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Zhonghua Gas Holdings Limited
(中華燃氣控股有限公司)

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8246)

PROFIT WARNING

This announcement is made by Zhonghua Gas Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of the Company wishes to inform the shareholders and potential investors of the Company that, based on the information currently available to the Board and the preliminary review of the relevant unaudited consolidated management accounts of the Group for the nine months ended 30 September 2020 (the "**2020 Third Quarter**"), the Group is expected to record (i) a significant decrease in revenue of around 65% from approximately RMB226.8 million for the corresponding period in 2019 to approximately RMB79.6 million for the 2020 Third Quarter and (ii) a net loss after tax of the Group of approximately RMB40 million for the 2020 Third Quarter as compared to the net profit after tax of approximately RMB41.2 million for the corresponding period in 2019.

The Board considers that the expected decrease in the revenue and the net loss of the Group for the 2020 Third Quarter were mainly attributable to, as indicated in the 2020 Interim Report of the Group released on 14 August 2020, the novel coronavirus ("**COVID-19**") pandemic which:

(1) caused severe disruption to the Group's business operations such as client meetings, negotiation and completion of new projects and adversely impacted the overall performance of the Group;

(2) slowed down the global economy and sustained poor market conditions:

(3) led to fluctuation in cost of sales of the Group;

(4) also severely impacted and restricted the performance of the new energy business of the Group; and

(5) caused the Company to make an expected credit losses provision for the trade receivables.

The Board has been closely monitoring the market conditions and the impact of COVID-19, and will continue to assess the impact of COVID-19 on the financial position and operations of the Group in the fourth quarter of 2020. The Group will also timely implement measures and adjust its business strategies to mitigate any possible business risks and minimize losses.

As the Company is still in the course of preparing the unaudited consolidated financial results of the Group for the 2020 Third Quarter, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the information currently available to the Board as at the date hereof. Such information has neither been confirmed nor audited by the auditors of the Company or the audit committee of the Board and may be subject to amendments. Shareholders and potential investors of the Company are advised to read carefully the quarterly results announcement of the Company for the 2020 Third Quarter, which is expected to be published by the Company within the timeframe as stipulated under the GEM Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Zhonghua Gas Holdings Limited
Chan Wing Yuen, Hubert
Chief executive officer and executive Director

Hong Kong, 2 November 2020

As at the date of this announcement, the executive Directors are Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Ms. Lin Min, Mindy, Ms. Kwong Wai Man, Karina; and the independent non-executive Directors are Ms. Ma Lee, Mr. Lau Kwok Kee and Ms. Qin Xuwen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com and, in the case of this announcement, on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.8246hk.com.