had defaulted the repayment of certain bank borrowings of approximately RMB1,043 million and triggered cross-default for other bank borrowings of approximately RMB72 million.

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 the 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 RMB1.3 million (2024: approximately RMB7 million) for the year ended 31 March 2025.

Pledge of Assets

As at 31 March 2025, the Group had pledged assets in an aggregate amount of approximately RMB241 million (2024: approximately RMB256 million) to banks for banking facilities.

Material Acquisition and Disposal of Subsidiaries, Associates or Joint Ventures

During the year ended 31 March 2025, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

Capital Commitments

As at 31 March 2025, the Group had no material capital commitments (2024: nil).

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 2025, the Group had about 271 employees (2024: about 280). 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.

EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any material subsequent events after 31 March 2025 and up to the date of this announcement.

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 2025, 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 2024 annual general meeting of the Company held on 23 September 2024 (the "**2024 AGM**") in person because he was unfit for travel for medical reasons, but attended via telephone. However, Mr. Bao Jun, the executive Director of the Company, had taken the chair of the 2024 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 2024 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 2025. The Audit Committee comprises four independent non-executive directors, namely, Dr. Leung Hoi Ming, Mr. Wong Chi Keung, Mr. Wong Siu Hung Patrick and Ms. Lin Ying.

SCOPE OF WORK OF PRISM HONG KONG 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 2025 as set out in this announcement of results have been agreed by the Group's auditor, Prism Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Prism Hong Kong 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 Prism Hong Kong 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 2025.

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, 30 June 2025

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