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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 2022**

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 2022, together with the comparative figures, as follows:

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

For the year ended 31 March 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Gross amounts from operations	3	<u>7,902,036</u>	<u>7,188,589</u>
Gross amounts of oil and gas sales contracts		5,527,637	5,417,772
Gross amounts of oil and gas purchase contracts		(5,453,305)	(5,350,120)
Other revenue	3	2,374,399	1,770,817
	3	2,448,731	1,838,469
Cost of sales and services		<u>(2,146,951)</u>	<u>(1,535,932)</u>
Gross profit		301,780	302,537
Other income	4	3,074	11,925
Other gains and losses	5	(18,465)	(51,248)
Reversal of impairment losses under expected credit loss model, net		8,927	3,165
Distribution and selling expenses		(13,662)	(12,087)
Administrative expenses		(83,660)	(83,148)
Share of results of associates		1,466	4,440
Finance costs	6	<u>(77,605)</u>	<u>(96,557)</u>
Profit before tax		121,855	79,027
Income tax expense	7	<u>(26,150)</u>	<u>(26,555)</u>
Profit for the year	8	<u>95,705</u>	<u>52,472</u>
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>603</u>	<u>525</u>
Other comprehensive income for the year		<u>603</u>	<u>525</u>
Total comprehensive income for the year		<u>96,308</u>	<u>52,997</u>

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year attributable to:			
Owners of the Company		64,391	2,363
Non-controlling interests		31,314	50,109
		<u>95,705</u>	<u>52,472</u>
Total comprehensive income attributable to:			
Owners of the Company		64,994	2,888
Non-controlling interests		31,314	50,109
		<u>96,308</u>	<u>52,997</u>
Earnings per share (<i>RMB cents</i>)			
– Basic	9	<u>0.98</u>	<u>0.04</u>
– Diluted		<u>0.98</u>	<u>0.04</u>

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		590,749	618,446
Right-of-use assets		36,027	36,483
Goodwill		34,070	34,070
Intangible asset		6,201	6,594
Interests in associates		123,442	116,764
Derivative financial instrument		2,500	2,500
Long-term receivable		–	–
Deferred tax assets		633	629
		<u>793,622</u>	<u>815,486</u>
CURRENT ASSETS			
Inventories		18,754	20,143
Trade and other receivables	10	2,387,470	2,577,964
Contract assets		4,283	2,135
Amount due from an associate		380	380
Amount due from a non-controlling equity owner of a subsidiary		1,204	1,204
Financial asset at fair value through profit or loss		6,346	8,031
Tax recoverable		5,123	–
Pledged bank deposits		94,036	87,291
Bank balances and cash		123,337	45,841
		<u>2,640,933</u>	<u>2,742,989</u>

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade payables and other liabilities	11	545,817	737,156
Contract liabilities		46,515	34,392
Amounts due to associates		95,835	45,253
Tax payable		93,138	91,954
Bank and other borrowings due within one year		885,340	1,000,435
Lease liabilities		833	718
Guaranteed notes		177,628	33,988
		<u>1,845,106</u>	<u>1,943,896</u>
NET CURRENT ASSETS			
		<u>795,827</u>	<u>799,093</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,589,449</u>	<u>1,614,579</u>
CAPITAL AND RESERVES			
Share capital		551,378	551,378
Reserves		815,260	750,266
		<u>1,366,638</u>	<u>1,301,644</u>
Equity attributable to owners of the Company		1,366,638	1,301,644
Non-controlling interests		150,812	119,498
		<u>1,517,450</u>	<u>1,421,142</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		13,897	15,829
Bank and other borrowings due after one year		57,000	–
Lease liabilities		1,102	162
Guaranteed notes		–	177,446
		<u>71,999</u>	<u>193,437</u>
		<u>1,589,449</u>	<u>1,614,579</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 of the Company is located at Clarendon House, Church Street, Hamilton HM11, Bermuda and the address of principal place of business of the Company is located at Room 4102, 41/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

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, the chairman and a director of the Company.

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

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

As at 31 March 2022, the Group had bank balances and cash, bank and other borrowings due within one year and current portion of guaranteed notes of approximately RMB123,337,000, RMB885,340,000 and RMB177,628,000 respectively. Based on the estimation of the future cash flows of the Group, after taking into account of (i) net cash inflows from operating activities; (ii) the ability to renew the current bank loans upon expiry because of the Group’s good track records and relationship with the banks and (iii) the extension of maturity date of substantial portion of guaranteed notes to 30 April 2024, the directors are of the opinion that the Group will have sufficient working capital to finance its normal operation for the twelve months from the end of the reporting period of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRS(s)**”)

In the current year, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2021:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these 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 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds Before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 Cycle ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ⁴

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for common control combinations that occur on or after beginning of the first annual report period on or after 1 January 2022.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION AND REVENUE

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

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

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

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

Segment revenue and results

	Production and sales of LNG RMB'000	Oil and gas transactions RMB'000	Piped gas RMB'000	Total reportable segments RMB'000	Other operations RMB'000	Total RMB'000
<i>Year ended 31 March 2022</i>						
Segment revenue from external customers	<u>1,630,899</u>	<u>5,527,637</u>	<u>662,413</u>	<u>7,820,949</u>	<u>81,087</u>	<u>7,902,036</u>
Segment results	<u>132,576</u>	<u>72,757</u>	<u>9,209</u>	<u>214,542</u>	<u>1,751</u>	<u>216,293</u>
Interest income						1,462
Other gains and losses						(12,004)
Share of results of associates						1,466
Finance costs						(77,605)
Unallocated corporate expenses						<u>(7,757)</u>
Profit before tax						<u><u>121,855</u></u>
	Production and sales of LNG RMB'000	Oil and gas transactions RMB'000	Piped gas RMB'000	Total reportable segments RMB'000	Other operations RMB'000	Total RMB'000
<i>Year ended 31 March 2021</i>						
Segment revenue from external customers	<u>1,172,808</u>	<u>5,417,772</u>	<u>493,305</u>	<u>7,083,885</u>	<u>104,704</u>	<u>7,188,589</u>
Segment results	<u>101,043</u>	<u>54,385</u>	<u>53,742</u>	<u>209,170</u>	<u>9,029</u>	<u>218,199</u>
Interest income						8,268
Other gains and losses						(38,169)
Share of results of associates						4,440
Finance costs						(96,557)
Unallocated corporate expenses						<u>(17,154)</u>
Profit before tax						<u><u>79,027</u></u>

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 represents the profit earned by each segment without allocation of central administration costs, share of results of associates, interest income, gain on deemed partial disposal of an associate, gain on fair value change of financial asset at fair value through profit or loss, 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 customers with contracts, whilst, the Group's total revenue amounted to RMB2,448,731,000 (2021: RMB1,838,469,000) comprising (i) revenue from oil and gas sales contracts of RMB74,332,000 (2021: RMB67,652,000) and (ii) other revenue from contracts with customers of RMB2,374,399,000 (2021: RMB1,770,817,000). 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Wholesale of LNG	1,630,899	1,172,808
Trading of oil and gas contracts	74,332	67,652
Sales of piped gas	654,117	475,224
Construction of gas pipeline infrastructure	8,296	18,081
Sales of vehicle gas at refuelling stations	35,576	20,149
LNG transportation	45,511	84,555
	<u>2,448,731</u>	<u>1,838,469</u>

4. OTHER INCOME

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Bank interest income	1,462	8,268
Others	1,612	3,657
	<u>3,074</u>	<u>11,925</u>

5. OTHER GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss on disposal of property, plant and equipment	(52)	(343)
Gain on early termination of leases	26	–
Net foreign exchange losses	(23,906)	(51,192)
Gain on fair value change of financial assets at FVTPL	255	287
Gain on deemed partial disposal of an associate	5,212	–
	<u>(18,465)</u>	<u>(51,248)</u>

6. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank and other borrowings	58,161	73,167
Interest on guaranteed notes	19,383	23,362
Interest on lease liabilities	61	63
	<u>77,605</u>	<u>96,592</u>
Total borrowing costs	77,605	96,592
Less: Amount capitalised in the cost of qualifying assets (<i>note</i>)	–	(35)
	<u>77,605</u>	<u>96,557</u>

Note: The borrowing costs had been capitalised at a rate of 3.34% (2022: nil) per annum for the year ended 31 March 2021.

7. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current year		
– PRC Enterprise Income Tax	27,813	24,965
– Under provision in prior year	273	–
	<u>28,086</u>	<u>24,965</u>
Deferred taxation		
– Current year	(1,936)	1,590
	<u>26,150</u>	<u>26,555</u>

8. PROFIT FOR THE YEAR

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year has been arrived at after charging:		
Auditors' remuneration	890	857
Amortisation of intangible asset (included in administrative expenses)	393	393
Depreciation of right-of-use assets	2,320	3,343
Cost of inventories recognised as an expense	1,996,237	1,445,005
Depreciation of property, plant and equipment	59,909	58,929
Directors' emoluments	3,637	4,316
Salaries and other benefits	42,238	48,990
Contributions to retirement benefit schemes	7,882	4,685
	<u>50,120</u>	<u>53,675</u>

9. EARNINGS PER SHARE

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
Profit for the year attributable to owners of the Company	<u>64,391</u>	<u>2,363</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>6,545,621</u>	<u>6,545,621</u>

There were no potential ordinary shares in issue for the years ended 31 March 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	1,239,683	1,449,052
Less: Allowance for credit losses	<u>(11,476)</u>	<u>(20,403)</u>
	<u>1,228,207</u>	<u>1,428,649</u>
Other receivables	9,218	6,503
Prepayments	<u>1,150,045</u>	<u>1,142,812</u>
	<u>2,387,470</u>	<u>2,577,964</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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 30 days	112,932	532,387
31 – 90 days	78,942	308,216
91 – 180 days	212,940	384,846
181 – 365 days	622,490	82,689
Over 365 days	200,903	120,511
	<u>1,228,207</u>	<u>1,428,649</u>

11. TRADE PAYABLES AND OTHER LIABILITIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	352,753	488,595
Other payables	62,857	65,708
Other tax payables	27,056	22,946
Payroll payables	551	502
Receipt from exercise of Put Option	2,500	2,500
Receipts in advance	100,100	156,905
	<u>545,817</u>	<u>737,156</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 90 days	115,176	483,386
91 – 180 days	21,554	1,421
181 – 365 days	214,328	174
Over 1 year	1,695	3,614
	<u>352,753</u>	<u>488,595</u>

DIVIDEND

The Board of Directors did not recommend the payment of a final dividend for the year ended 31 March 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

BUSINESS REVIEW

Group results

For the year ended 31 March 2022 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 2022, the Group recorded gross amounts from operations of approximately RMB7,902 million (2021: approximately RMB7,189 million) with profit after tax of approximately RMB96 million (2021: approximately RMB52 million). The Group's performance for the year ended 31 March 2022 was contributed mainly by the production and sales of LNG (as further elaborated under the section headed "Production and sales of LNG").

Production and sales of LNG

During the year ended 31 March 2022, the Group produced approximately 522 million cubic meters of LNG, representing a decrease of approximately 4 million cubic meters or 0.8% compared with the last year. The revenue from the sales of LNG for the year ended 31 March 2022 was approximately RMB1,631 million representing an increase of approximately RMB458 million or 39.1% compared with the last year, contributing approximately 20.6% of the total turnover of the Group. Gross profit, increased by approximately RMB41 million to approximately RMB204 million (2021: approximately RMB163 million), gross profit margin, however, decreased slightly from approximately 13.9% to approximately 12.5%.

With the growing gap between LNG consumption and domestic production, coupled with the substantial increase in domestic gas prices, has led to a significant increase in the average selling prices of LNG. However, as the purchase cost of natural gas surged simultaneously due to the high and volatile of the import gas prices, the gross profit margin for the production and sales of LNG decreased marginally.

Sales of piped gas and construction of gas pipeline infrastructure

During the year ended 31 March 2022, revenue arising from sales of piped gas and related services increased to approximately RMB662 million from approximately RMB493 million, representing an increase of approximately RMB169 million or 34.3% compared with the last year, contributing approximately 8.4% of the total turnover of the Group. Gross profit, however, decreased to approximately RMB14 million from approximately RMB59 million, as a result of a huge increase in the purchase price of the natural gas since the fourth quarter of 2021. Gross profit margin, decreased significantly from approximately 12% to 2.1%.

Oil and gas transactions

During the year ended 31 March 2022, gross amounts of oil and gas sales contracts increased to approximately RMB5,528 million from approximately RMB5,418 million, representing an increase of approximately RMB110 million or 2% compared with the last year, contributing approximately 70% of the total turnover of the Group. Gross profit, increased to approximately RMB74 million from approximately RMB68 million, gross profit margin increased from approximately 1.2% to 1.3%.

At present, the international oil prices surged due to the war in Ukraine, and the war has left global oil and gas markets in the uncertain and unstable, causing supply issues and price spikes. In facing this crisis, the management will continue to adopt cautionary steps while seeking for profitable trading opportunities.

Prospect

Looking ahead, despite the recurring COVID-19 pandemic continuing to create a series of uncertainties, the global economy is expected to continue to recover at a steady pace. Affected by the geopolitical turmoil, energy prices fluctuate at high level, causing an impact on short-term energy supply. Under the effective measures imposed by the PRC government, the fundamentals for the long-term improvement of China economy will remain unchanged.

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

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

FINANCIAL REVIEW

Turnover

The Group's turnover for the year ended 31 March 2022 was approximately RMB7,902 million (2021: approximately RMB7,189 million). The increase in turnover was mainly attributable to the increase in the production and sales of LNG of which reported a turnover of approximately RMB1,631 million during the year ended 31 March 2022 (2021: approximately RMB1,173 million).

Gross Profit

Gross profit for the year ended 31 March 2022 was approximately RMB302 million (2021: approximately RMB303 million). The decrease in gross profit was primarily due to the significant increase in the purchase cost of oil and gas which mainly resulted from the tightening supply. The Group's gross profit margin for the year ended 31 March 2022 decreased from approximately 4.2% (year ended 31 March 2021) to approximately 3.8%.

Other Income

Other income for the year ended 31 March 2022 was approximately RMB3 million (2021: approximately RMB12 million), representing a decrease of approximately 74.2% as compared to the previous year. The decrease is mainly due to the decrease in the average balance of the pledged bank deposits which led to a decrease in the bank interest income.

Other Gains and Losses

For the year ended 31 March 2022, other losses, net was approximately RMB18 million (2021: approximately RMB51 million). The decrease was mainly due to the decrease in the net foreign exchange losses which decreased to approximately RMB24 million from approximately RMB51 million.

Administrative Expenses

The Group's administrative expenses for the year ended 31 March 2022 amounted to approximately RMB84 million (2021: approximately RMB83 million), representing an increase of approximately 0.6% as compared to the previous year.

Finance Costs

The Group incurred finance costs of approximately RMB78 million during the year ended 31 March 2022 (2021: approximately RMB97 million), representing a decrease of approximately 19.6%. The decrease was mainly due to the decrease in bank and other borrowings and guaranteed notes during the year ended 31 March 2022.

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 2022, income tax expenses of the Group approximately RMB26 million (2021: approximately RMB27 million). The decrease was mainly due to a decrease in the non-deductible tax expenses.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2022, the Group maintained bank balances and cash of approximately RMB123 million (2021: approximately RMB46 million).

The net current assets of the Group as at 31 March 2022 were approximately RMB796 million (2021: approximately RMB799 million). The current ratio was approximately 1.43 (2021: approximately 1.41).

As at 31 March 2022, the Group had borrowings of approximately RMB885 million which are due within one year and approximately RMB57 million which are repayable after one year, and guaranteed notes of approximately RMB178 million. The gearing ratio, which is debt-to-equity ratio, of the Group was approximately 0.74 as at 31 March 2022 compared to approximately 0.85 as at 31 March 2021.

Capital Expenditure on Property, Plant and Equipment

Capital expenditure for purchase of property, plant and equipment amounted to approximately RMB33 million (2021: approximately RMB16 million) for the year ended 31 March 2022.

Pledge of Assets

As at 31 March 2022, the Group had pledged assets in an aggregate amount of approximately RMB461 million (2021: approximately RMB466 million) to banks for banking facilities.

Capital Commitments

As at 31 March 2022, the Group had no material capital commitments.

Contingent liabilities

As at 31 March 2022, the Group issued financial guarantee to the bank in respect of a bank loan obtained by an associate of RMB19.5 million (2021: Nil) representing the amount that could be required to be paid if the guarantee was called upon in entirety by the bank.

Treasury Policy

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

Employee Information

As at 31 March 2022, the Group had about 390 employees (2021: about 400). The remuneration packages are generally structured with reference to market conditions and individual qualifications. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factor.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code on Corporate Governance Practices (the “**CG Code**”) in Appendix 14 of the Listing Rules throughout the year ended 31 March 2022, except for the deviations discussed below.

Code provision A.2.1

Pursuant to A.2.1 (which has changed to C.2.1 since 1 January 2022) 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 A.6.7

Pursuant to A.6.7 (which has changed to C.1.6 since 1 January 2022) of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Tom Xie, the independent non-executive Director was unable to attend the special general meeting held on 4 October 2021 as he had other unexpected business engagement.

Code provision E.1.2

Pursuant to E.1.2 (which has changed to F.2.2 since 1 January 2022) of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Wang Jianqing, the Chairman of the Board, Mr. Bao Jun (“**Mr. Bao**”), the executive Director and Mr. Zhou Jian, the retired executive Director of the Company, were unable to attend the 2021 annual general meeting of the Company held on 20 September 2021 (the “**2021 AGM**”) and Mr. Wang and Mr. Bao were also unable to attend the special general meeting of the Company held on 4 October 2021 (“**SGM**”) due to the travel restrictions arising from the COVID-19 pandemic. However, Mr. Wong Chi Keung, an independent non-executive Director, had taken the chair of the 2021 AGM and SGM in accordance with the bye-laws of the Company. Mr. Wong was of sufficient calibre and knowledge for communication with the shareholders at the 2021 AGM and SGM.

Code provision F.1.2

Pursuant to F.1.2 (which has changed to C.6.2 since 1 January 2022) 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 of the Group for the year ended 31 March 2022. 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 SHINEWING (HK) CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2022 set out in the announcement of results have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by SHINEWING (HK) CPA Limited on the announcement of results.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions (the "**Model Code**"). Having made specific enquiry of all directors of the Company, the directors of the Company have complied with the required standard set out in the Model Code throughout the year ended 31 March 2022.

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 2022

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