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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Board of Directors ("**the Board**") of Yuan Heng Gas Holdings Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 September 2024 (the "**Period**"), together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Gross amounts from operations	*3*	**532,563**	3,186,238
Gross amounts of oil and gas sales contracts		**215,259**	2,707,034
Gross amounts of oil and gas purchase contracts		**(210,266)**	(2,682,227)
Other revenue		**317,304**	479,204
Cost of sales and services		**(291,981)**	(458,183)
Gross profit		**30,316**	45,828

	Notes	Six months ended 30 September **2024** ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited) (Restated)
Other income	*4*	**1,905**	906
Other gains and losses	*5*	**(16,731)**	34,880
(Provision for) Reversal of impairment losses under expected credit loss model, net		**(10,338)**	2,151
Distribution and selling expenses		**(2,525)**	(4,991)
Administrative expenses		**(36,843)**	(32,948)
Share of results of associates		**13,038**	18,049
Finance costs		**(46,831)**	(40,000)
(Loss) Profit before tax	*6*	**(68,009)**	23,875
Income tax (expense) credits	*7*	**(2,196)**	5,019
(Loss) Profit for the period from continuing operations		**(70,205)**	28,894
Discontinued operation			
Loss for the period from discontinued operation	*15*	**(47,060)**	(2,463)
(Loss) Profit for the period		**(117,265)**	26,431
Other comprehensive expense for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(278)**	(119)
Other comprehensive expense for the period		**(278)**	(119)
Total comprehensive (expense) income for the period		**(117,543)**	26,312

	Notes	Six months ended 30 September **2024** ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited) (Restated)
(Loss) Profit for the period attributable to:			
– Owners of the Company		**(116,029)**	28,358
– Non-controlling interests		**(1,236)**	(1,927)
		(117,265)	26,431
(Loss) Profit for the period attributable to owners of the Company arises from:			
– Continuing operations		**(68,969)**	29,589
– Discontinued operation		**(47,060)**	(1,231)
		(116,029)	28,358
Total comprehensive (expense) income for the period attributable to:			
– Owners of the Company		**(116,307)**	28,239
– Non-controlling interests		**(1,236)**	(1,927)
		(117,543)	26,312
Total comprehensive (expense) income for the period attributable to owners of the Company arises from:			
– Continuing operations		**(69,247)**	29,470
– Discontinued operation		**(47,060)**	(1,231)
		(116,307)	28,239
(Loss) Earnings per share *(RMB cents)*	*9*		
From continuing and discontinued operations			
– Basic		**(1.77)**	0.43
– Diluted		**(1.77)**	0.43
From continuing operations	*9*		
– Basic		**(1.05)**	0.45
– Diluted		**(1.05)**	0.45

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 September 2024** *RMB'000* **(Unaudited)**	As at 31 March 2024 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**309,647**	379,646
Right-of-use assets		**28,139**	31,603
Goodwill		**34,070**	34,070
Interests in associates		**177,762**	166,213
Derivative financial instrument		**2,500**	2,500
Deferred tax assets		**915**	1,102
		553,033	615,134
CURRENT ASSETS			
Inventories		**18,896**	21,260
Trade and other receivables	*10*	**2,610,366**	2,631,875
Contract assets		**–**	57
Amount due from associates		**955**	380
Amounts due from non-controlling equity owners of subsidiaries		**1,204**	1,204
Retained interest in the deconsolidated subsidiary	*15*	**–**	–
Tax recoverable		**–**	5,706
Pledged bank deposits		**16**	16
Bank balances and cash		**5,252**	10,688
		2,636,689	2,671,186

	Notes	As at 30 September 2024 *RMB'000* (Unaudited)	As at 31 March 2024 *RMB'000* (Audited)
CURRENT LIABILITIES			
Trade payables and other liabilities	*11*	**445,609**	448,146
Contract liabilities		**52,904**	71,710
Amounts due to associates		**142**	142
Tax payable		**76,903**	76,495
Bank and other borrowings due within one year	*13*	**1,102,849**	1,187,720
Financial guarantee contract liabilities	*15*	**99,714**	–
Lease liabilities		**228**	498
Guaranteed notes		**176,993**	169,094
		1,955,342	1,953,805
NET CURRENT ASSETS		**681,347**	717,381
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,234,380**	1,332,515
CAPITAL AND RESERVES			
Share capital	*14*	**551,378**	551,378
Reserves		**545,336**	678,726
Equity attributable to owners of the Company		**1,096,714**	1,230,104
Non-controlling interests		**102,892**	80,775
TOTAL EQUITY		**1,199,606**	1,310,879
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**14,774**	13,136
Bank borrowings due after one year	*13*	**20,000**	8,500
		34,774	21,636
		1,234,380	1,332,515

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Other reserve	Statutory surplus reserve	Designated safety fund	Translation reserve	(Accumulated loss)/ Retained earnings	Sub-total	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(note a)	*(note b)*	*(note c)*					
At 1 April 2023 (audited)	551,378	4,466,908	(3,775,606)	100,548	47,943	(7,736)	10,527	1,393,962	93,370	1,487,332
Profit for the period	–	–	–	–	–	–	28,358	28,358	(1,927)	26,431
Other comprehensive expense for the period	–	–	–	–	–	(119)	–	(119)	–	(119)
Total comprehensive (expense) income for the period	–	–	–	–	–	(119)	28,358	28,239	(1,927)	26,312
Transfer to designated statutory fund	–	–	–	(4)	–	–	4	–	–	–
Transfer to designated safety fund	–	–	–	–	4,181	–	(4,181)	–	–	–
At 30 September 2023 (unaudited)	551,378	4,466,908	(3,775,606)	100,544	52,124	(7,855)	34,708	1,422,201	91,443	1,513,644
At 1 April 2024 (audited)	**551,378**	**4,466,908**	**(3,775,606)**	**100,791**	**46,798**	**(6,684)**	**(153,481)**	**1,230,104**	**80,775**	**1,310,879**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(116,029)**	**(116,029)**	**(1,236)**	**(117,265)**
Other comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**(278)**	**–**	**(278)**	**–**	**(278)**
Total comprehensive expense for the period	**–**	**–**	**–**	**–**	**–**	**(278)**	**(116,029)**	**(116,307)**	**(1,236)**	**(117,543)**
Transfer to designated statutory fund	**–**	**–**	**–**	**(29)**	**–**	**–**	**29**	**–**	**–**	**–**
Transfer to designated safety fund	**–**	**–**	**–**	**–**	**639**	**–**	**(639)**	**–**	**–**	**–**
Deregistration of a subsidiary *(Note 15)*	**–**	**–**	**–**	**(15,658)**	**(1,425)**	**–**	**–**	**(17,083)**	**23,353**	**6,270**
At 30 September 2024 (unaudited)	**551,378**	**4,466,908**	**(3,775,606)**	**85,104**	**46,012**	**(6,962)**	**(270,120)**	**1,096,714**	**102,892**	**1,199,606**

Notes:

(a) Other reserve of the Group mainly represents (i) the financial impact of adopting merger accounting for the acquisition of Union Honor Limited ("**UHL**") and its subsidiaries; and (ii) a debit arising from the deemed distribution to shareholder which represents the cash consideration of the acquisition of UHL of HK$70,000,000 (equivalent to RMB55,595,000) paid to the vendor during the year ended 31 March 2014.

(b) In accordance with the relevant laws and regulations of the People's Republic of China (the "**PRC**") and the Articles of Association of certain subsidiaries of the Company, they are required to provide for PRC statutory reserves, by way of appropriations from their respective statutory net profit (based on their PRC statutory financial statements) but before dividend distributions. They are required to transfer 10% of the profit after taxation to the statutory reserves. The appropriation to the statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the registered capital of the relevant companies. The statutory surplus reserve can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of a capitalisation issue. However, when converting the statutory surplus reserve into capital, the remaining balance of such reserve must not be less than 25% of the registered capital of the relevant companies.

(c) Pursuant to the relevant PRC regulation, certain subsidiaries are required to transfer a certain percentage based on a progressive rate on revenue generated from manufacturing and transportation of gas or other dangerous chemicals into a designated fund. The fund will be used for installation and repairs and maintenance of safety facilities. The movement during the period represents the difference between the amounts provided based on the relevant PRC regulation and the amount utilised during the period.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(17,261)**	(271,880)
Net cash used in investing activities	**(2,048)**	(1,335)
Net cash from financing activities	**14,152**	219,177
Net decrease in cash and cash equivalents	**(5,157)**	(54,038)
Cash and cash equivalents at 1 April	**10,688**	71,662
Effect of foreign exchange rate changes, net	**(279)**	(118)
Cash and cash equivalents at 30 September	**5,252**	17,506

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (the "**HKAS**") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosure requirements set out in Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group reported a consolidated loss attributable to owners of the Company of approximately RMB116,029,000 for the six months ended 30 September 2024 (for the six months ended 30 September 2023: profit of approximately RMB28,358,000) and as at 30 September 2024 the Group had net current assets of approximately RMB681,347,000 (As at 31 March 2024: approximately RMB717,381,000).

Going concern basis

For the six-month period ended 30 September 2024, the Group recorded a net loss of approximately RMB117,265,000 and a net operating cash outflow of approximately RMB17,261,000. As at 30 September 2024, the total amount of the Group's bank borrowings and financial guarantee contract liabilities was approximately RMB1,202,563,000 and the amount of the guaranteed notes was approximately RMB176,993,000, which will be due for repayment within the next twelve months while its cash and cash equivalents amounted to approximately of RMB5,252,000. In addition, as at 30 September 2024 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.

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

In order to improve the Group's liquidity and cash flow 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:

(i) The Group has been actively communicating and negotiating with existing lenders for extension of bank loans and credit facilities. Up to the date of this announcement, none of the Group's creditors have taken enforcement action against the Group for immediate repayment of such loans. The directors of the Company are confident that agreements with the creditors will be reached in due course;

(ii) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group has made relevant provisions for litigations and claims and 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;

(iii) The Group has been in touch with some potential strategic investors to raise new fund to increase the Group's liquidity, inter alia, reduce the Group's borrowing level;

(iv) The Group has been in touch with potential buyers with the purpose to dispose of some non-core assets to improve the Group's liquidity;

(v) The Group has been actively following up receivable collection to speed up the collection of outstanding trade debts proceeds; and

(vi) The Group has taken firm and effective measures to control operating costs including reducing rental cost by improving efficiency of office space, reducing staff cost by streaming personnel structure, adjusting management remuneration and constraining unnecessary capital expenditures to preserve liquidity. The Group will continue to actively taking additional measures to further reduce non-essential expenditures.

The directors of the Company have prepared the Group's cash flow projections which cover a period of not less than twelve months from 30 September 2024 and take into account of multiple material uncertainties as to whether the Group will be able to achieve the plans and measures as described above, Specifically, whether the Group will be able to continue on a going concern basis will depend on the following assumptions:

(i) Successfully negotiate with the existing lenders on the renewal or extension of the Group's borrowings and maintenance of the relationship with the Group's current finance providers so that they will continue to provide financing for the Group;

(ii) Successfully obtain additional or new sources of financing;

(iii) Successfully improve its liquidity position, generate sufficient cash flows to meet its obligations, and collect outstanding trade and other receivables, to fulfill the Group's debt obligations within a reasonable timeframe;

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

(v) 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.

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 condensed consolidated financial statements of the Group for the six-month period ended 30 September 2024 on a going concern basis.

The condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The condensed consolidated financial statements contain selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements.

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2024, except for the first time of the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to HKAS 1	*Non-current Liabilities with Covenants*
Amendments to HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*

The application of these new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performances for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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 during the period 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".

Segments turnover and results

For the six months ended 30 September 2024

	Continuing Operations		Discontinued Operation		
	Production and sales of LNG *RMB'000* (Unaudited)	**Oil and gas transactions** *RMB'000* (Unaudited)	**Piped gas** *RMB'000* (Unaudited)	**Other operations** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Segment revenue from external customers	**292,482**	**215,259**	**–**	**24,822**	**532,563**
Segment results	**(2,807)**	**(15,284)**	**(47,060)**	**1,196**	**(63,955)**
Interest income					**8**
Other gains and losses					**(13,825)**
Share of results of associates					**13,038**
Finance costs					**(46,831)**
Unallocated corporate expenses					**(3,504)**
Loss before tax					**(115,069)**

For the six months ended 30 September 2023

	Continuing Operations		Discontinued Operation		
	Production and sales of LNG *RMB'000* (Unaudited)	Oil and gas transactions *RMB'000* (Unaudited)	Piped gas *RMB'000* (Unaudited) *(Note i)*	Other operations *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue from external customers	459,488	2,707,034	2,325	19,716	3,188,563
Segment results	168	13,886	(187)	86	13,953
Interest income					666
Other gains and losses					34,880
Share of results of associates					18,049
Finance costs					(42,275)
Unallocated corporate expenses					(3,861)
Profit before tax					21,412

Note i: The difference between the loss for the six months ended 30 September 2023 of approximately RMB2,463,000 and segment results for the same period of approximately RMB187,000 (loss) arising from the discontinued operation represented finance costs for the period.

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

The Group's total revenue for the Period amounted to RMB322,297,000 (for the six months ended 30 September 2023: 506,336,000) comprised (i) revenue from oil and gas sales contracts of RMB4,993,000 (for the six months ended 30 September 2023: RMB24,807,000) and (ii) other revenue from contracts with customers of RMB317,304,000 (for the six months ended 30 September 2023: RMB481,529,000). Additional line items are presented in consolidated statements of profit or loss and other comprehensive income to separately show revenue from oil and gas contracts.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Six months ended 30 September					
	2024			2023		
	Continuing Operations	**Discontinued Operation**	**Consolidated**	Continuing Operations	Discontinued Operation	Consolidated
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Unaudited)	(Unaudited)	(Unaudited)
Wholesale of LNG	**292,482**	**–**	**292,482**	459,488	–	459,488
Trading of oil and gas contracts	**4,993**	**–**	**4,993**	24,807	–	24,807
Sales of piped gas	**–**	**–**	**–**	–	–	–
Construction of gas pipeline infrastructure	**–**	**–**	**–**	–	2,325	2,325
Sales of vehicle gas at refuelling stations	**19,770**	**–**	**19,770**	14,384	–	14,384
LNG transportation	**5,052**	**–**	**5,052**	5,329	–	5,329
Sales commission	**–**	**–**	**–**	3	–	3
	322,297	**–**	**322,297**	504,011	2,325	506,336

4. OTHER INCOME

	Six months ended 30 September					
	2024			2023		
	Continuing Operations	**Discontinued Operation**	**Consolidated**	Continuing Operations	Discontinued Operation	Consolidated
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Unaudited)	(Unaudited)	(Unaudited)
Banks interest income	**8**	**–**	**8**	666	–	666
Others	**1,897**	**–**	**1,897**	240	–	240
	1,905	**–**	**1,905**	906	–	906

5. OTHER GAINS AND LOSSES

	Six months ended 30 September					
	2024			2023		
	Continuing Operations *RMB'000* **(Unaudited)**	**Discontinued Operation** *RMB'000* **(Unaudited)**	**Consolidated** *RMB'000* **(Unaudited)**	Continuing Operations *RMB'000* (Unaudited)	Discontinued Operation *RMB'000* (Unaudited)	Consolidated *RMB'000* (Unaudited)
Net foreign exchange (losses) gains	**(17,293)**	**–**	**(17,293)**	34,880	–	34,880
Others	**562**	**–**	**562**	–	–	–
	(16,731)	**–**	**(16,731)**	34,880	–	34,880

6. PROFIT BEFORE TAX

	Six months ended 30 September					
	2024			2023		
	Continuing Operations *RMB'000* **(Unaudited)**	**Discontinued Operation** *RMB'000* **(Unaudited)**	**Consolidated** *RMB'000* **(Unaudited)**	Continuing Operations *RMB'000* (Unaudited)	Discontinued Operation *RMB'000* (Unaudited)	Consolidated *RMB'000* (Unaudited)
(Loss) Profit before taxation has been arrived at after charging:						
Amortisation of intangible assets	**–**	**–**	**–**	–	–	–
Depreciation of right-of-use assets	**1,294**	**–**	**1,294**	1,316	38	1,354
Cost of inventories recognised as an expense	**269,755**	**–**	**269,755**	440,735	300	441,035
Depreciation of property, plant and equipment	**16,693**	**–**	**16,693**	23,701	46	23,747
Directors' emoluments	**1,192**	**–**	**1,192**	1,510	–	1,510
Salaries and other benefits	**10,038**	**–**	**10,038**	13,915	107	14,022
Retirement benefits contributions	**2,704**	**–**	**2,704**	3,538	–	3,538
Total staff costs (excluding directors' emoluments)	**12,742**	**–**	**12,742**	17,453	107	17,560

7. INCOME TAX CREDITS (EXPENSE)

	Six months ended 30 September					
	2024			2023		
	Continuing Operations *RMB'000* **(Unaudited)**	**Discontinued Operation** *RMB'000* **(Unaudited)**	**Consolidated** *RMB'000* **(Unaudited)**	Continuing Operations *RMB'000* (Unaudited)	Discontinued Operation *RMB'000* (Unaudited)	Consolidated *RMB'000* (Unaudited)
The credit (charge) comprises:						
Current taxation						
PRC Enterprise Income Tax ("**EIT**")	**174**	**–**	**174**	(82)	–	(82)
(Under) over provision in prior periods	**(545)**	**–**	**(545)**	5,532	–	5,532
	(371)	**–**	**(371)**	5,450	–	5,450
Deferred taxation						
Current period	**(1,825)**	**–**	**(1,825)**	(431)	–	(431)
	(2,196)	**–**	**(2,196)**	5,019	–	5,019

Under the two-tiered profits tax rates regime, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated profits. No provision of Hong Kong Profits Tax has been made as the Group has no assessable profits generated in Hong Kong for the periods ended 30 September 2024 and 2023.

PRC EIT has been provided for at the applicable income tax rate of 25% on the assessable profits of the PRC companies comprising the Group during the periods, except for certain subsidiaries of the Group, namely, 鄂爾多斯市星星能源有限公司 ("**Xingxing Energy**"), 達州市匯鑫能源有限公司 ("**Huixin Energy**") and 貴州華亨能源投資有限公司 ("**Huaheng Energy**") which are taxed at concessionary rate in certain periods.

As set out below, the applicable PRC EIT concessionary rate for Xingxing Energy, Huixin Energy and Huaheng Energy is 15%, which are under the preferential tax treatment that given to companies established in the western regions in the PRC and derived at least 70% of their total income from their main business in oil and gas industry which falling within the list of encouraged industries specified by the PRC government.

Xingxing Energy was registered with the local tax authority to be eligible to the reduced 15% enterprise income tax rate from 2013 to 2020 and further extended to 2030. Accordingly, Xingxing Energy is eligible for the PRC EIT of 15% (2023: 15%).

Huixin Energy was registered with the local tax authority to be eligible to the reduced 15% enterprise income tax rate from 2012 to 2020 and further extended to 2030. Accordingly, Huixin Energy is eligible for the PRC EIT of 15% (2023: 15%).

Huaheng Energy has been entitled to a 15% preferential rate since its establishment on 24 June 2011 with no definite period and subject to annual review and approval of local tax authority.

According to the PRC income tax law and its relevant regulations, entities that are qualified as small and low profit enterprise are entitled to a preferential income tax rate of 5% (for taxable income range from RMB1,000,000 to RMB3,000,000) from 1 January 2022 to 31 December 2024.

8. DIVIDEND

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

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share from continuing and discontinued operations for the six months ended 30 September 2024 is based on the loss attributable to owners of the Company of approximately RMB116,029,000 (for the six months ended 30 September 2023: profit of approximately RMB28,358,000) and the weighted average number of 6,545,621,131 (as at 30 September 2023: 6,545,621,131) ordinary shares in issue during the Period.

The calculation of the basic (loss) earnings per share from continuing operations for the six months ended 30 September 2024 is based on the loss attributable to owners of the Company arises from continuing operations of approximately RMB68,969,000 (for the six months ended 30 September 2023: profit of approximately RMB29,589,000) and the weighted average number of 6,545,621,131 (as at 30 September 2023: 6,545,621,131) ordinary shares in issue during the Period.

There were no potential dilutive ordinary shares in issue for the six months ended 30 September 2024 and 2023.

10. TRADE AND OTHER RECEIVABLES

	As at 30 September 2024 *RMB'000* **(Unaudited)**	As at 31 March 2024 *RMB'000* (Audited)
Trade receivables	**1,212,004**	1,217,427
Less: Allowance for credit losses	**(179,364)**	(169,171)
	1,032,640	1,048,256
Other receivables	**3,477**	6,636
Prepayments	**1,574,249**	1,576,983
	2,610,366	2,631,875

The Group generally requires prepayments made by customers before delivery of goods or provision of services, except for certain customers arising from the sales of oil and gas transactions to which the Group allows an average credit period of 30 to 360 days. The Group also accepts bills issued by reputable PRC banks from customers as settlement of trade receivables.

Before accepting a new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

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, at the end of the reporting period.

	As at 30 September 2024 *RMB'000* **(Unaudited)**	As at 31 March 2024 *RMB'000* (Audited)
Within 30 days	**2,694**	80,177
31–90 days	**36,991**	144,630
91–180 days	**74,945**	148,970
181–365 days	**275,617**	77,140
Over 365 days	**642,393**	597,339
	1,032,640	1,048,256

11. TRADE PAYABLES AND OTHER LIABILITIES

	As at 30 September 2024 *RMB'000* **(Unaudited)**	As at 31 March 2024 *RMB'000* (Audited)
Trade payables	**177,656**	180,145
Other payables	**111,114**	107,777
Other handing fee payables	**26,446**	19,095
Other tax payables	**21,709**	28,976
Payroll payables	**3,290**	3,313
Receipt from exercise of put option	**2,500**	2,500
Receipts in advance	**102,894**	106,340
	445,609	448,146

Trade payables arisen from oil and gas purchase contracts are granted by suppliers with an average credit period ranging from seven days to nine months after date of delivery in the bills of lading, and trade payables arisen from production and sales of LNG are granted by suppliers with an average credit period ranging from 30 days to 90 days after date of delivery.

Besides, certain suppliers also require to have prepayments received before the supply of materials. The Group arranges for certain of its prepayments or settlement of trade payables by bills payables.

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

	As at 30 September 2024 *RMB'000* **(Unaudited)**	As at 31 March 2024 *RMB'000* (Audited)
Within 90 days	**104,729**	155,295
91–180 days	**31,809**	654
181–365 days	**31,681**	261
Over 1 years	**9,437**	23,935
	177,656	180,145

12. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group spent approximately RMB1,680,000 (for the six months ended 30 September 2023: approximately RMB2,100,000) on property, plant and equipment.

13. BANK AND OTHER BORROWINGS

During the Period, the Group obtained new bank and other loans amounting to approximately RMB41 million (for the six months ended 30 September 2023: approximately RMB262 million). The loans carried interest at fixed/variable market rates ranging from 3.70% to 12% per annum. During the Period, the Group repaid bank and other loans amounting to approximately RMB24.1 million (for the six months ended 30 September 2023: approximately RMB302 million). As a result of the deconsolidation of Huaheng Energy, the bank and other borrowings had decreased by approximately RMB95.3 million.

14. SHARE CAPITAL

	Number of shares	Share capital
	'000	*'000*
Shares of HK$0.10 each		
Authorised:		
As at 1 April 2023 (audited), 31 March 2024 (audited) and 30 September 2024 (unaudited)	10,000,000	HK$1,000,000
Ordinary shares, issued and fully paid:		
As at 1 April 2023 (audited), 31 March 2024 (audited) and 30 September 2024 (unaudited)	6,545,621	RMB551,378

15. 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 ("**PRC Legal Action**"). 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 de-consolidated 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 RMB97,520,000, which represents the combined total of the outstanding principals and interests, is accounted for as financial guarantee contract liabilities in the Group's condensed 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 condensed 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 condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

(a) Results of discontinued operation

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

	Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the period from discontinued operation	**–**	(2,463)
Loss on disposal of discontinued operation	**(47,060)**	–
	(47,060)	(2,463)

The results of the discontinued operation for the six months ended 30 September 2024 and 30 September 2023 which have been included in the condensed consolidated statement of profit or loss and other comprehensive income are as follows:

	Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue	**–**	2,325
Cost of sales and services	**–**	(2,202)
Gross profit	**–**	123
Distribution and selling expenses	**–**	(60)
Administrative expenses	**–**	(251)
Finance costs	**–**	(2,275)
Loss before tax	**–**	(2,463)
Income tax expenses	**–**	–
Loss after tax	**–**	(2,463)

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

	Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash inflows from operation activities	**–**	1,382
Net cash outflows used in investing activities	**–**	(2,722)
Net cash inflows from financing activities	**–**	1,114
Net decrease in cash and cash equivalents	**–**	(226)

(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	(6,270)
	50,460
Assets and liabilities retained from deconsolidation	(97,520)
	(47,060)
Assets and liabilities retained from deconsolidation:	
Retained interest in the deconsolidated subsidiary	–
Financial guarantee contract liabilities	(97,520)
	(97,520)
Net cash outflow arising on deconsolidation:	
Bank balances and cash derecognised	(376)

16. FAIR VALUE MEASUREMENT

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the fair value is observable.

Items	Fair Value	Fair value hierarchy	Valuation technique(s) & key inputs
Derivative financial instrument – Forward contract	RMB2,500,000 (31 March 2024: RMB2,500,000)	Level 3	Discounted cash flow method was used to capture the present value of the receipt of consideration by the Group as forward price based on an appropriate discount rate *(note)*
Retained interest in the deconsolidated subsidiary	Nil (31 March 2024: Nil)	Level 3	Discounted cash flow: Future cash flows are estimated based on expected return, discounted at a rate that reflects the risk of underlying investments

Note: Significant unobservable inputs of derivative financial instruments include the discount rate, the settlement risk from the sellers and the underlying fair value of the equity interest of the investments. No sensitivity analysis is presented as the directors of the Company consider the movement in fair value of derivative financial instruments is insignificant.

There were no transfers between the different levels of the fair value hierarchy in the current and prior periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

In the opinion of the directors of the Company, no financial instruments of the Group are carried at amount materially different from their fair values as at 30 September 2024 and 31 March 2024.

17. RELATED PARTIES TRANSACTIONS

	Six months ended 30 September	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Purchase LNG from an associate	**–**	–

18. LITIGATION

As at 30 September 2024 and up to the date of the announcement, the Group had certain litigations regarding the settlement of the overdue/outstanding bank borrowings and operational payables. 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 the 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 15 to the unaudited condensed consolidated financial statements.

The Group will further update the Shareholders and potential investors about the litigation progress as and when appropriate.

DIVIDEND

The Board of Directors have resolved not to declare an interim dividend for the six months ended 30 September 2024 (for the six months ended 30 September 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Group results

During the period from 1 April 2024 to 30 September 2024 (the "**Period**") and at present, the Group has been principally engaged in (i) the trading of oil and gas products and the provision of related consultancy services; and (ii) the processing, distribution, sales, trading and transportation of LNG and other auxiliary operations and networks in the PRC.

During the Period, the Group recorded an unaudited consolidated gross amount from operations ("**turnover**") of approximately RMB533 million (six months ended 30 September 2023: approximately RMB3,189 million), mainly contributed by the production and sales of LNG and oil and gas transactions, with loss after tax of approximately RMB117 million (six months ended 30 September 2023: profit after tax of approximately RMB26 million). The unfavorable result for the Period was mainly due to the following factors: (1) the Group recorded an one-off loss from discontinued operation of approximately RMB47 million, which details are set out in the section headed "Significant Investment and Material Acquisitions and Disposals" below and Note 15 to the unaudited condensed consolidated financial statements; and (2) there were net foreign exchange losses of approximately RMB17 million in the Period as compared with the net foreign exchange gains of approximately RMB35 million in the corresponding period of last year.

Production and sales of LNG

During the Period, the Group produced approximately 219,000,000 cubic meters of LNG, representing a decrease of approximately 4,600,000 cubic meters or 2.04% compared with the same period of last year. The turnover from the sales of LNG business for the Period was approximately RMB293 million, representing a decrease of approximately RMB167 million or 36.4% compared with the same period of last year, contributing approximately 55.0% of the total turnover of the Group. However, gross profit increased by approximately RMB4 million to approximately RMB23 million (six months ended 30 September 2023: approximately RMB19 million), with gross profit margin increased from approximately 4.0% to approximately 7.9%.

Due to the intense competition in domestic gas market and slow economic recovery, the demand was suppressed. However, the purchase cost of natural gas fell because of the increased supply and volatility of the import gas prices, the gross profit margin for the production eventually enhanced.

Sales of piped gas

During the Period, no revenue (six months ended 30 September 2023: Nil) was arose from the sales of piped gas as a result of expiry of the gas operation permit since August 2022. 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 15 to the unaudited condensed consolidated financial statements.

Oil and gas transactions

During the Period, revenue arising from oil and gas transactions decreased to approximately RMB215 million from approximately RMB2,707 million, contributing approximately 40.4% of the total turnover of the Group, representing a decrease of approximately RMB2,492 million or 92.1% from the six months ended 30 September 2023. Gross profit decreased to approximately RMB5 million from approximately RMB25 million, with gross profit margin increased from approximately 0.9% to approximately 2.3%.

Due to the intense competition in domestic gas market and slow economic recovery, the sales dropped significantly during the Period. The average selling price of oil and gas increased along with the upward trend of oil price, the gross profit margin eventually enhanced.

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 ("**PRC Legal Action**"). 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 RMB47 million resulting from an one-off gain from deconsolidation of Huaheng Energy of approximately RMB51 million net off with a loss derived from the recognition of financial guarantee contract liabilities of approximately RMB98 million.

Prospect

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, with the steady global economic recovery and domestic market resumption, it is expected the demand will return. And 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. As a result, the demand for natural gas will maintain a steady growth. The Group expects that such government 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 Period was approximately RMB533 million (six months ended 30 September 2023: approximately RMB3,189 million). The decrease in turnover was mainly attributable to the decrease in the oil and gas transactions which recorded a turnover of approximately RMB215 million during the Period (six months ended 30 September 2023: approximately RMB2,707 million).

Gross Profit

Gross profit for the Period was approximately RMB30 million (six months ended 30 September 2023: approximately RMB46 million). The decrease in gross profit was primarily due to the decrease in turnover in the oil and gas transactions. The Group's gross profit margin for the Period increased from approximately 1.4% (six months ended 30 September 2023) to approximately 5.7%.

Other Income

Other income for the Period was approximately RMB1.9 million (six months ended 30 September 2023: approximately RMB0.9 million).

Other Gains and Losses

For the six months ended 30 September 2024, other losses represented mainly net foreign exchange losses of approximately RMB17 million (six months ended 30 September 2023: net foreign exchange gains of approximately RMB35 million).

Administrative Expenses

The Group's administrative expenses for the Period amounted to approximately RMB37 million (six months ended 30 September 2023: approximately RMB33 million) representing an increase of approximately 12.1% as compared to the last period. The increase was mainly due to increase in research expenses of RMB6 million during the Period.

Share of Results of Associates

During the Period, a gain of approximately RMB13 million (six months ended 30 September 2023: gain of approximately RMB18 million) in the share of results of associates of the Group was recorded.

Finance Costs

The Group incurred finance costs of approximately RMB47 million during the Period (six months ended 30 September 2023: approximately RMB42 million), representing an increase of approximately 11.9%. The increase was mainly due to the increase in the average borrowing rate during the Period.

Income Tax Credits (Expenses)

During the Period, income tax expense of the Group was approximately RMB2.2 million (six months ended 30 September 2023: income tax credit of approximately RMB5 million). During the last Period, there was an income tax refund of approximately RMB6 million.

Liquidity, Financial Resources and Capital Structure

As at 30 September 2024, the Group's maintained bank balances and cash of approximately RMB5 million (31 March 2024: approximately RMB11 million).

The net current assets of the Group as at 30 September 2024 were approximately RMB681 million (31 March 2024: approximately RMB717 million). The current ratio was approximately 1.35 (31 March 2024: approximately 1.37).

As at 30 September 2024, the Group had borrowings of approximately RMB1,103 million, financial guarantee contract liabilities of approximately RMB100 million which are due within one year and guaranteed notes of approximately RMB176 million. The gearing ratio, which is debt-to-equity ratio, of the Group was approximately 1.17 compared to approximately 1.04 as at 31 March 2024.

Capital Expenditure on Property, Plant and Equipment

Capital expenditure for purchase of property, plant and equipment amounted to approximately RMB2 million (six months ended 30 September 2023: approximately RMB2 million) for the Period.

Pledge of Assets

As at 30 September 2024, the Group pledged assets in aggregate amount of approximately RMB253 million (31 March 2024: approximately RMB256 million) to banks for banking facilities.

Capital Commitments

As at 30 September 2024, the Group had no material capital commitments (31 March 2024: Nil).

Contingent Liabilities

As at 30 September 2024, the Group had issued a financial guarantee to the bank in respect of a bank loan of RMB19.5 million obtained by an associate (31 March 2024: RMB19.5 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, 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 30 September 2024, the Group had about 283 employees (31 March 2024: about 280). The remuneration packages are generally structured with reference to market conditions and the individual qualifications. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any material subsequent events after 30 September 2024 and up to the date of this announcement.

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 C1 of the Listing Rules throughout the six months ended 30 September 2024, 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, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Company's code for Directors' securities transaction.

Following specific enquiries by the Company, all the Directors have confirmed in writing their compliance with the required standards set out in the Model Code throughout the Period.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 September 2024 have been reviewed by the Audit Committee of the Company.

DEALING IN COMPANY'S LISTED SECURITIES

During the Period, there were no purchases, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement of interim 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 company website at (www.yuanhenggas.com). The interim report of the Company containing all the information required by the Listing Rules will be published on the above websites in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank each and every of the management, staff and employees for their dedication, loyalty and commitment in the past.

By order of the Board
Yuan Heng Gas Holdings Limited
Wang Jianqing
Chairman and Chief Executive Officer

Hong Kong, 27 November 2024

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. Wong Siu Hung Patrick.

* *For identification only*