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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 (as defined under the GEM Listing Rules) 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 2021 (the “**2021 Third Quarter**”), the Group is expected to record a net loss after tax of approximately RMB146.3 million (for the corresponding period in 2020: net loss after tax of approximately RMB38.8 million). Such increase was mainly attributable to (i) an increase of gross loss from approximately RMB2.0 million (a gross loss margin of 2.5%) for the corresponding period in 2020 to approximately RMB5.4 million (a gross loss margin of 1.8%) for the 2021 Third Quarter. Although the turnover of the 2021 Third Quarter increased by 275.1% when compared to corresponding period in 2020 (from approximately RMB79.6 million to approximately RMB298.4 million), the intense price competition and price fluctuation of liquefied natural gas (LNG) led to a thin profit margin and the gross profit could not cover the fixed cost; (ii) an increase in allowance for impairment of trade receivables from approximately RMB36.7 million for the corresponding period in 2020 to approximately

RMB139.0 million for the 2021 Third Quarter; and (iii) the increase in net loss was offset by a fair value gain of convertible bonds of approximately RMB5.9 million (for the corresponding period in 2020: nil).

Since the outbreak of the novel coronavirus pandemic (“**COVID-19**”), the economic growth had been slowed down and such situation had led to poor market conditions in the PRC and worldwide. It not only affected our business environment but also delayed the collection of account receivables of the Group.

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 coming period. 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 2021 Third Quarter, the information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the 2021 Third Quarter and the information currently available to the Board as at the date hereof. The unaudited consolidated management accounts of the Group for the 2021 Third Quarter and such information have neither been confirmed nor audited by the auditors of the Company or the audit committee of the Company 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 2021 Third Quarter when it is published in accordance with 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, 27 October 2021

As at the date of this announcement, the executive Directors are Mr. Hu Yishi, Mr. Chan Wing Yuen, Hubert, Ms. Lin Min, Mindy and 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 Listed Company Information” 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.