

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)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2019**

RESULTS

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 2019, together with the comparative figures, as follows:

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

For the year ended 31 March 2019

	<i>Notes</i>	2019 RMB'000	2018 <i>RMB'000</i>
Revenue	3	8,552,947	8,149,851
Cost of sales and services		<u>(8,327,018)</u>	<u>(7,888,643)</u>
Gross profit		225,929	261,208
Other income	4	47,865	91,640
Other gains and losses	5	(255)	(8,594)
Impairment losses (recognised) reversed		(3,430)	6,716
Distribution and selling expenses		(9,538)	(15,305)
Administrative expenses		(90,874)	(86,862)
Share of results of associates		(10,753)	(12,890)
Finance costs	6	<u>(87,667)</u>	<u>(23,498)</u>
Profit before tax		71,277	212,415
Income tax expense	7	<u>(25,176)</u>	<u>(38,977)</u>
Profit for the year	8	<u>46,101</u>	<u>173,438</u>
Other comprehensive (expense) income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value loss on investment in equity instrument at fair value through other comprehensive income		(26,886)	—
Deferred tax related to item that will not be reclassified		<u>6,721</u>	—
		<u>(20,165)</u>	—

	<i>Note</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(43)	(11,014)
Fair value gain on available-for-sale investment		—	18,686
Deferred tax related to item that may be reclassified		—	(4,672)
		(43)	3,000
Other comprehensive (expense) income for the year		(20,208)	3,000
Total comprehensive income for the year		25,893	176,438
Profit for the year attributable to:			
Owners of the Company		28,357	142,060
Non-controlling interests		17,744	31,378
		46,101	173,438
Total comprehensive income attributable to:			
Owners of the Company		8,149	145,060
Non-controlling interests		17,744	31,378
		25,893	176,438
Earnings per share (RMB cents)	9		
— Basic		0.43	2.18
— Diluted		0.43	2.17

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	<i>Note</i>	2019 RMB'000	2018 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		713,854	753,846
Prepaid lease payments		37,253	38,732
Goodwill		34,070	34,070
Intangible asset		7,380	7,773
Interests in associates		132,919	143,672
Derivative financial instrument		3,150	—
Long-term receivables		5,088	122,717
Deposit paid for acquisition of an associate		—	190,748
Deferred tax assets		1,124	—
Available-for-sale investment		—	220,886
		934,838	1,512,444
CURRENT ASSETS			
Inventories		18,422	21,806
Trade and other receivables	10	3,195,279	1,669,895
Contract assets		3,970	—
Prepaid lease payments		1,479	1,479
Long-term receivables due within one year		—	62,915
Amounts due from associates		983	603
Amount due from a non-controlling equity owner of a subsidiary		1,204	1,204
Amount due from a related party		1,866	1,866
Financial assets at fair value through profit or loss		7,500	—
Pledged bank deposits		368,189	295,916
Bank balances and cash		67,654	50,073
		3,666,546	2,105,757

	<i>Note</i>	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade payables and other liabilities	11	1,492,193	1,398,295
Contract liabilities		110,855	—
Amount due to an associate		37,057	38,505
Tax payable		80,598	100,163
Bank and other borrowings due within one year		<u>1,037,611</u>	<u>587,708</u>
		<u>2,758,314</u>	<u>2,124,671</u>
NET CURRENT ASSETS (LIABILITIES)		<u>908,232</u>	<u>(18,914)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,843,070</u>	<u>1,493,530</u>
CAPITAL AND RESERVES			
Share capital		551,378	549,014
Reserves		<u>800,739</u>	<u>780,048</u>
Equity attributable to owners of the Company		1,352,117	1,329,062
Non-controlling interests		<u>134,541</u>	<u>116,823</u>
TOTAL EQUITY		<u>1,486,658</u>	<u>1,445,885</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		13,737	12,645
Bank and other borrowings due after one year		77,678	35,000
Guaranteed notes		<u>264,997</u>	<u>—</u>
		<u>356,412</u>	<u>47,645</u>
		<u>1,843,070</u>	<u>1,493,530</u>

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, which is a limited liability company incorporated in the British Virgin Islands and wholly-owned by Mr. Wang Jianqing (“**Mr. Wang**”), the chairman and a director of the company.

The Group is principally engaged in the entering into oil and gas sales and purchase contracts with a number of counterparties, 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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

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

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)—Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except for HKFRS 9 and HKFRS 15, the application of other new and amendments to 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 the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ³
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁵
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 January 2020

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Revenue for the year ended 31 March 2019

Segments	For the year ended 31 March 2019			
	Production and sales of LNG <i>RMB'000</i>	Oil and gas transactions <i>RMB'000</i>	Other operations <i>RMB'000</i>	Total <i>RMB'000</i>
Sales of goods				
Oil and gas contracts	—	6,975,615	—	6,975,615
LNG	1,239,718	—	—	1,239,718
Vehicle gas at refuelling stations	—	—	16,006	16,006
Piped gas	—	—	296,068	296,068
Sub-total	<u>1,239,718</u>	<u>6,975,615</u>	<u>312,074</u>	<u>8,527,407</u>
Provision of services				
Construction of gas pipeline infrastructure	—	—	10,322	10,322
LNG transportation	—	—	15,218	15,218
Sub-total	<u>—</u>	<u>—</u>	<u>25,540</u>	<u>25,540</u>
Total	<u><u>1,239,718</u></u>	<u><u>6,975,615</u></u>	<u><u>337,614</u></u>	<u><u>8,552,947</u></u>
Geographical markets				
The PRC, other than Hong Kong	1,239,718	3,778,710	337,614	5,356,042
Singapore	—	3,196,905	—	3,196,905
	<u>1,239,718</u>	<u>6,975,615</u>	<u>337,614</u>	<u>8,552,947</u>
Timing of revenue recognition				
A point in time	1,239,718	6,975,615	312,074	8,527,407
Over time	—	—	25,540	25,540
Total	<u><u>1,239,718</u></u>	<u><u>6,975,615</u></u>	<u><u>337,614</u></u>	<u><u>8,552,947</u></u>

Revenue for the year ended 31 March 2018

2018
RMB'000

Type of goods or services

Sales of goods

Oil and gas contracts	6,905,949
LNG	1,023,783
Vehicle gas at refuelling stations	15,497
Piped gas	185,989

Sub-total 8,131,218

Provision of services

Construction of gas pipeline infrastructure	4,114
LNG transportation	14,519

Sub-total 18,633

Total 8,149,851

The Group is organised into business units based on the types of customers and methods used to distribute their products and provide their services, based on which information is prepared and reported to the chief operating decision maker (“CODM”), the executive directors of the Company, for the purposes of resource allocation and assessment of performance. 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, gain on disposal of a subsidiary, damages claim from deposit paid for acquisition of an associate, reversal of impairment loss recognised, gain on fair value change of derivative financial instrument, gain on fair value change of embedded derivatives and finance costs. This is the measure reported to the CODM. The accounting policies of the reportable segments are the same as the Group’s accounting policies. The Group’s operating and reportable segments under HKFRS 8 Operating Segments are as follows:

Production and sales of LNG	Wholesale of LNG
Oil and gas transactions	Entering into oil and gas sales and purchase contracts
Other operations	Sales of vehicle gas at refuelling stations, sales of piped gas, LNG transportation and construction of gas pipeline infrastructure

Segment revenue and results

	Production and sales of LNG RMB’000	Oil and gas transactions RMB’000	Other operations RMB’000	Total RMB’000
<i>Year ended 31 March 2019</i>				
Segment revenue from external customers	<u>1,239,718</u>	<u>6,975,615</u>	<u>337,614</u>	<u>8,552,947</u>
Segment results	<u>85,923</u>	<u>26,507</u>	<u>13,992</u>	126,422
Interest income				46,868
Gain on disposal of a subsidiary				8,049
Gain on fair value change of derivative financial instrument				3,150
Share of results of associates				(10,753)
Finance costs				(87,667)
Unallocated corporate expenses				<u>(14,792)</u>
Profit before tax				<u>71,277</u>

	Production and sales of LNG <i>RMB'000</i>	Oil and gas transactions <i>RMB'000</i>	Other operations <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Year ended 31 March 2018</i>				
Segment revenue from external customers	<u>1,023,783</u>	<u>6,905,949</u>	<u>220,119</u>	<u>8,149,851</u>
Segment results	<u>105,496</u>	<u>45,768</u>	<u>11,795</u>	163,059
Interest income				72,007
Damages claim from deposit paid for acquisition of an associate				19,075
Reversal of impairment loss recognised on amount due from an associate				6,716
Gain on fair value change of embedded derivatives				14,939
Share of results of associates				(12,890)
Finance costs				(23,498)
Unallocated corporate expenses				<u>(26,993)</u>
Profit before tax				<u>212,415</u>

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.

4. OTHER INCOME

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest income from		
— banks	4,027	1,956
— long-term receivables	—	3,734
— deposit paid for acquisition of an associate	42,841	66,317
	<u>46,868</u>	<u>72,007</u>
Damages claim from deposit paid for acquisition of an associate	—	19,075
Others	997	558
	<u>47,865</u>	<u>91,640</u>

5. OTHER GAINS AND LOSSES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
(Loss) gain on disposal of property, plant and equipment	(1)	38
Net foreign exchange loss	(11,890)	(23,571)
Gain on settlement of consideration payable	437	—
Gain on fair value change of embedded derivatives	—	14,939
Gain on fair value change of derivative financial instrument	3,150	—
Gain on disposal of a subsidiary	8,049	—
	<u>(255)</u>	<u>(8,594)</u>

6. FINANCE COSTS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Interest on bank and other borrowings	66,624	17,937
Interest on guaranteed notes	21,338	—
Interest on convertible bond	—	5,699
	<u>87,962</u>	<u>23,636</u>
Total interest charges	87,962	23,636
Less: Amount capitalised in construction in progress	(295)	(138)
	<u>87,667</u>	<u>23,498</u>

7. INCOME TAX EXPENSE

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
The charge comprises:		
Hong Kong Profits Tax		
— Current year	<u>11</u>	<u>495</u>
PRC Enterprise Income Tax (“EIT”)		
— Current year	<u>20,055</u>	<u>34,472</u>
Deferred taxation		
— Current year	<u>5,110</u>	<u>4,010</u>
	<u><u>25,176</u></u>	<u><u>38,977</u></u>

8. PROFIT FOR THE YEAR

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Auditors’ remuneration	1,700	1,900
Amortisation of intangible asset (included in administrative expenses)	393	393
Amortisation of prepaid lease payments	1,479	1,389
Cost of inventories recognised as an expense	8,315,952	7,877,066
Depreciation of property, plant and equipment	60,081	60,293
Operating lease payments in respect of office premises	2,815	1,397
Directors’ emoluments	4,012	4,139
Salaries and other benefits	<u>49,342</u>	<u>48,379</u>
Contributions to retirement benefits schemes	<u>6,228</u>	<u>7,280</u>
Total staff costs (excluding directors’ emoluments)	<u><u>55,570</u></u>	<u><u>55,659</u></u>

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for the year is based on the following data:

Earning figures are calculated as follows:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	28,357	142,060
Number of shares	2019 <i>'000</i>	2018 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	6,536,891	6,518,339
Effect of dilutive potential ordinary shares: — issue of consideration shares	—	27,291
Weighted average number of ordinary shares for the purpose of diluted earnings per share	6,536,891	6,545,630

The computation of diluted earnings per share for the year ended 31 March 2019 does not assume the issue of the consideration shares since it would not result in a decrease in earnings per share.

The computation of diluted earnings per share for the year ended 31 March 2018 does not assume the conversion of the Company's outstanding convertible bond since their exercise would not result in a decrease in earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade receivables	2,253,871	1,086,320
Less: Allowance for credit losses	<u>(6,791)</u>	<u>(2,206)</u>
	<u>2,247,080</u>	<u>1,084,114</u>
Dividend receivable	97,213	—
Less: Allowance for credit losses	<u>(1,693)</u>	<u>—</u>
	<u>95,520</u>	<u>—</u>
Consideration receivable	252,800	—
Other receivables	7,944	16,330
Prepayments	<u>591,935</u>	<u>569,451</u>
	<u><u>3,195,279</u></u>	<u><u>1,669,895</u></u>

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:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 30 days	917,868	485,640
31–90 days	105,968	595,137
91–180 days	1,143,490	681
Over 180 days	<u>79,754</u>	<u>2,656</u>
	<u><u>2,247,080</u></u>	<u><u>1,084,114</u></u>

11. TRADE PAYABLES AND OTHER LIABILITIES

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Trade payables	699,379	675,819
Bills payables	723,013	533,140
Other payables	36,434	41,492
Other tax payables	28,387	22,787
Consideration payable	—	16,735
Receipts in advance	—	107,103
Compensation payable	3,949	915
Payroll payables	1,031	304
	<u>1,492,193</u>	<u>1,398,295</u>

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

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 90 days	693,843	671,615
91–180 days	200	1,064
181–365 days	837	389
Over 1 year	4,499	2,751
	<u>699,379</u>	<u>675,819</u>

The following is an aged analysis of bills payables based on the date of issue of bills:

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Within 90 days	373,240	487,140
91–180 days	232,800	—
Over 181 days	116,973	46,000
	<u>723,013</u>	<u>533,140</u>

DIVIDEND

The Board of Directors did not recommend the payment of a final dividend for the year ended 31 March 2019 (2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FINANCIAL REVIEW

BUSINESS REVIEW

Group results

For the year ended 31 March 2019 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 2019, the Group recorded consolidated turnover of approximately RMB8,553 million (2018: approximately RMB8,150 million) with profit after tax of approximately RMB46 million (2018: approximately RMB173 million). The Group's performance for the year ended 31 March 2019 was contributed mainly by the production and sales of LNG and oil and gas transactions.

The Group's financial results were adversely affected as compared to that for the corresponding period in 2018 is mainly due to stiff competition in the oil and gas market, both locally and internationally (as further elaborated under the sections headed "Production and sales of LNG" and "Oil and gas transactions").

Production and sales of LNG

During the year, the Group produced approximately 470 million cubic meters of LNG, representing an increase of approximately 23 million cubic meters or 5.1% compared with the last year. The turnover from the sales of LNG business for the year ended 31 March 2019 was approximately RMB1,240 million representing an increase of approximately RMB216 million or 21.1% compared with the last year, contributing approximately 14.5% of the total turnover of the Group. Gross profit, decreased by approximately RMB27 million to approximately RMB180 million (2018: approximately RMB207 million), gross profit margin, however, decreased from approximately 20.2% to approximately 14.5%.

Oil and gas transactions

During the year, revenue arising from oil and gas transactions increased to approximately RMB6,976 million from approximately RMB6,906 million, representing an increase of approximately RMB70 million or 1% compared with the last year, contributing approximately 81.6% of the total turnover of the Group. Gross profit, decreased to

approximately RMB17 million from approximately RMB29 million, gross profit margin decreased from approximately 0.4% to 0.2% as a result of the volatility of international oil prices.

Prospect

Along with the continuous adjustment of energy consumption structure and promotion of the clean energy, the development of the natural gas industry and demand of natural gas will maintain steady growth. The Group expects that the reforms in the natural gas market would be conducive to the market environment, in which the Group operates.

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

FINANCIAL REVIEW

Turnover

The Group's turnover for the year ended 31 March 2019 was approximately RMB8,553 million (2018: approximately RMB8,150 million). The increase in turnover was mainly attributable to the increase in the revenue from the production and sale of LNG of which reported a turnover of approximately RMB1,240 million during the year ended 31 March 2019 (2018: approximately RMB1,024 million).

Gross Profit

Gross profit for the year ended 31 March 2019 was approximately RMB226 million (2018: approximately RMB261 million). The decrease in gross profit was primarily due to the stiff competition in the LNG market. Accordingly, the Group's gross profit margin for the year ended 31 March 2019 decreased from approximately 3.2% (year ended 31 March 2018) to approximately 2.6%.

Other Income

Other income for the year ended 31 March 2019 was approximately RMB48 million (2018: approximately RMB92 million). The decrease in other income is mainly due to the arbitral award received by the Group on 9 November 2017 which resulted in recognition of interest income and non-recurring damages claim from deposit paid for acquisition of an associate in last year.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2019 amounted to approximately RMB91 million (2018: approximately RMB87 million), representing an increase of approximately 4.6% as compared to the previous year.

Finance Costs

The Group incurred finance costs of approximately RMB88 million during the year ended 31 March 2019 (2018: approximately RMB23 million), representing an increase of approximately 273.1%. The significantly increase was mainly due to the increase in bank and other borrowings and guaranteed notes during the year.

Income Tax Expenses

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 2019, income tax expenses of the Group approximately RMB25 million (2018: approximately RMB39 million). The decrease was mainly due to a decrease in the taxable income.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2019, the Group maintained bank balances and cash of approximately RMB68 million (2018: approximately RMB50 million).

The net current assets of the Group as at 31 March 2019 were approximately RMB908 million (2018: net current liabilities approximately of RMB19 million). The current ratio was approximately 1.33 (2018: approximately 0.99).

As at 31 March 2019, the Group had borrowings of approximately RMB1,038 million which are due within one year and approximately RMB78 million which are repayable after one year, and guaranteed notes of approximately RMB265 million. The gearing ratio, which is debt-to-equity ratio, of the Group was approximately 0.9 as at 31 March 2019 compared to approximately 0.4 as at 31 March 2018.

Capital Expenditure on Property, Plant and Equipment

Capital expenditure for purchase of property, plant and equipment amounted to approximately RMB20 million (2018: approximately RMB26 million) for the year ended 31 March 2019.

Pledge of Assets

As at 31 March 2019, the Group had pledged assets in an aggregate amount of approximately RMB877 million (2018: approximately RMB765 million) to banks for banking facilities.

Capital Commitments

As at 31 March 2019, the Group had no material capital commitments.

Contingent liabilities

As at 31 March 2019, the Group issued financial guarantee to the banks in respect of bank loans obtained by associates of RMB135 million (2018: RMB135 million), representing the amount that could be required to be paid if the guarantee was called upon in entirety by the bank.

Treasury Policy

The Group mainly operates in China with most of the transactions denominated and settled in RMB and US Dollar. The exposure of exchange fluctuation in respect of HKD, RMB and US Dollar could affect the Group's performance and asset value. However, there are no significant differences of the carrying amount of the monetary assets and liabilities which are denominated in US Dollar so the Group has not experienced any material difficulties and liquidity problems resulting from currency exchange fluctuations. The Group still monitors the overall currency exposures.

Employee Information

As at 31 March 2019, the Group had about 420 employees (2018: about 450). 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 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 2019, 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 2019. 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 profit of loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2019 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 2019.

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
Yuan Heng Gas Holdings Limited
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 28 June 2019

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