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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 ALERT — REDUCTION IN LOSS

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 2022 (the “**2022 Third Quarter**”), the Group is expected to record a significant reduction in net loss after tax by approximately 71.7% from approximately RMB146.3 million for the corresponding period in 2021 to approximately RMB41.3 million for the 2022 Third Quarter. Such decrease was mainly attributable to (i) a decrease in allowance of impairment on trade receivables from approximately RMB139.0 million for the corresponding period in 2021 to approximately RMB14.4 million for the 2022 Third Quarter, which was due to no significant increase in overdue trade receivables balance as at 30 September 2022 as compared to as at 31 December 2021; and (ii) that the expected decrease in net loss was offset by a fair value losses of convertible bonds of approximately RMB5.5 million for the 2022 Third Quarter (corresponding period in 2021: fair value gains of approximately RMB5.9 million).

On the other hand, the revenue of the 2022 Third Quarter is expected to decrease by approximately 60.2% as compared to corresponding period in 2021 (from approximately RMB298.4 million for the corresponding period in 2021 to approximately RMB118.8 million for the 2022 Third Quarter). Such decrease was due to the outbreak of novel coronavirus pandemic (“**COVID-19**”) in some locations in the People’s Republic of China in the first half year of 2022, which led to a decrease in sales in certain liquefied natural gas (“**LNG**”) supply locations. In addition, gross loss of approximately RMB6.3

million (a gross loss margin of 5.3%) is expected to be recorded for the 2022 Third Quarter (corresponding period in 2021: gross loss of approximately RMB5.4 million (a gross loss margin of 1.8%)) which due to the intense price competition and price fluctuation of LNG which led to a thin margin and that could not cover the fixed cost.

The development of the COVID-19 remains unpredictable, 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 2022 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 2022 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 2022 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 2022 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, 31 October 2022

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.